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# The City University of New York – Audit Subcommittee Presentation of 2014 A-133 Audit Results

**With You Today:  
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# Agenda

- **A-133 Audit**
  - Audit overview
  - Discussion of results
- **Regulatory Updates for A-133 Audits**

# A-133 Audit – Objective

## The objective of the single audit is as follows:

- Determine whether the schedule of expenditures of federal awards is presented fairly in all material respects in relation to CUNY's financial statements.
- Obtain an understanding of the internal control over compliance for each major program, assess control risk and perform tests of those controls.
- Determine whether CUNY complied with laws, regulations, and the provisions of contracts or grant agreements pertaining to federal awards that may have a direct and material affect on the major program – material noncompliance.

# A-133 Audit – Selection of Major Programs

- Threshold, which is the greater of \$300,000 or 3% of total expenditures (loan programs are not included in the total), is used to determine Type A and Type B programs (\$300,000 was threshold used for Federal programs for fiscal 2014). Those programs above the threshold are considered Type A programs, those below are considered Type B programs.
- A risk assessment is performed on all Type A programs
- Considerations necessary for low risk
  - Audited as a major program in at least 1 of 2 preceding years
  - No audit findings noted in last audit that were considered significant deficiencies or material instances of noncompliance
  - Oversight agency does not deem high-risk
  - Auditor judgment
  - Current and prior audit experience
  - Major changes in program regulation, personnel or systems
- All Type A's that are not low risk are deemed high risk
  - If high risk – required to be selected as a major program
  - If low risk – selection as a major program is based on auditor's judgment
- A risk assessment is performed on all Type B programs in excess of \$100,000 of expenditures

# A-133 Audit – Major Programs Audited 2014

- All CUNY schools were visited during the A-133 audit
- Two major programs were audited:
  - Student Financial Assistance Cluster
  - Economic Development Initiative – Special Project Grant (City College)

# A-133 Audit – Student Financial Assistance Cluster

Tests were performed over compliance and internal control procedures relating to the following areas:

- Allowable activities – Awards and payments to students
- Cash management – Requests and draw down of funds by University
- Eligibility – The eligibility of students
- Reporting – Review reports submitted by University for accuracy and timeliness
- Special tests and provisions:
  - Separate Funds – Review procedures performed for maintenance of separate account
  - Verification – Review procedures performed and documents obtained
  - Disbursements to and on behalf of students – Calculation, reporting and timeliness of the disbursements
  - Return of Title IV funds – Calculation and timeliness of the refunds
  - Enrollment Reporting – Reporting and timeliness of the status changes
  - Loan repayments – Review procedures performed and documents obtained for proper authorization
  - Borrower data transmission and reconciliation – Review procedures performed and reconciliations prepared
  - Institutional Eligibility – Determine that the colleges are eligible to receive Federal SFA for its students

# A-133 Audit – Economic Development Initiative – Special Project Grant

Tests were performed over compliance and internal control procedures relating to the following areas:

- Allowable activities and costs – Expenditures were allowable in accordance with grant and cost principles (OMB Circular A-21)
- Cash management – Draw down of funds were accurately requested
- Equipment – Equipment was properly tagged and identified as Federal
- Period of availability – Expenditures were made during the grant period
- Procurement – Proper procurement policies were followed
- Reporting – Reports submitted by University were accurate and submitted timely

# A-133 Audit – 2014 Results

- We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.
- We conducted our audit of compliance over major programs in accordance with Federal OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.
- There was one finding reported for the SFA program:
  - Finding 2014-001 – Enrollment Reporting

## Pending Matters:

- Completion of test work over the Economic Development Initiative – Special Project Grant
- Concurring partner review of A-133 Reports and audit documentation
- Final down-to-date procedures (e.g. reading of Board of Trustees minutes of meetings held subsequent to November 2014, management representation letter, etc.).

# Changes to OMB Circulars

# ***Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards***

## **The Office of Management and Budget (OMB) issued Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in December 2013**

- The guidance is in effect for all Federal awards or funding increments provided after December 26, 2014
- Audit requirements become effective December 2015 (CUNY's fiscal 2016 audit)
- Makes significant administrative changes to:
  - Procurement: Five prescriptive procurement methods
  - Pass-through Entities: Clarifies Federal expectations, including subrecipient monitoring
  - Internal Control: Clarifies Federal expectations about establishing and maintaining effective internal control over compliance. Recommends compliance with COSO and Green Book.
- Consolidates cost principles for higher education institutions, state and local governments, and other not-for-profits
  - Streamlines time and effort documentation requirements.
  - Makes changes related to indirect costs.
- Increases audit threshold from \$500,000 to \$750,000.
- Changes risk assessment thresholds for major program determination.



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