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**
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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