

University of Minnesota

Audit Results and Communications

Report to the Audit Committee
of the Board of Regents

February 7, 2008

NOTICEABLY DIFFERENT

LarsonAllenSM

CPAs, Consultants & Advisors
www.larsonallen.com

Agenda

- Comments on Internal Controls (SAS 112)
- Other Management Comments
- Assurance Services for Compliance
 - Audit of federal grant programs (OMB-A133)
 - Audit of State of Minnesota grant programs (ESO)
 - NCAA agreed-upon procedures
- Engagement Progress Summary

Comments on Internal Controls

- New audit standard for FY2007 (SAS 112)
- Significant deficiencies reported in FY2007
 - Construction project activity
 - Bank reconciliations
- Affects information within the audit report on federal awards

The above comments were considered significant deficiencies in internal controls.

Other Management Comments

- New comments in FY2007
 - Payroll processing
 - Courier services
 - New ticketing system
 - Athletic revenues recognition
 - Federal grant administration
- Prior year comments – continuing
 - Relationships with Affiliated Organizations
 - Alternative Investments
- Prior year comments – resolved
 - Federal grant programs - reporting
 - Use of Subcontractors

Federal Awards Compliance Audit

- Report on compliance and internal control over financial reporting (Government Auditing Standards) [two significant deficiency findings]
 - Construction project activity
 - Bank reconciliations
- Report on internal control over compliance with major federal program requirements (A-133) [no findings]

Federal Awards Compliance Audit

- Major programs audited
 - Student financial aid cluster
 - Research and development cluster
 - Foster care
 - Matching grant for food stamp program
 - Cooperative extension service

There were no findings

MN Office of Higher Education Audit

- Report on compliance with Minnesota Office of Higher Education program requirements
 - Student financial aid program
 - Unqualified opinion

There were no findings

NCAA Agreed-Upon Procedures

- Report on Agreed-Upon Procedures
 - Accounting practices of Booster Organizations and the U of M Athletic Department
 - NCAA Agreed-Upon Procedures manual specifies the criteria

One minor exception was noted in the above report

Engagement Progress Summary

- U of M financial statement audit
- OMB Circular A-133 audit of federal programs
- MOHE audit of state programs
- RUMINCO financial statement audit
- Northrop Auditorium financial statement audit
- Consent for commercial paper
- Office of Asset Management agreed upon procedures
- NCAA agreed upon procedures
- Student organizations agreed upon procedures

All engagements are complete

Questions and Feedback

- We welcome any questions pertaining to the engagement.
- We appreciate the opportunity to serve as the auditors for University of Minnesota and welcome any feedback relative to our performance.

Thank you!

Don Loberg, Principal

Ph. 612/397-3064

dloberg@larsonallen.com

Craig Popenhagen, Principal

Ph. 612/397-3087

cpopenhagen@larsonallen.com