

**AUDIT  
DECEMBER 18, 2019**

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<b>TAB</b>	<b>DESCRIPTION</b>	<b>ACTION</b>
1	<b>FY 2019 FINANCIAL STATEMENT AUDITS</b>	Motion to approve

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**AUDIT**  
**DECEMBER 18, 2019**

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**SUBJECT**

College/university FY2019 audit findings reported by the Idaho State Board of Education's external auditor

**APPLICABLE STATUTE, RULE OR POLICY**

Idaho State Board of Education Governing Policies & Procedures, Section V.H.4.f.

**ALIGNMENT WITH STRATEGIC PLAN**

Goal 1; Objective A: Data Access and Transparency.

**BACKGROUND/DISCUSSION**

The Idaho State Board of Education (Board) has contracted with Moss Adams LLP, an independent certified public accounting firm, to conduct the annual financial audits of Boise State University, Idaho State University, University of Idaho and Lewis-Clark State College.

The financial audits for FY2019 were conducted in accordance with Generally Accepted Government Auditing Standards and include an auditor's opinion on the basic financial statements prepared by each of the four institutions.

**IMPACT**

There were three significant deficiencies for Boise State University related to federal Student Financial Assistance. For University of Idaho there was one significant deficiency in internal controls surrounding the financial close and reporting process and a significant deficiency related to equipment and real property management. For Lewis-Clark State College there was one significant deficiency in adequate controls surrounding the financial close process.

**ATTACHMENTS**

Attachment 1 - Moss Adams Audit Results Report

**STAFF COMMENTS AND RECOMMENDATIONS**

On November 13, 2019, Moss Adams reviewed their audit findings with members of the Audit Committee and Board staff. This was followed by presentations by senior managers from the college and universities on their financial statements. The institutions which received significant findings have identified actions to correct and prevent recurrence of the noted problems. Staff recommends acceptance of the financial audit reports submitted by Moss Adams.

**BOARD ACTION**

I move to accept from the Audit Committee the Fiscal Year 2019 financial audit reports for Boise State University, Idaho State University, University of Idaho, and Lewis-Clark State College, as submitted by Moss Adams LLP in Attachment 1.

Moved by \_\_\_\_\_ Seconded by \_\_\_\_\_ Carried Yes \_\_\_\_\_ No \_\_\_\_\_

# **Idaho State Board of Education**

## **Audit Committee**

### **Presentation of Audit Results**

**November 13, 2019**

**Idaho State University  
Boise State University  
Lewis-Clark State College  
University of Idaho**

**Scott Simpson  
Pam Cleaver  
Tammy Erickson**

# Idaho State Board of Education

## Audit Committee Debrief

November 13, 2019

### Moss Adams Leadership Team

#### *You Partners*

Scott Simpson, Partner	541-686-1040	<a href="mailto:scott.simpson@mossadams.com">scott.simpson@mossadams.com</a>
Pam Cleaver, Partner	509-248-7750	<a href="mailto:pam.cleaver@mossadams.com">pam.cleaver@mossadams.com</a>
Tammy Erickson, Partner	509-747-2600	<a href="mailto:tammy.erickson@mossadams.com">tammy.erickson@mossadams.com</a>

### Contract Deliverables

#### *For each institution*

- Auditor's Report on Financial Statements – GAAS
- Auditor's Report on Financial Statements – GAGAS
- Auditor's Report on Compliance in Accordance with OMB Uniform Guidance
- Required Communication – AU 260
- AU 265 Letters & Management Letters

#### *Additional items for individual institutions*

- NCAA Agreed-Upon Procedures for UI, BSU, ISU Presidents
- Auditor's Report on Financial Statements for Boise State Radio



# Idaho State Board of Education

## Audit Committee Debrief – cont.

November 13, 2019

Financial Statement Opinion	Internal Control		Uniform Guidance	
	Material Weakness	Significant Deficiency	Opinion	Findings

Idaho State University	Unmodified	None	None	Unmodified	None
Boise State University	Unmodified	None	None	Unmodified	Three
Lewis-Clark State College	Unmodified	None	One	Unmodified	None
University of Idaho	Unmodified	None	One	Unmodified	One

Required Communications To Those Charged With Governance Formal Letters in each Section	<i>Idaho State University</i>	<i>Boise State University</i>	<i>Lewis-Clark State College</i>	<i>University of Idaho</i>
Auditor's Responsibility Under Generally Accepted Auditing Standards	As Planned	As Planned	As Planned	As Planned
Planned Scope and Timing of the Audit	As Planned	As Planned	As Planned	As Planned
Significant Accounting Policies	FN 1	FN 1	FN 1	FN 1
Significant Accounting Estimates	As Discussed	As Discussed	As Discussed	As Discussed
Restatement of Prior Year Financials	<b>FN 2</b>	<b>FN 1</b>	<b>FN 1</b>	N/A
Financial Statement Disclosures	10, 11, 12, 16	6, 8, 10, 11, 12, 14	8, 10, 13	12, 13, 17, 19
Significant Difficulties Encountered During the Audit	None	None	None	None
Corrected and Uncorrected Misstatements	None	None	<b>Yes</b>	<b>Yes</b>
Disagreements with Management	None	None	None	None
Management Representations	Available	Available	Available	Available
Management Consultations with Other Accountants	None	None	None	None
Other Significant Findings or Issues	None	None	None	None
Internal Control Matters to be Reported	None	None	<b>Yes</b>	<b>Yes</b>
Fraud Uncovered During the Audit	None	None	None	None

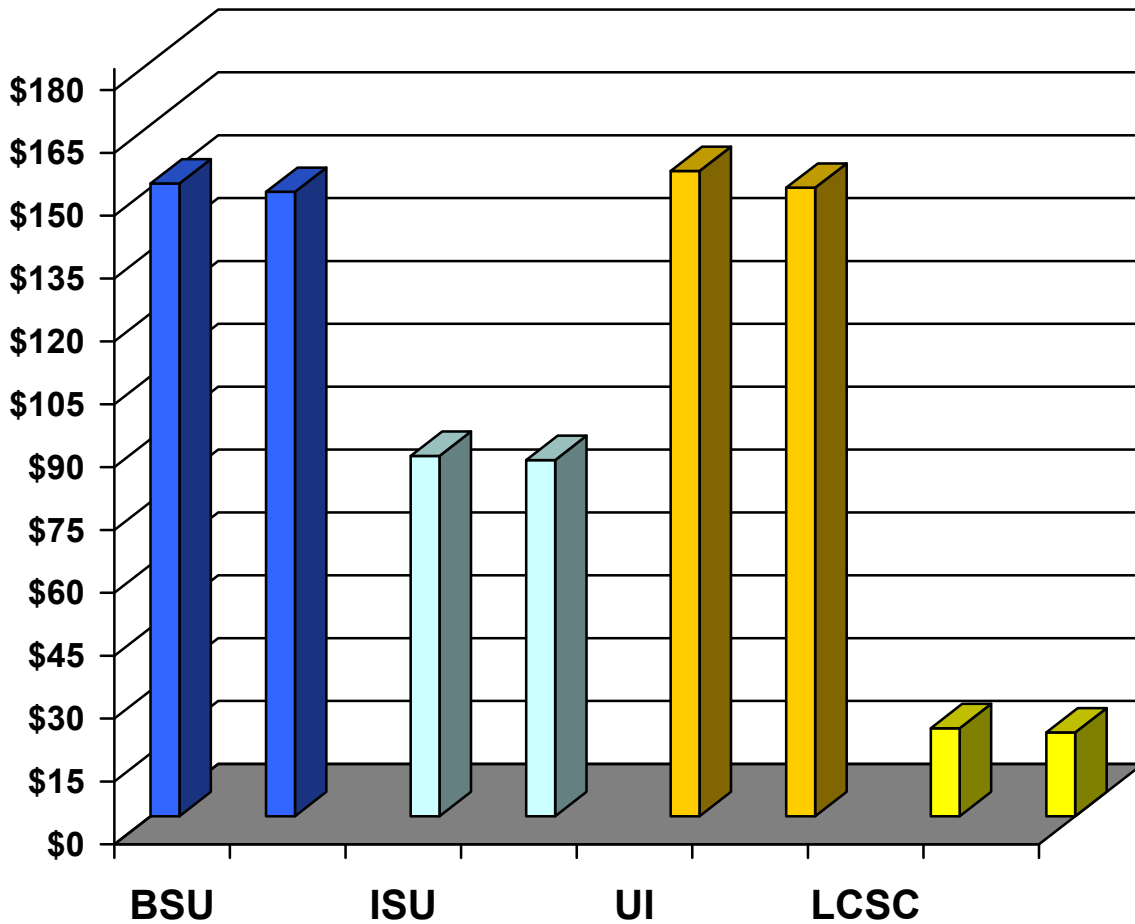


# Idaho Colleges and Universities

Presentation of Audit Results – cont.

November 13, 2019

## Federal Expenditures By Institution 2018 vs 2019 (in millions)



MOSSADAMS

# Idaho State University

## Presentation of Audit Results

November 13, 2019

### Primary Contacts at Moss Adams for ISU

Scott Simpson, Partner  
Jacqueline Stensland, Senior Manager

5 auditors at ISU from Moss Adams  
2 IT specialists

### Fieldwork Dates

Interim Fieldwork	June 3 - 7
F/S Fieldwork	August 26 - 30

### Audit Reporting and Timing

Audit Report Dated	September 27, 2019
Audit Report Issued	September 27, 2019
Auditors Report on Financial Statements	Unmodified
Auditors Report on Compliance	Unmodified
Internal Control Issues Identified & Reported	None Reported
Audit findings related to Compliance Audit	None Reported



**IDAHO STATE UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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**Section I - Summary of Auditor's Results**

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*Financial Statements*

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported
- Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR Section 200.516(a)?  Yes  No

Identification of major federal programs and type of auditor's report issued on compliance for major federal programs:

<i>CFDA Numbers</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor's Report Issued on Compliance for Major Federal Programs</i>
Various	Student Financial Assistance Cluster	Unmodified
Various	TRIO Cluster	Unmodified

- Dollar threshold used to distinguish between type A and type B programs: \$ 750,000
- Auditee qualified as low-risk auditee?  Yes  No

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**Section II - Financial Statement Findings**

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None.

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**Section III - Federal Award Findings and Questioned Costs**

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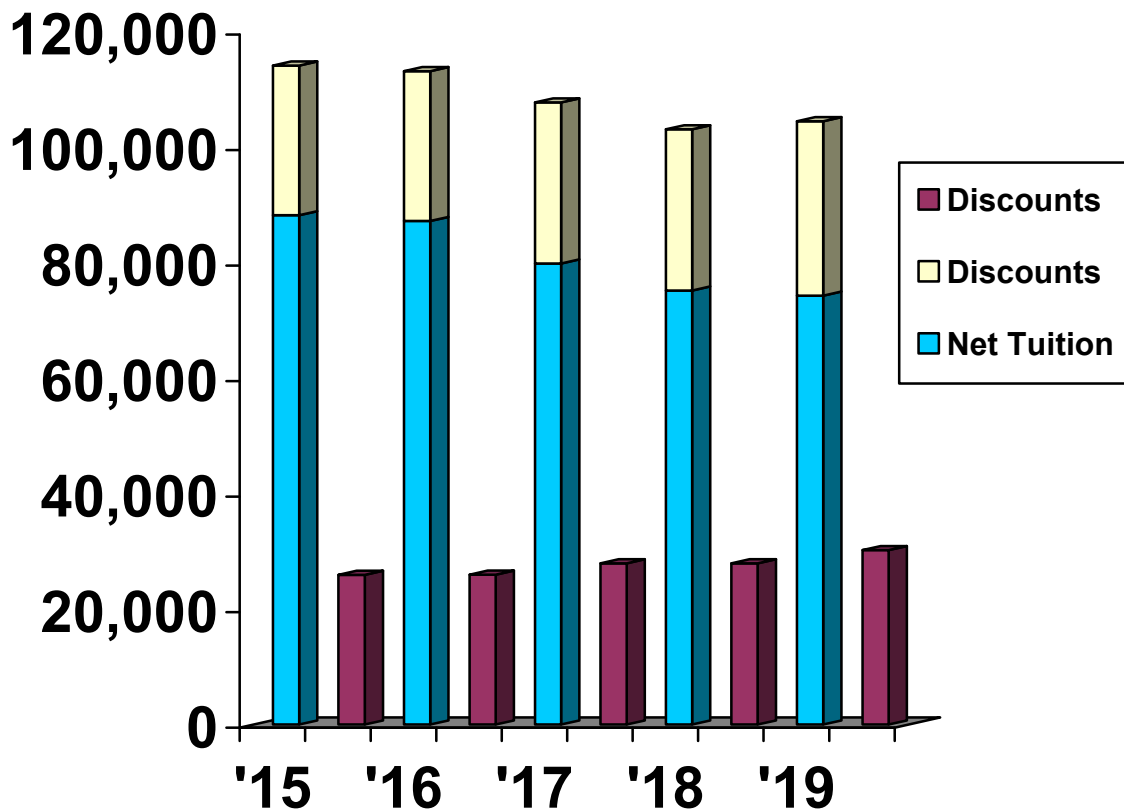
None.



**Idaho State University**  
 Presentation of Audit Results – cont.

November 13, 2019

**Tuition Revenues**  
 5 Year Trend *(in thousands)*

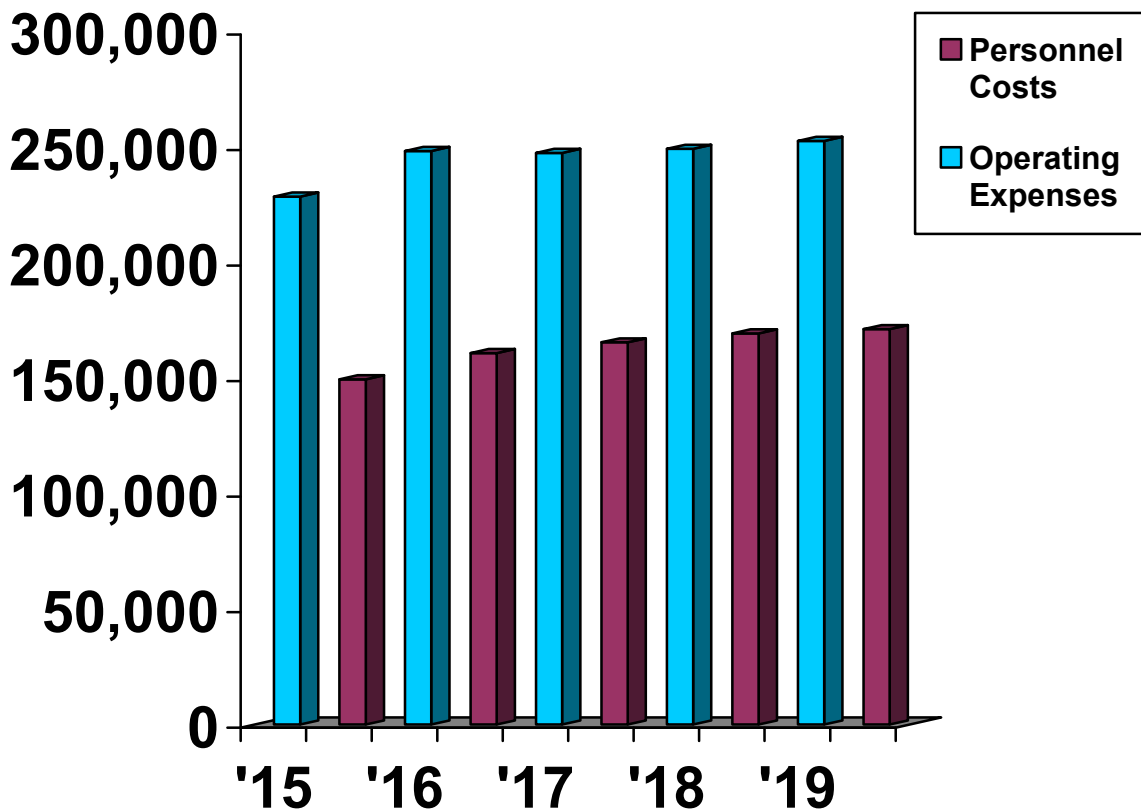


# Idaho State University

Presentation of Audit Results – cont.

November 13, 2019

## Expense Analysis 5 Year Trend *(in thousands)*

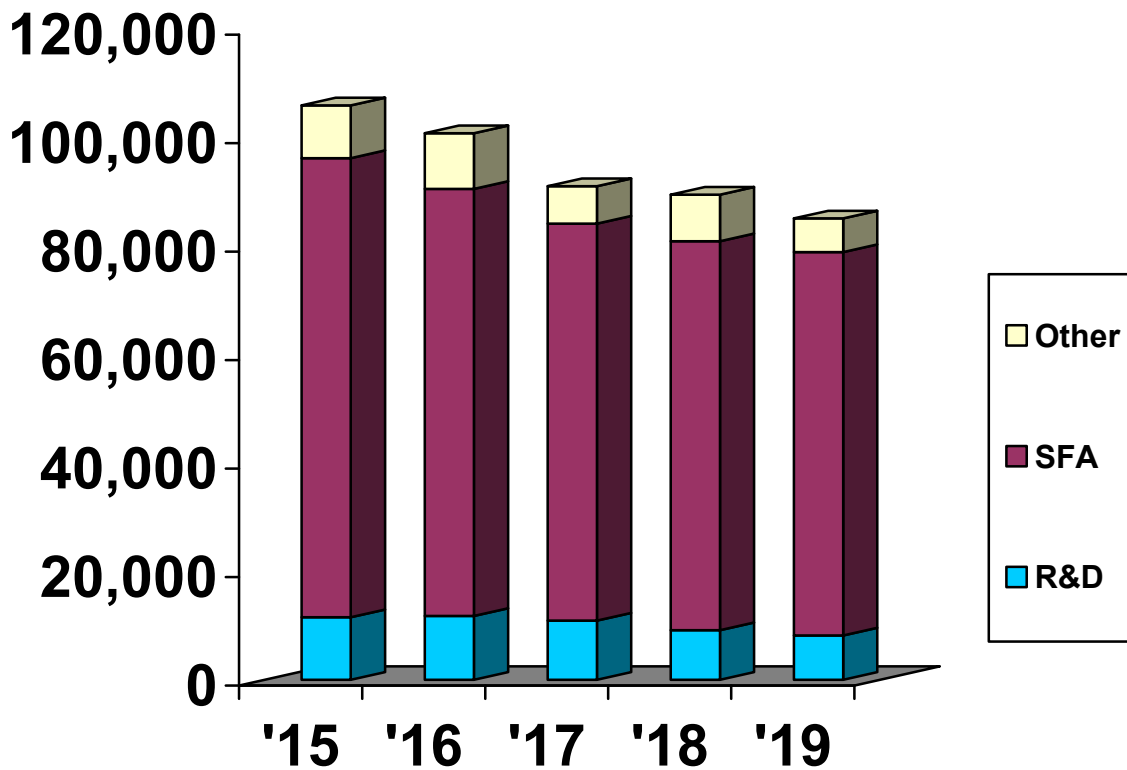


# Idaho State University

Presentation of Audit Results – cont.

November 13, 2019

## Federal Expenditures 5 Year Trend *(in thousands)*





COMMUNICATIONS WITH THOSE  
CHARGED WITH GOVERNANCE

IDAHO STATE UNIVERSITY

June 30, 2019





## **Communications with Those Charged with Governance**

Idaho State Board of Education  
Idaho State University

We have audited the financial statements of Idaho State University (the “University”) as of and for the year ended June 30, 2019, and have issued our report thereon dated September 27, 2019. We did not audit the financial statements of Idaho State University Foundation, Inc., a discretely presented component unit, as described in Note 16. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for that component unit, is based solely on the report of other auditors. In addition, this required information does not include the other auditors’ audit results or other matters that are reported on separately by other auditors. Professional standards require that we provide you with the following information related to our audit.

### **Our Responsibility under Auditing Standards Generally Accepted in the United States of America and Government Auditing Standards, Issued by the Comptroller General of the United States of America.**

As stated in a meeting with the Audit Committee on April 3, 2019, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles 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. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit in accordance with auditing standards generally accepted in the United States of America and to design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University’s internal control over financial reporting. Accordingly, we considered the University’s internal control solely for the purposes of determining our audit procedures and not to provide assurance concerning such internal control.

We are also responsible for communicating significant matters related to the financial statement audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests on its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), we examined, on a test basis, evidence about the University's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the University's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the University's compliance with those requirements.

We also considered the internal controls over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

### **Other Information in Documents Containing Audited Financial Statements**

Our responsibility for other information in the management's discussion and analysis as listed in the table of contents and certain information in Note 11, Pension Plan, and Note 12, Postemployment Benefits Other Than Pensions, labeled as "required supplementary information", and the schedule of expenditures and federal awards, includes applying certain limited procedures to the required supplementary information and other supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our meeting on April 3, 2019.

### **Significant Audit Findings and Issues**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the University are described in Note 1 to the financial statements. There were no changes in the application of existing policies during 2019. We noted no transactions entered into by the University during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

***Significant Accounting Estimates***

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the allowance for uncollectible accounts receivable, the useful lives of capital assets, the valuation of investments, and the actuarially determined liability related to other post-employment benefit obligations and pension liability. We evaluated the key factors and assumptions used to develop management's estimates in determining they are reasonable in relation to the financial statements taken as a whole.

***Financial Statement Disclosures***

We believe the disclosures in the financial statements are consistent, clear, and understandable. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We believe the most sensitive disclosures affecting the financial statements were Note 8 related to noncurrent liabilities, Notes 11 and 12 related to retirement plans, and Note 16 related to the component unit.

***Significant Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all factual and judgmental misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no material misstatements detected as a result of our audit procedures which required correction by management, either individually or in the aggregate, to the financial statements taken as a whole.

***Disagreements with Management***

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated September 27, 2019.

***Management Consultation with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Other Significant Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Company's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

***Other Matters***

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine the information complies with U.S. GAAP, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Idaho State Board of Education Audit Committee and management of Idaho State University and is not intended to be and should not be used by anyone other than these specified parties.

*Moss Adams LLP*

Portland, Oregon  
September 27, 2019





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# Boise State University

## Presentation of Audit Results

November 13, 2019

### Primary Contacts at Moss Adams for BSU

Pam Cleaver, Partner  
Art Ngu, Senior Manager

5 auditors at BSU from Moss Adams  
1 IT specialists

### Fieldwork Dates

Interim Fieldwork	June 10 - 14
F/S Fieldwork	August 26 - 30

### Audit Reporting and Timing

Audit Report Dated	October 9, 2019
Audit Report Issued	October 9, 2019
Auditors Report on Financial Statements	Unmodified
Auditors Report on Compliance	Unmodified
Internal Control Issues Identified & Reported	None Reported
Audit findings related to Compliance Audit	Three Reported

**ATTACHMENT 1**  
**Boise State University**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2019**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Noncompliance material to financial statements noted?

Yes  No

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes  No

Identification of major federal programs and type of auditor's report issued on compliance for major federal programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor's Report Issued on Compliance for Major Federal Programs</i>
Various	Student Financial Assistance Cluster	Unmodified
Various	TRIO Cluster	Unmodified

Dollar threshold used to distinguish between type A and type B programs:

\$ 1,091,793

Auditee qualified as low-risk auditee?

Yes  No

**Section II - Financial Statement Findings**

None reported.

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**Section III - Federal Award Findings and Questioned Costs**

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**FINDING 2019-001 Enrollment Reporting**

**Significant Deficiency in Internal Control over Compliance**

**Student Financial Assistance Cluster**

**U.S. Department of Education**

**CFDA Number:** 84.268

**Federal Program Name:** Federal Direct Student Loans

**Award Year:** 2018-19

**CFDA Number:** 84.038

**Federal Program Name:** Federal Perkins Loan Program

**Award Year:** 2018-19

***Criteria:***

The National Student Loan Data System ("NSLDS") is the Department of Education's ("ED") centralized database for students' enrollment information. It is the University's responsibility to update this information timely and accurately.

The University determines how often it receives the Enrollment Reporting roster file with the default set at every 60 days. Under the loan programs, schools must complete and return within 15 days the Enrollment Reporting roster file placed in their Student Aid Internet Gateway (SAIG) mailboxes sent by ED via NSLDS.

Unless the school expects to complete its next roster within 60 days, the school must notify the lender or the guaranty agency within 30 days, if it discovers that a student who received a loan either did not enroll or ceased to be enrolled on at least a half-time basis (34 CFR section 685.309).

The University has engaged the National Student Clearinghouse's (NSC) services to assist with the reporting of student's status changes and degrees to the NSLDS.

***Condition and context:***

A sample of students who were borrowers of Federal direct student loans or Federal Perkins loans and had graduated from the University during the 2018-19 fiscal year was selected. The enrollment information and graduation date per the University's records was compared to the information reported to the NSLDS. We noted that 1,622 graduates who were Federal borrowers were considered graduated by the University, however, their NSLDS *Enrollment Detail* report did not show the graduated status. These students had their degrees conferred by the University and were considered to be "G Not Applied" errors on the NSC's Degree Reporting page. After being corrected for the "G Not Applied" error, their degrees were verified/posted through the NSC. However, the University Registrar was not aware that there was an additional enrollment reporting field that needed to be reported to the NSC in order for these "G Not Applied" records to update the student's status to "Graduated" on the NSLDS. As such, this was discovered during the Single Audit and upon further investigation by the University, 1,317 students with "G Not Applied" errors from the 2017-18 award year were also affected.

Random, not statistical sampling was used.

***Questioned costs:***

None to be reported.

***Effect:***

This information is utilized by ED, the Federal Direct Student Loan program, lenders, and other institutions to determine in-school status. NSLDS also uses the newly submitted enrollment data to recalculate a student's 150% limit for direct subsidized loans to determine if loss or protection of the subsidy should occur. Therefore, errors in enrollment reporting could impact future subsidy loss or protection related to the 150% limit.

***Cause:***

This occurred because of lack of proper understanding of third-party servicer's parameters in reporting graduated students' enrollment statuses. There is also no control that monitors for compliance.

***Repeat finding:***

No.

***Recommendation:***

We recommend the University follow and enhance existing policies to ensure all student changes in status are identified timely and submitted accurately within the required time frame. Furthermore, we recommend the University educate and train staff involved in the process regarding the Enrollment Reporting compliance responsibilities and the consequences of inaccurate reporting to the NSLDS via the NSC. This policy should specifically address the personnel assigned to various tasks (data entry and review). Opportunities for additional NSC training in this area and others are available through the NSC's Clearinghouse Academy page. Lastly, we recommend the University establish an internal monitoring control whereby a designated individual with NSLDS access, on a sample basis, spot-checks the status updates on NSLDS so to internally audit the submissions.

**ATTACHMENT 1**  
**Boise State University**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2019**

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***Views of responsible officials and planned corrective actions:***

The Boise State University Registrar's Office, with the help of OIT Developers and the National Student Clearinghouse (NSC), have created a fix for our NSC reporting to capture the graduated statuses of students. Previously these statuses were not being applied correctly through the G Not Applied list.

We have created a new file submission type called the Graduate Only file, which will capture all students that graduated in the previous semester and report their campus and program levels as graduated. The Graduate Only file will not report any students continuing on to the next semester as they need to remain active on the campus level for reporting purposes. The continuing on population of students will now be captured on our enrollment reporting files.

Our enrollment report to the NSC used to just report all active students. We've made changes to the reporting file to capture returning graduates. If a student is continuing on with their enrollment after they graduated in the previous semester, they will now be captured on our regular enrollment file submissions to the NSC. The campus level will remain active, while the program level in which they graduated will receive a graduated status.

Boise State University will update the student status changes and degrees previously submitted by November 30, 2019.

The Registrar's Office will self-audit by spot-checking students in the NSC to make sure they accurately received a graduated status on their appropriate campus and program levels. The Registrar's Office Associate Director of Systems, Mike Amai, will conduct spot-checks each semester to ensure accuracy of the data we are transmitting to the NSC. The spot-checks will be recorded in a file with a date of when the check was conducted, who conducted the check, and will include a list of student IDs that went through the spot-check. All documents will be available to view upon an auditor's request.

**FINDING 2019-002 Enrollment Reporting**

**Significant Deficiency in Internal Control over Compliance**

**Student Financial Assistance Cluster**

**U.S. Department of Education**

**CFDA Number:** 84.268

**Federal Program Name:** Federal Direct Student Loans

**Award Year:** 2018-19

**CFDA Number:** 84.038

**Federal Program Name:** Federal Perkins Loan Program

**Award Year:** 2018-19

***Criteria:***

The National Student Loan Data System (“NSLDS”) is the Department of Education’s (“ED”) centralized database for students’ enrollment information. It is the University’s responsibility to update this information timely and accurately.

The University determines how often it receives the Enrollment Reporting roster file with the default set at every 60 days. Under the loan programs, schools must complete and return within 15 days the Enrollment Reporting roster file placed in their Student Aid Internet Gateway (SAIG) mailboxes sent by ED via NSLDS.

Unless the school expects to complete its next roster within 60 days, the school must notify the lender or the guaranty agency within 30 days, if it discovers that a student who received a loan either did not enroll or ceased to be enrolled on at least a half-time basis (34 CFR section 685.309).

The University has engaged the National Student Clearinghouse's (NSC) services to assist with the reporting of student's status changes and degrees to the NSLDS.

***Condition and context:***

In our audit sample, two of the 26 students who officially withdrew from a term in 2018-19 were reported to the NSLDS timely on the first-of-term batch as submitted via the NSC; however, when gathering the data for the samples for the Single Audit, it was discovered by the University that the separation/withdrawal date as showing within the NSLDS was not correct and was subsequently corrected via "NSLDS Web" certification method on 6/4/19, which is outside of the required timeframe for timely reporting. The effective date (withdrawal date) was misreported initially and as a result, for these two students, the status updates to NSLDS were inaccurate, and once corrected, were certified outside of the timeframe as stipulated by the Federal guidelines. Upon further investigation by the University, there were 61 students who officially withdrew from a term in 2018-19 whose effective dates were inaccurately reported in the initial first-of-term batch submission via the NSC and needed to be subsequently corrected.

Random, not statistical sampling was used.

**ATTACHMENT 1**  
**Boise State University**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2019**

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***Questioned costs:***

None to be reported.

***Effect:***

This information is utilized by ED, the Federal Direct Loan program, lenders, and other institutions to determine in-school status. NSLDS also uses the newly submitted enrollment data to recalculate a student's 150% limit for direct subsidized loans to determine if loss or protection of the subsidy should occur. Therefore, errors in enrollment reporting could result in incorrect future eligibility for undergraduate aid, as well as impact future subsidy loss or protection related to the 150% limit.

***Cause:***

This occurred because of lack of proper understanding of the date to report and also a miscommunication in the department as to whose responsibility it was to make the changes to the NSLDS. There is also no control that monitors for compliance.

***Repeat finding:***

No.

***Recommendation:***

We recommend the University follow and enhance existing policies to ensure all student changes in status are identified timely and submitted accurately within the required time frame. Furthermore, we recommend the University educate staff involved in the process regarding the Enrollment Reporting compliance responsibilities and the consequences of inaccurate reporting to the NSLDS via the NSC. This policy should specifically address the personnel assigned to various tasks (data entry and review). Opportunities for additional NSC training in this area and others are available through the NSC's Clearinghouse Academy page. Lastly, we recommend the University establish an internal monitoring control whereby a designated individual with NSLDS access, on a sample basis, spot-checks the status updates on NSLDS so to internally audit the submissions.

***Views of responsible officials and planned corrective actions:***

This finding is related to the students who add and then subsequently drop classes within the first and tenth day of classes or do not earn any credit at the end of the term as indicated by the receipt of all failing grades.

For the first group of students who began attendance, the financial aid office is required to conduct a Return of Title IV fund calculation to determine Pell eligibility for the brief period of attendance even though the student did not incur any tuition/fee liability.



**ATTACHMENT 1**  
**Boise State University**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2019**

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In collaboration with the Registrar's Office, we have modified the student self-service drop process to allow the student to indicate whether or not they began attendance. The date of the self-service withdrawal for a student who indicates they began attendance will be communicated and recorded by the Registrar's office for accurate enrollment reporting. Students who are administratively withdrawn by faculty or staff or indicate in the self-service withdrawal process are determined to have not begun attendance and enrollment is batch reported accordingly. For the second group of students who received all failing grades at the end of the term, the Registrar's office is implementing an existing optional step as mandatory in the grade reporting process at the end of the Fall 2019 semester. When faculty report a failing grade, they will be required to indicate if the student attended the full semester and earned the failing grade OR if the student unofficially withdrew and report their last date of academic activity. If a last date of attendance is provided, it will be reported in batch to NSC as part of the regular enrollment reporting process.

The financial aid office will conduct a spot-check of reported last date of attendance for Return to Title IV purposes and the dates reported to NSLDS each semester. This will be documented in a spreadsheet with columns indicating who monitored the data, the status (correct/incorrect, etc.), the date the spot-check was completed, and if any additional action was taken to resolve any issues.

**FINDING 2019-003 Enrollment Reporting**

**Significant Deficiency in Internal Control over Compliance**

**Student Financial Assistance Cluster**

**U.S. Department of Education**

**CFDA Number:** 84.268

**Federal Program Name:** Federal Direct Student Loans

**Award Year:** 2018-19

**CFDA Number:** 84.038

**Federal Program Name:** Federal Perkins Loan Program

**Award Year:** 2018-19

***Criteria:***

The National Student Loan Data System ("NSLDS") is the Department of Education's ("ED") centralized database for students' enrollment information. It is the University's responsibility to update this information timely and accurately.

The University determines how often it receives the Enrollment Reporting roster file with the default set at every 60 days. Under the loan programs, schools must complete and return within 15 days the Enrollment Reporting roster file placed in their Student Aid Internet Gateway (SAIG) mailboxes sent by ED via NSLDS.

Unless the school expects to complete its next roster within 60 days, the school must notify the lender or the guaranty agency within 30 days, if it discovers that a student who received a loan either did not enroll or ceased to be enrolled on at least a half-time basis (34 CFR section 685.309).

The University has engaged the National Student Clearinghouse's (NSC) services to assist with the reporting of student's status changes and degrees to the NSLDS.

***Condition and context:***

For four of the 26 official withdrawal status change samples who were reported as "withdrawn" to the NSLDS, their status updates were made using the "NSLDS Web" certification method and were not reported timely to the NSLDS within 60 days of the date in which they were identified as a withdrawal. The days' difference between the four students' withdrawal dates and the dates they were reported per NSLDS ranged from 71 - 205 days.

Random, not statistical sampling was used.

***Questioned costs:***

None to be reported.

**ATTACHMENT 1**  
**Boise State University**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2019**

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***Effect:***

This information is utilized by ED, the Federal Direct Loan program, lenders, and other institutions to determine in-school status. NSLDS also uses the newly submitted enrollment data to recalculate a student's 150% limit for direct subsidized loans to determine if loss or protection of the subsidy should occur. Therefore, errors in enrollment reporting could result in incorrect future eligibility for undergraduate aid, as well as impact future subsidy loss or protection related to the 150% limit.

***Cause:***

This occurred because of miscommunication in the department as to whose responsibility it was to make the changes to the NSLDS. There is also no control that monitors for compliance.

***Repeat finding:***

No.

***Recommendation:***

We recommend the University follow and enhance existing policies to ensure all student changes in status are identified timely and submitted accurately within the required time frame. Furthermore, we recommend the University educate staff involved in the process regarding the Enrollment Reporting compliance responsibilities and the consequences of inaccurate reporting to the NSLDS via the NSC. This policy should specifically address the personnel assigned to various tasks (data entry and review). Opportunities for additional NSC training in this area and others are available through the NSC's Clearinghouse Academy page. Lastly, we recommend the University establish an internal monitoring control whereby a designated individual with NSLDS access, on a sample basis, spot-checks the status updates on NSLDS so to internally audit the submissions.

***Views of responsible officials and planned corrective actions:***

This finding involved students who attended courses offered in modules during the current semester, finished the module, but either did not return or did not complete the additional module offered during the same semester.

The financial aid office is responsible for reporting this updated data to NSLDS in a timely manner, which includes communicating to the Registrar's office regarding the updates that are also required to be made in NSC.

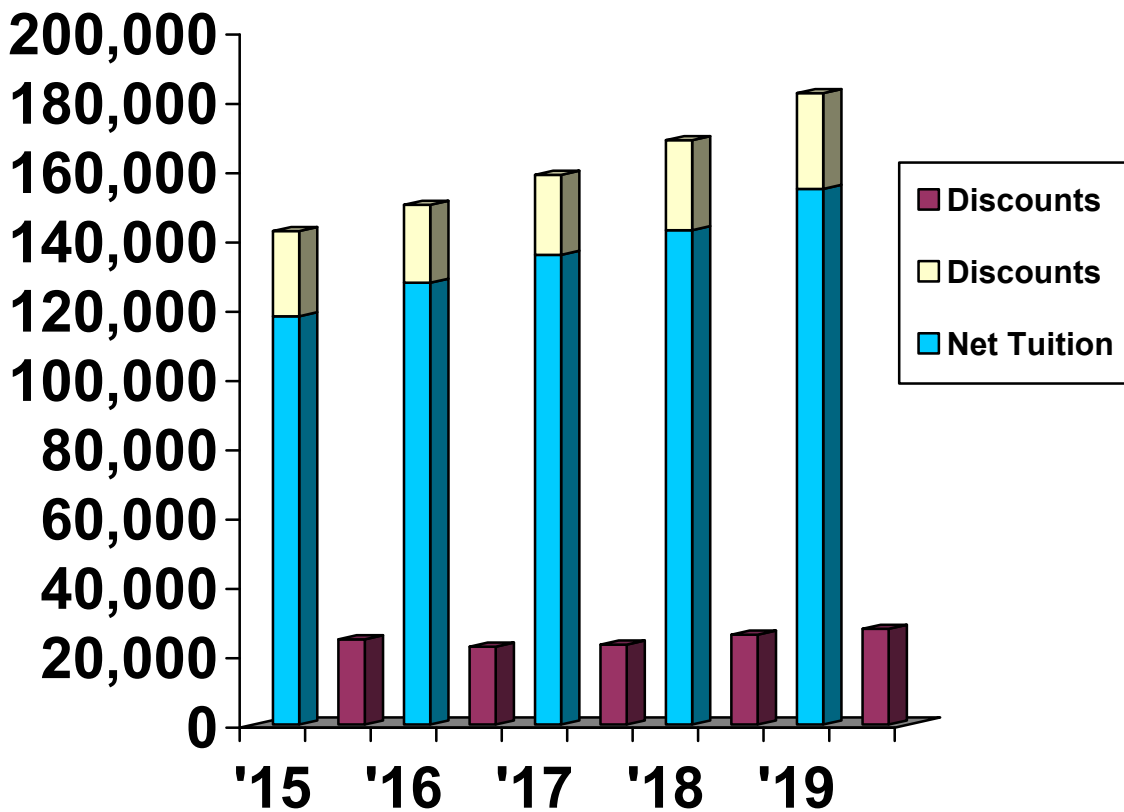
The financial aid office will conduct a spot-check of reported enrollment data and the dates reported to NSLDS each semester. This will be documented in a spreadsheet with columns indicating who monitored the data, the status (correct/incorrect, etc.), the date the spot-check was completed, and if any additional action was taken to resolve any issues.

# Boise State University

Presentation of Audit Results – cont.

November 13, 2019

## Tuition Revenues 5 Year Trend *(in thousands)*

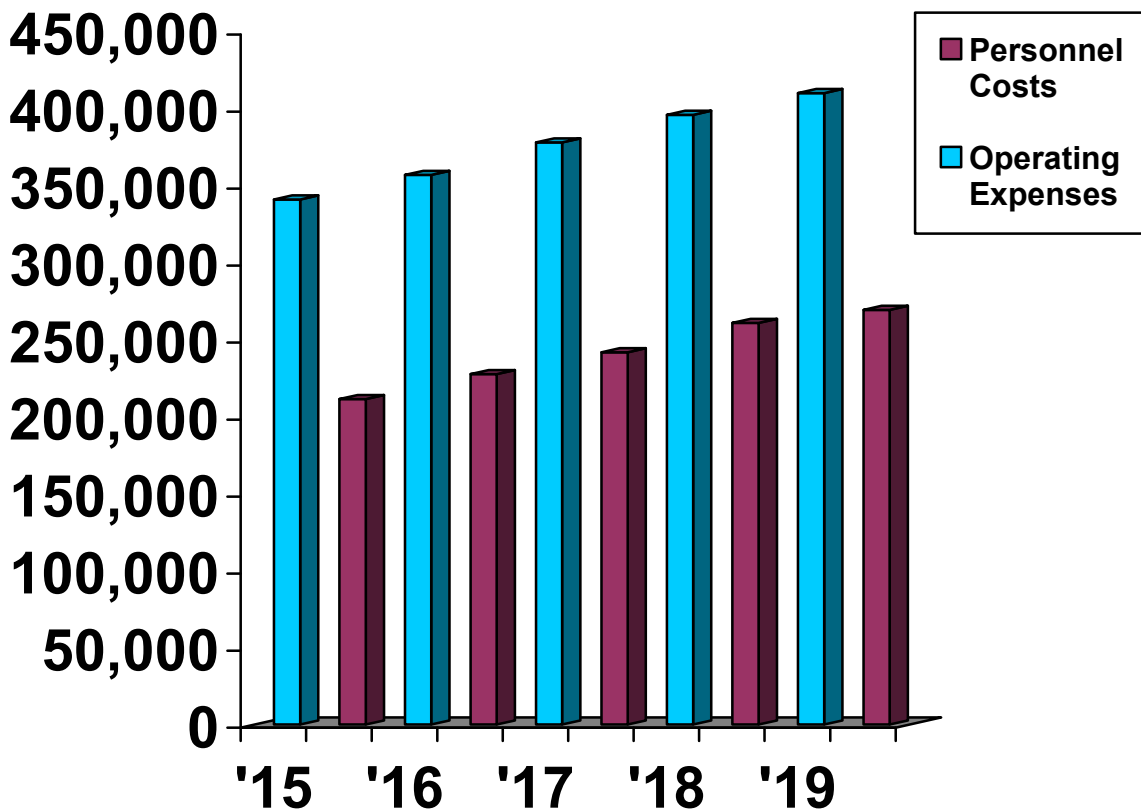


# Boise State University

Presentation of Audit Results – cont.

November 13, 2019

## Expense Analysis 5 Year Trend *(in thousands)*

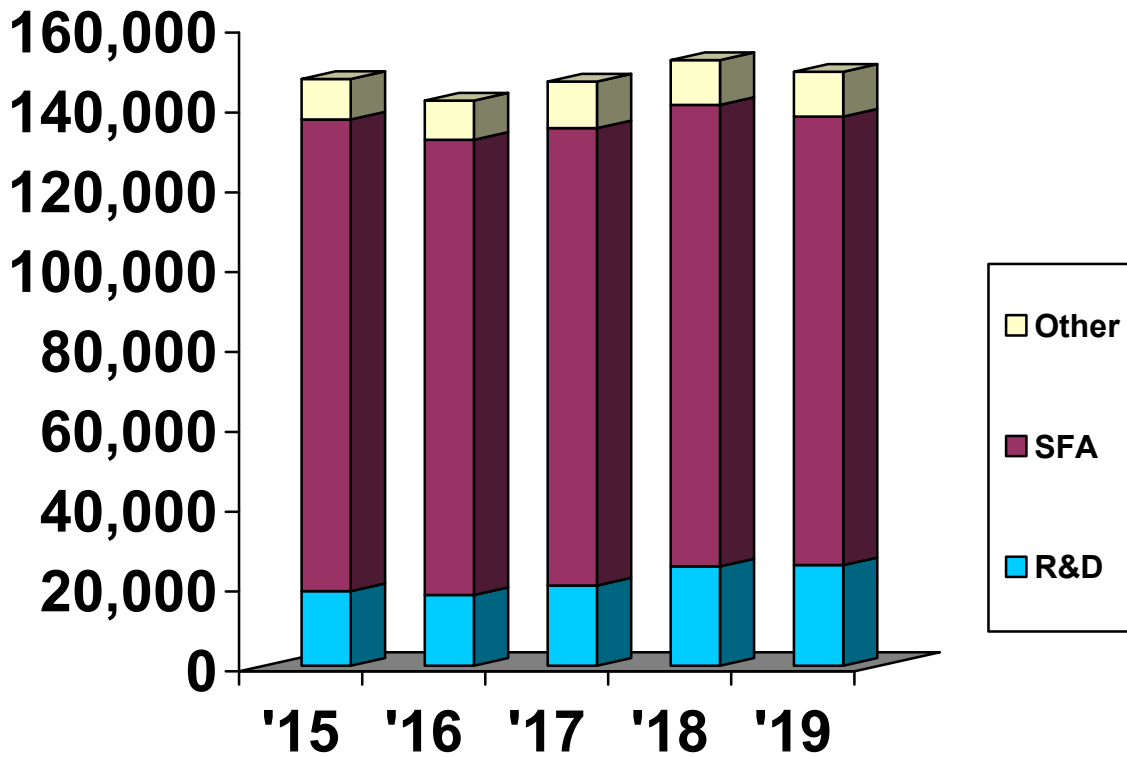


MOSSADAMS

**Boise State University**  
Presentation of Audit Results – cont.

November 13, 2019

**Federal Expenditures**  
5 Year Trend *(in thousands)*



COMMUNICATIONS WITH THOSE  
CHARGED WITH GOVERNANCE

**BOISE STATE UNIVERSITY**

June 30, 2019

## Communications with Those Charged with Governance

To the Audit Committee of the  
Idaho State Board of Education

We have audited the financial statements of Boise State University (University) and its discretely presented component unit, Boise State University Foundation, Inc. (Foundation) as of and for the years ended June 30, 2019 and 2018, and have issued our report thereon dated October 9, 2019. We did not audit the financial statements of Boise State University Foundation, Inc., a discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for that component unit, is based solely on the report of other auditors. In addition, this required information does not include the other auditors' audit results or other matters that are reported on separately by other auditors. Professional standards require that we provide you with the following information related to our audit.

### **Our Responsibility under Auditing Standards Generally Accepted in the United States of America and Government Auditing Standards, Issued by the Comptroller General of the United States of America.**

As stated in the meeting with the Audit Committee on April 3, 2019, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the 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 of America, and to design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we considered the University's internal control solely for the purposes of determining our audit procedures and not to provide assurance concerning such internal control.

We are also responsible for communicating significant matters related to the financial statement audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.



As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests on its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, we examined, on a test basis, evidence about the University's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to its major federal program for the purpose of expressing an opinion on the University's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the University's compliance with those requirements.

We also considered the internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Uniform Guidance.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our meeting on April 3, 2019.

### **Qualitative Aspects of Accounting Practices**

#### ***Significant Accounting Policies***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the University are described in Note 1 to the financial statements. The University was made aware in FY19 that the State of Idaho did not properly allocate PERSI's managed Sick Leave Insurance Reserve Fund (SLIFR) to the University as of June 30, 2018. As such, the University recorded a prior period adjustment to recognize the University's proportional share of SLIRF asset. There were no changes in the application of existing policies during 2019.

#### ***Management Judgments and Accounting Estimates***

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated the key factors and assumptions used to develop the estimates in determining they are reasonable in relation to the financial statements taken as a whole.

The most sensitive estimates affecting the financial statements were:

- Allowance for uncollectible accounts receivable at June 30, 2019
- Useful lives of capital assets
- Valuation of investments
- Actuarial determined liability related to pensions and other post-employment benefit obligations

***Financial Statement Disclosures***

We believe the disclosures in the financial statements are consistent, clear, and understandable. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most significant disclosures affecting the financial statements were:

- Note 1 – Significant Accounting Policies
- Note 6 – Deferred Outflows and Inflows of Resources
- Note 8 – Bonds and Notes Payable
- Note 10 – Optional Retirement Plans and Post Retirement Use of Unused Sick Leave
- Note 11 – Pension Plans
- Note 12 – Postemployment Benefits Other Than Pensions
- Note 14 – Component Unit – Boise State University Foundation

***Significant Difficulties Encountered in Performing the Audit***

The Audit Committee should be informed of any significant difficulties encountered in dealing with management related to the performance of the audit.

We encountered no significant difficulties in dealing with management in performing and completing our audit.

***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no material misstatements detected as a result of our audit procedures which required correction by management, either individually or in the aggregate, to the financial statements taken as a whole.

***Disagreements with Management***

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated October 9, 2019.

***Management Consultation with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" in certain situations. If a consultation involves application of an accounting principle to the University's financial statements, or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Other Significant Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the University's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

***Other Matters***

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine the information complies with U.S. GAAP, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

This information is intended solely for the use of the Audit Committee of the Idaho State Board of Education and management of Boise State University and is not intended to be, and should not be, used by anyone other than these specified parties.

*Moss Adams LLP*

Portland, Oregon  
October 9, 2019

# Lewis-Clark State College

## Presentation of Audit Results

November 13, 2019

### Primary Contacts at Moss Adams for LCSC

Tammy Erickson, Partner  
Sasha Correnti, Manager

5 auditors at LCSC from Moss Adams  
1 IT specialists

### Fieldwork Dates

Interim Fieldwork	May 27 - 31
F/S Fieldwork	August 26 – 30

### Audit Reporting and Timing

Audit Report Dated	September 27, 2019
Audit Report Issued	September 27, 2019
Auditors Report on Financial Statements	Unmodified
Auditors Report on Compliance	Unmodified
Internal Control Issues Identified & Reported	One Reported
Audit findings related to Compliance Audit	None Reported

**ATTACHMENT 1**  
**LEWIS-CLARK STATE COLLEGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  Yes  No

Identification of major federal programs and type of auditor's report issued on compliance for major federal programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor's Report Issued on Compliance for Major Federal Programs</i>
Various	Student Financial Assistance Cluster	<i>Unmodified</i>

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee?  Yes  No

**ATTACHMENT 1**  
**LEWIS-CLARK STATE COLLEGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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**Section II - Financial Statement Findings**

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**FINDING 2019-001 – Significant Deficiency Related to the Lack of Adequate Controls surrounding the Financial Close and Reporting Process.**

**Criteria:** Generally Accepted Accounting Principles (GAAP) require the College to have adequate controls in place over their financial close and reporting process to prevent a material misstatement.

**Condition/Context:** The College lacked adequate controls surrounding the financial close and reporting cycle to detect significant errors related to the accrual of accounts payable, the classification of payments made towards the use of a building, the completeness of the year end depreciation expense, and the classification of net position.

**Cause:** Controls were unable to detect an adjustment to depreciation expense and an additional accrual relating to accounting for construction in progress.

**Effect:** Several adjusting journal entries were required to accurately reflect the year end balances.

**Repeat Finding:** No

**Recommendation:** We recommend the College conduct a thorough review of year-end supporting documentation to ensure the financial statements are complete, accurate, and understandable and that there is adequate review of the closing process.

**Views of responsible officials and planned corrective actions:** During the year-end procedures, a review will be conducted by the Controller and Assistant Controller for completeness. A checklist of the procedures will be prepared and completed to document the review process.

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**Section III - Federal Award Findings and Questioned Costs**

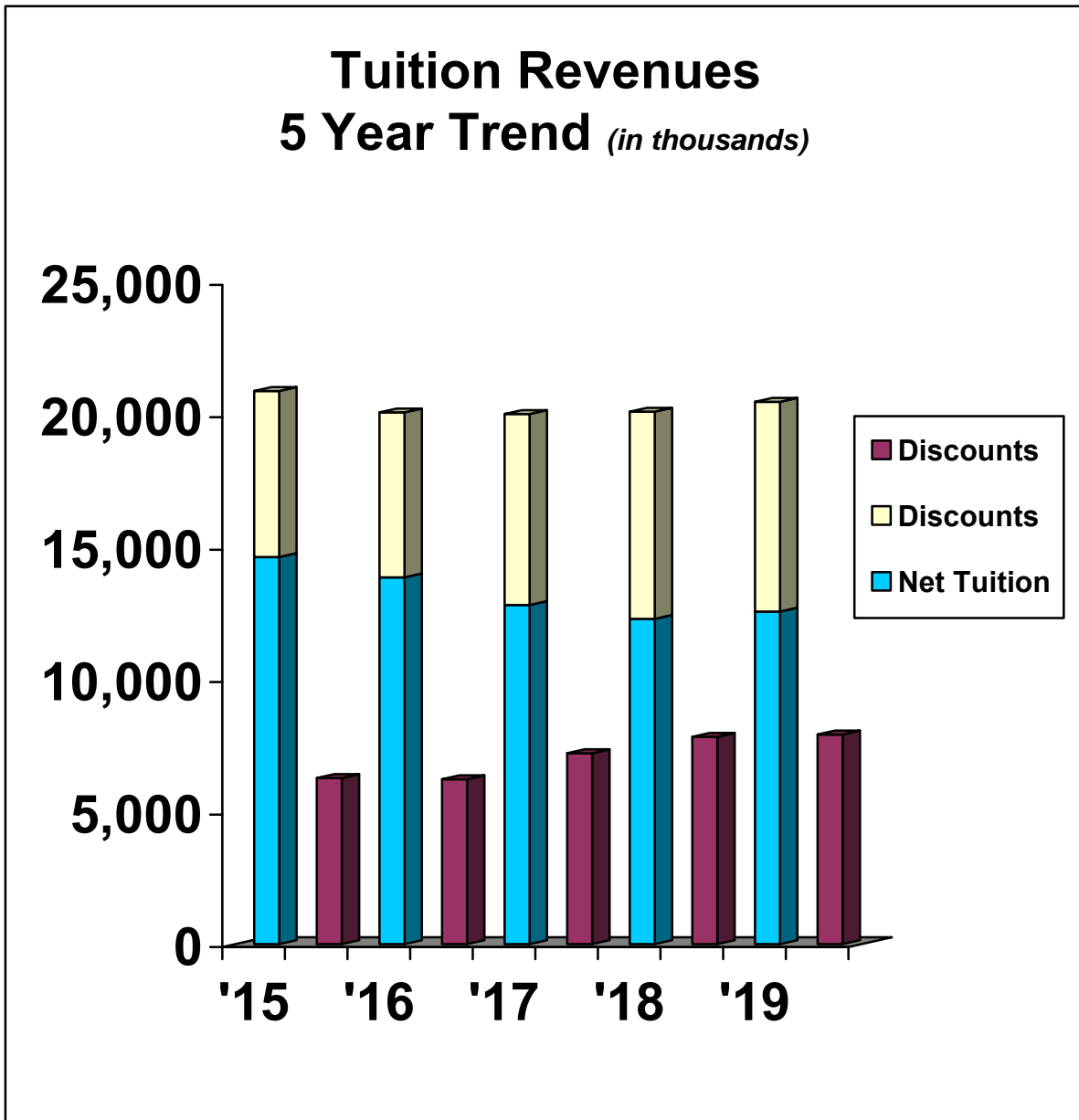
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None reported

**Lewis Clark State College**  
 Presentation of Audit Results – cont.

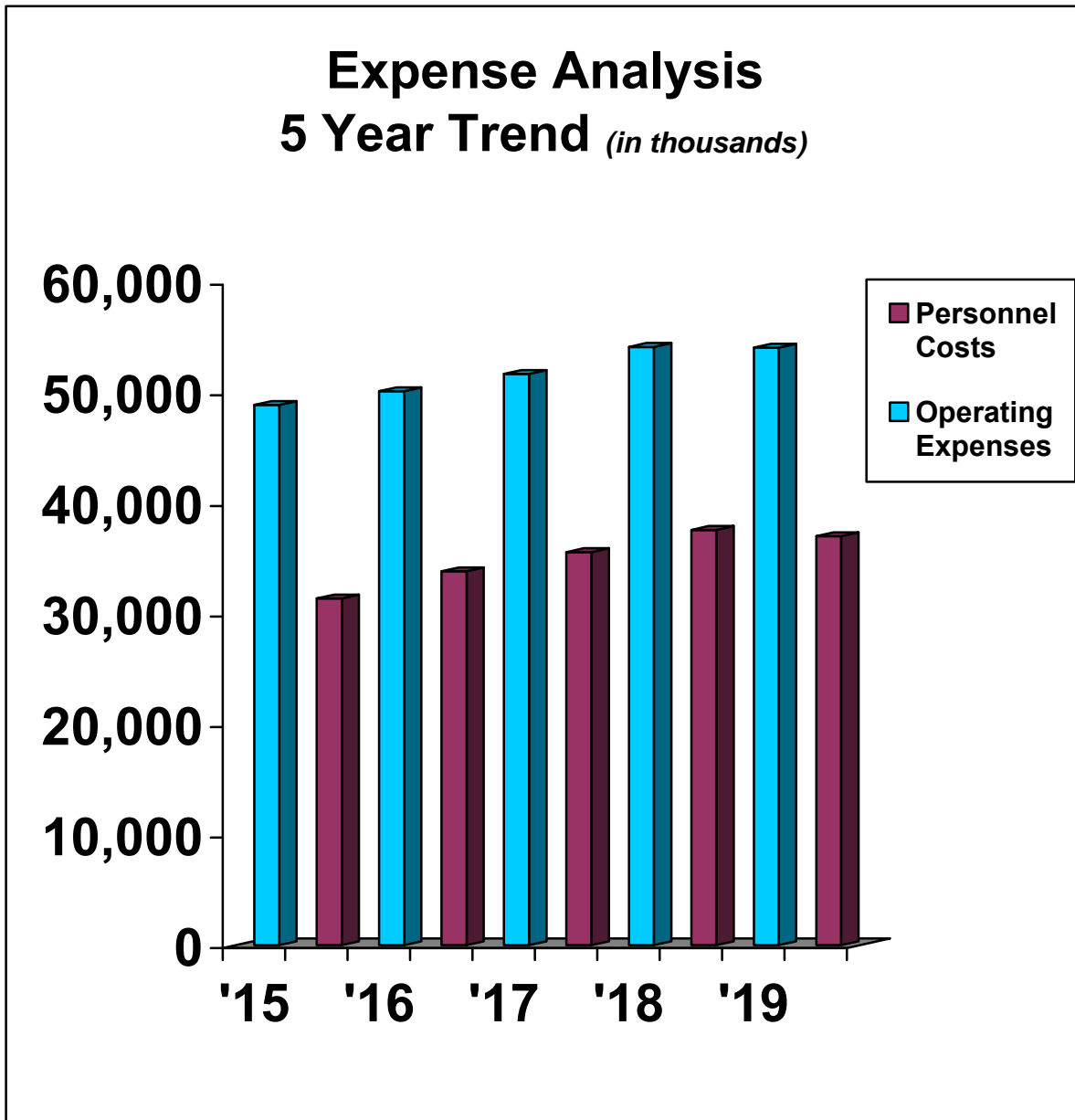
November 13, 2019



# Lewis Clark State College

Presentation of Audit Results – cont.

November 13, 2019

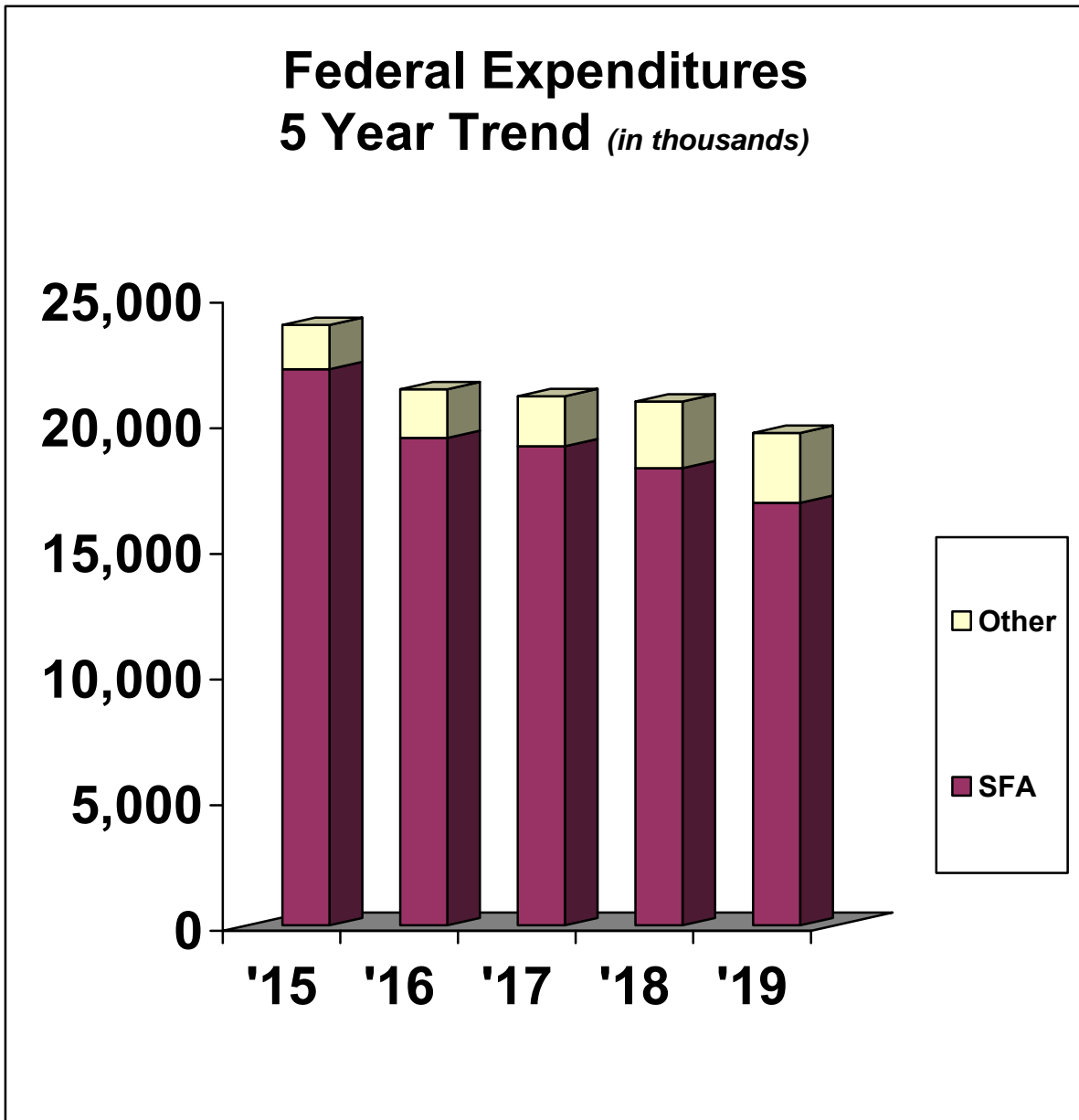




# Lewis-Clark State College

Presentation of Audit Results – cont.

November 13, 2019





COMMUNICATIONS WITH THOSE  
CHARGED WITH GOVERNANCE

IDAHO STATE BOARD OF EDUCATION  
LEWIS – CLARK STATE COLLEGE

June 30, 2019





## **Communications with Those Charged with Governance**

Idaho State Board of Education  
Lewis-Clark State College

We have audited the financial statements of Lewis-Clark State College and its discretely presented component unit, the Lewis-Clark State College Foundation, Inc. (collectively, College) as of and for the year ended June 30, 2019, and have issued our report thereon dated September 27, 2019. Professional standards require that we provide you with the following information related to our audit.

### **Our Responsibility Under Auditing Standards Generally Accepted in the United States of America and Government Auditing Standards, Issued by the Comptroller General of the United States of America**

As stated in a meeting with the Audit Committee on April 3, 2019, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the 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 of America, and to design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we considered the College's internal control solely for the purposes of determining our audit procedures and not to provide assurance concerning such internal control.

We are also responsible for communicating significant matters related to the financial statement audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests on its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), we examined, on a test basis, evidence about the College's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on the College's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the College's compliance with those requirements.

We also considered the internal control over compliance with requirements that could have a direct and material effect on the major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Uniform Guidance.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our meeting on April 3, 2019.

### **Significant Audit Findings and Issues**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the College are described in Note 1 to the financial statements. We noted no transactions entered into by the College during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

#### ***Significant Accounting Estimates***

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated the key factors and assumptions used to develop the estimates in determining they are reasonable in relation to the financial statements taken as a whole.

The most sensitive estimates affecting the financial statements were:

- Allowance for uncollectible accounts receivable
- Useful lives of capital assets
- Valuation of investments
- Actuarial determined liability/asset related to pensions and other post-employment benefit obligations

**Financial Statement Disclosures**

The disclosures in the financial statements are consistent, clear, and understandable. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were disclosure of retirement plans in Note 8 to the financial statements, disclosure of related party transactions in Note 10 to the financial statements, and disclosure of component unit in Note 13 to the financial statements.

**Significant Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

**Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all factual and judgmental misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

The following are corrected journal entries:

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>			
Record depreciation missed in original depreciation list			
5360.9.CU	Depreciation	688,543.25	
1710.35.PL	Accum Depreciation-Buildings		688,543.25
<b>Total</b>		<b>688,543.25</b>	<b>688,543.25</b>
<b>Adjusting Journal Entries JE # 2</b>			
To record unearned DPW funds received for FY20 projects that			
4900.41.CU	Other	256,733.20	
2200.15.CR	Unearned Revenue		256,733.20
<b>Total</b>		<b>256,733.20</b>	<b>256,733.20</b>
<b>Adjusting Journal Entries JE # 3</b>			
To record an accrual related to FY19 for the NICE bldg			
5070.9.CU	Plant operations and maintenance	217,938.38	
2000.2.CU	Accounts Payable		217,938.38
1800.40.AX	Other Assets	232,455.70	
5070.9.CU	Plant operations and maintenance		232,455.70
<b>Total</b>		<b>450,394.08</b>	<b>450,394.08</b>
<b>Adjusting Journal Entries JE # 4</b>			
To reclassify the SLIRF asset balance from unrestricted to restricted			
3700.10.CU	Current Unrestricted - Ending FB	2,173,130.00	
3700.10.CR	Current Restricted - Ending FB		2,173,130.00
<b>Total</b>		<b>2,173,130.00</b>	<b>2,173,130.00</b>

The following is an uncorrected journal entry:

Account	Description	Debit	Credit
<b>Proposed Journal Entries JE # 7</b>			
To accrue an invoice applicable for FY19 for the CTE building.			
1700.34.PL	Capital Assets	166,447.66	
2000.2.CU	Accounts Payable		166,447.66
<b>Total</b>		<b>166,447.66</b>	<b>166,447.66</b>

***Disagreements with Management***

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated September 27, 2019.

***Management Consultation with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" in certain situations. If a consultation involves application of an accounting principle to the College's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Other Significant Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the College's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

***Other Matters***

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine the information complies with U.S. GAAP, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We do not express an opinion or provide any assurance on the management discussion and analysis or the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

☞ \* ☞

This information is intended solely for the use of the Idaho State Board of Education and management of Lewis-Clark State College and is not intended to be, and should not be, used by anyone other than these specified parties.

*Moss Adams LLP*

Portland, Oregon  
September 27, 2019



# University of Idaho

## Presentation of Audit Results

November 13, 2019

### Primary Contacts at Moss Adams for UI

Tammy Erickson, Partner

5 auditors at UI from Moss Adams  
1 IT specialists

### Fieldwork Dates

Interim Fieldwork	June 3 - 7
F/S Fieldwork	August 19 – 23

### Audit Reporting and Timing

Audit Report Dated	September 27, 2019
Audit Report Issued	September 27, 2019
Auditors Report on Financial Statements	Unmodified
Auditors Report on Compliance	Unmodified
Internal Control Issues Identified & Reported	One Reported
Audit findings related to Compliance Audit	One Reported



SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported
- Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes  No

Identification of major federal programs and type of auditor's report issued on compliance for major federal programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor's Report Issued on Compliance for Major Federal Programs</i>
Various	Student Financial Assistance Cluster	Unmodified
Various	Research and Development Cluster	Unmodified
Various	TRIO Cluster	Unmodified

Dollar threshold used to distinguish between type A and type B programs:

\$ 3,000,000

Auditee qualified as low-risk auditee?

Yes  No

**Section II - Financial Statement Findings**

**FINDING 2019-001 – Lack of Adequate Controls surrounding the Financial Close and Reporting; Significant Deficiency in Internal Controls.**

**Criteria:** Generally Accepted Accounting Principles (GAAP) require the University to have adequate controls in place over their financial close and reporting process to ensure the financial statements are materially correct.

**Condition/Context:** The University was not reconciling their clearing account for overhead nor did they have a deep understanding of their accounting for the account. In addition, there were several footnotes and disclosures that did not reconcile to supporting documentation.

**University of Idaho**  
**June 30, 2019**

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**Cause:** Although the financial statements are reviewed, it doesn't appear there is a secondary review to ensure the numbers in the financial statements agree to the supporting documentation.

**Effect:** Certain amounts were misstated in the notes and an audit adjustment was required to properly state the year end balances.

**Recommendation:** We recommend the University conduct a thorough review of year-end supporting documentation to ensure the financial statements are complete, accurate, and understandable. Although we have seen improvements in this area, additional improvements are needed. In addition, management should have a thorough understanding of account balances and transactions to assess their accuracy. Proper internal controls ensure that no one person is responsible for preparing and processing a transaction or process from beginning to end and therefore preparers should not be in the position of relying on self-review as the primary mechanism to identify mistakes.

**Views of responsible officials:** The University understands the importance of producing accurate financial statements and of ensuring that the underlying accounting documentation supports the financial statements and account balances. During FY2020, management will revise the financial close process to ensure that financial statements and account balances properly reconcile to underlying supporting documentation and schedules. In addition, the overhead clearing account will be reconciled and adjusted quarterly beginning in FY2020.

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**Section III - Federal Award Findings and Questioned Costs**

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**FINDING 2019-002 – Equipment and Real Property Management, Significant Deficiency in Internal Control Over Compliance.**

<i>CFDA Number(s)</i>	<i>Program Name/Title</i>	<i>Federal Agency/ Pass-through Entity</i>	<i>Federal Award Number</i>	<i>Award Year</i>
Various	Research and Development	Various	Various	2019

**Criteria:** Per 2 CFR 215.34(3) - A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years.

**Condition:** The University did not inventory all equipment purchased with federal funds within the last 2 years.

**Context:** During our testing of equipment and real property management, we noted that 2 items of the 35 sampled, were unavailable for verification and were disposed of in the prior year. The records were not maintained for this disposal and an inventory of these items had not been performed in the prior 2 years. Our sample was selected using a statistical method.

Due to the errors found in our original sample, we obtained a listing of all equipment with details, such as when federally purchased items were last inventoried. Equipment typically has a seven-year life. Equipment that had not been inventoried in the last two years represented 162 items with an approximate net book value of \$850,000 of a total population of 473 items with an approximate net book value of \$1.7 million.

**Cause:** It appears that the controls in place were designed properly, but were not being followed as designed.

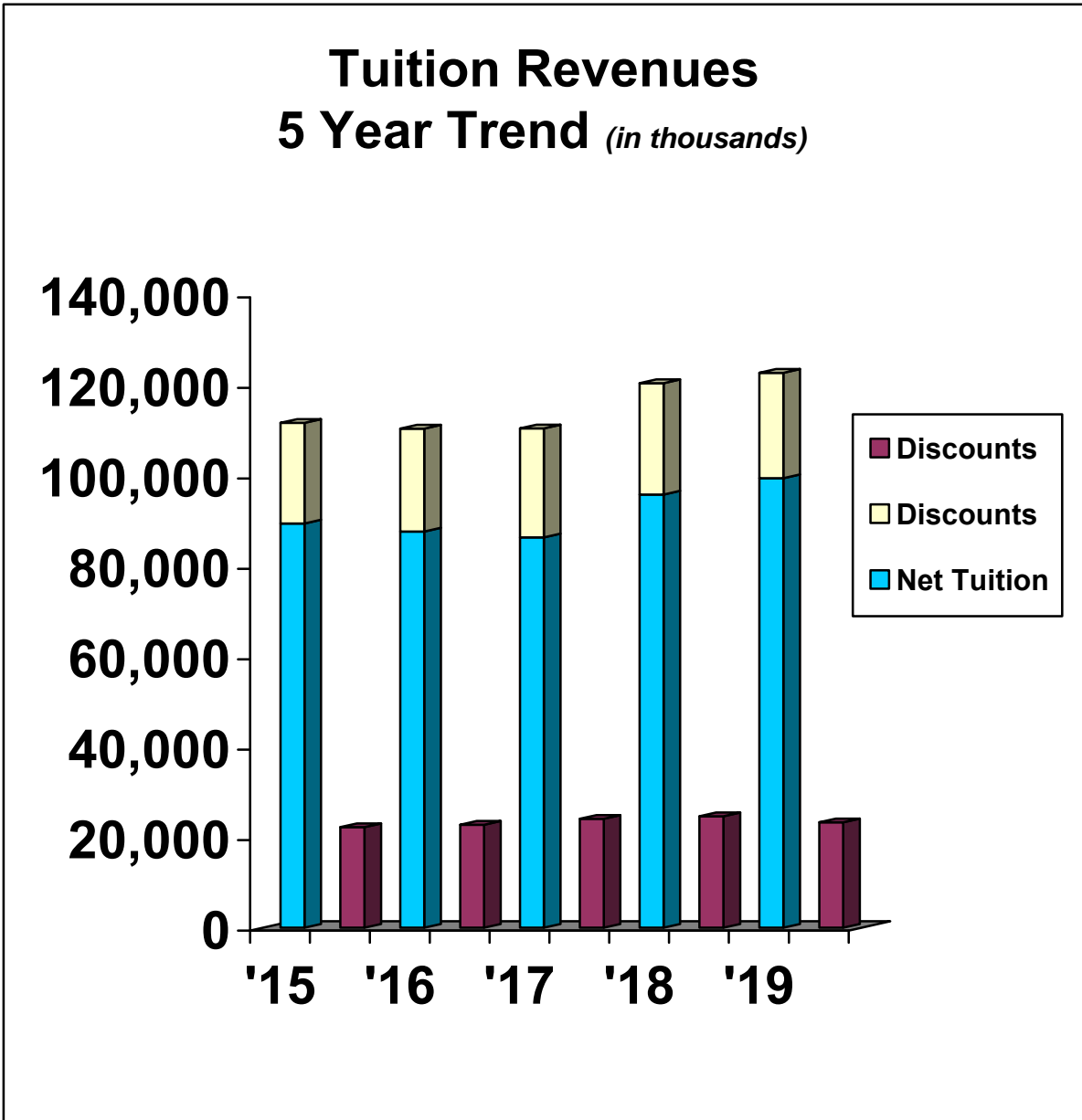
**Effect:** The lack of adherence to the controls and policies in place create non-compliance to the requirement that equipment be inventoried at least once every two years.

**Questioned costs:** None noted.

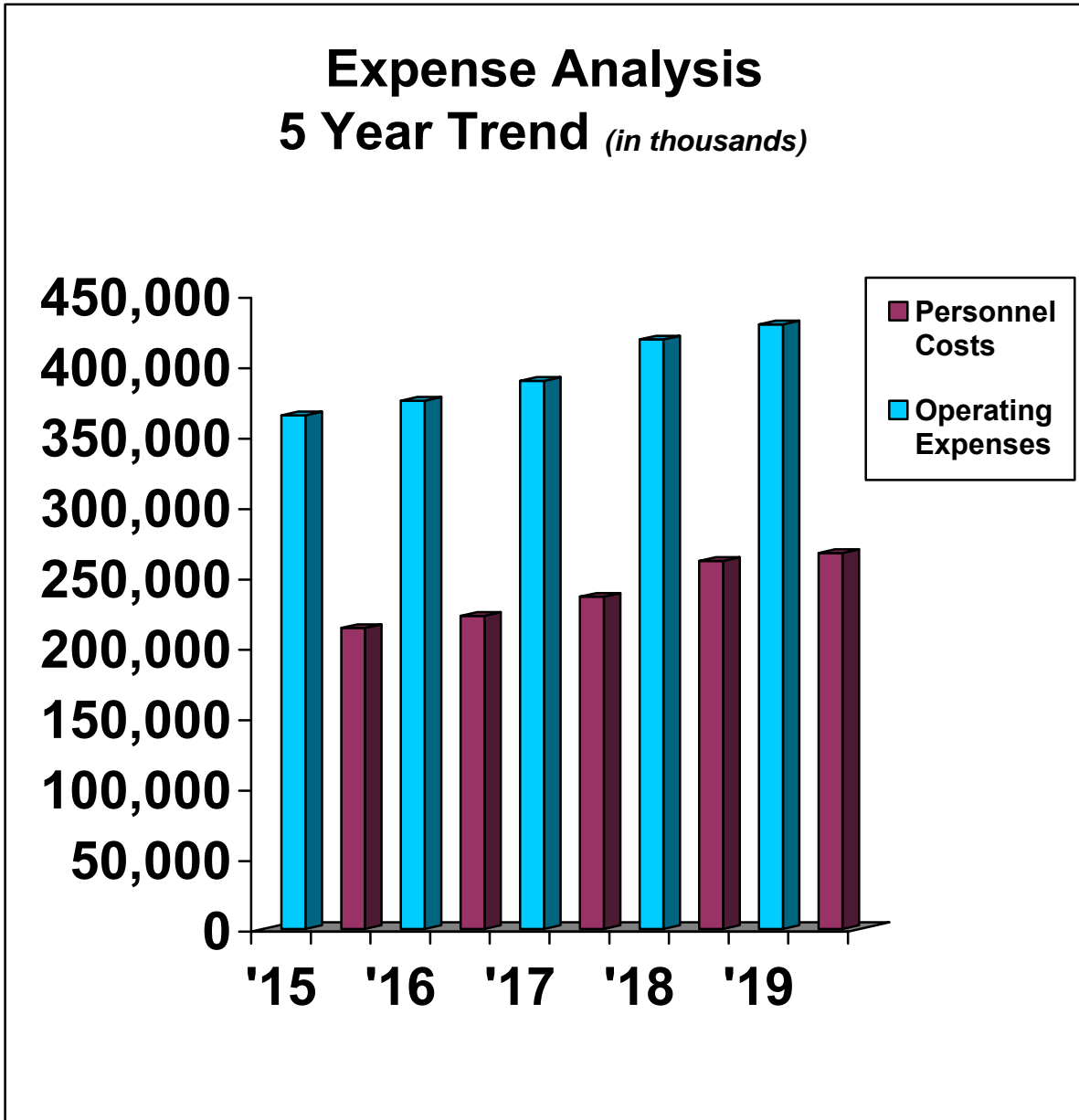
**Recommendation:** We recommend the University ensure that all federal equipment is inventoried every 2 years, and additionally maintain documentation of the process.

**Views of responsible officials:** The University understands the significance of this finding and the importance of ensuring that the University remains in full compliance with federal requirements regarding federally funded capital assets. Management will establish clear expectations, timeframes, departmental policies, and procedures to ensure completion of required inventory verifications. Such policies and procedures will be documented in written form, and thorough, date-specific documentation will be maintained to support execution of verifications under these policies and procedures.

**University of Idaho**  
 Presentation of Audit Results – cont.  
 November 13, 2019



**University of Idaho**  
Presentation of Audit Results – cont.  
November 13, 2019

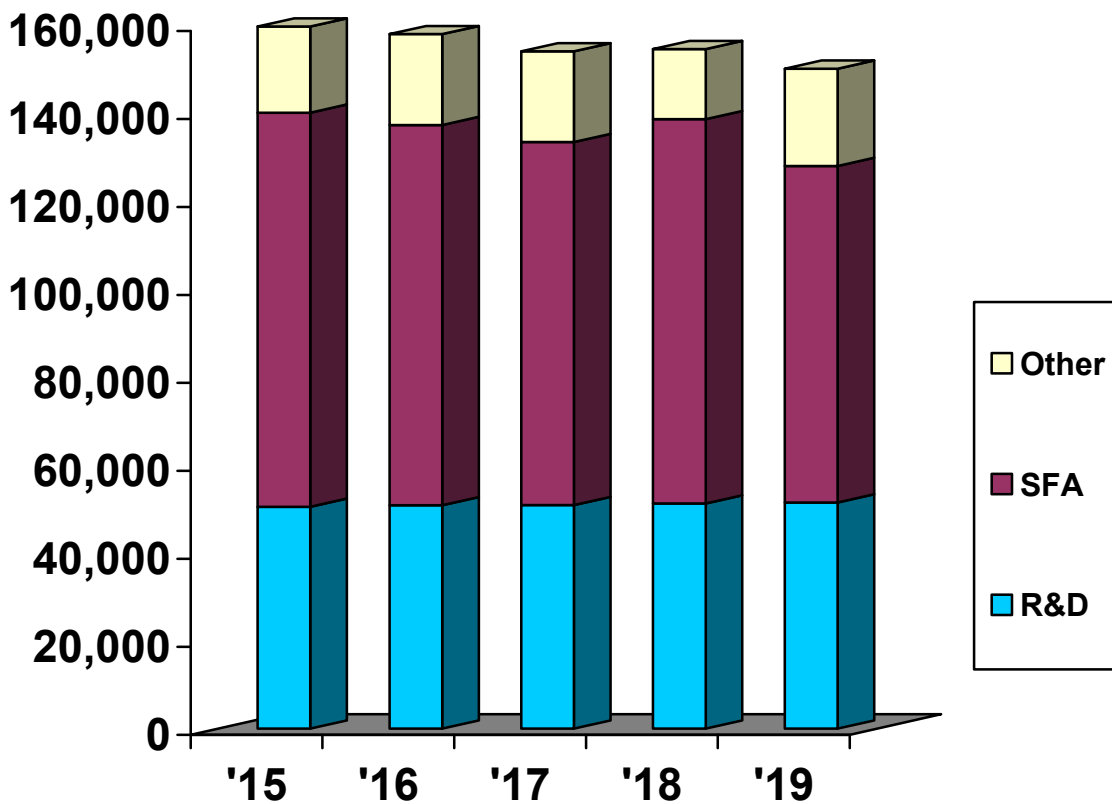


# University of Idaho

Presentation of Audit Results – cont.

November 13, 2019

## Federal Expenditures 5 Year Trend *(in thousands)*





COMMUNICATIONS WITH THOSE  
CHARGED WITH GOVERNANCE

UNIVERSITY OF IDAHO

June 30, 2019





## Communications with Those Charged with Governance

To the Audit Committee  
Idaho State Board of Education

We have audited the financial statements of the University of Idaho (University) and the discretely presented component unit, the University of Idaho Foundation (Foundation), as of and for the years ended June 30, 2019 and 2018, and the aggregate remaining fund information of the University (the University of Idaho Health Benefits Trust and the University of Idaho Retiree Benefits Trust), as of and for the years ended December 31, 2018 and 2017, and have issued our report thereon dated September 27, 2019. The financial statements of the Foundation and University of Idaho Health Benefits Trust were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation and the University of Idaho Health Benefits Trust, are based solely on the reports of other auditors. In addition, this required communication does not include the other auditors' audit results or other matters that are reported on separately by other auditors. Professional standards require that we provide you with the following information related to our audit.

### **Our Responsibility Under Auditing Standards Generally Accepted in the United States of America; *Government Auditing Standards*, Issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the Audit Provisions of the OMB Uniform Guidance**

As stated in our presentation to the Audit Committee on April 3, 2019, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in accordance with accounting principles 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. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit in accordance with auditing standards generally accepted in the United States of America and to design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting.

Accordingly, we considered the University's internal control solely for the purposes of determining our audit procedures and not to provide assurance concerning such internal control.



We are also responsible for communicating significant matters related to the financial statement audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests on its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), we examined, on a test basis, evidence about the University's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the University's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the University's compliance with those requirements.

We also considered the internal controls over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

**Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our meeting on April 3, 2019.

**Qualitative Aspects of Accounting Practices*****Significant Accounting Policies***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the University are described in Note 1 to the financial statements. We noted no transactions entered into by the University during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

***Management Judgments and Accounting Estimates***

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated the key factors and assumptions used to develop the estimates in determining they are reasonable in relation to the financial statements taken as a whole.

The most sensitive estimates affecting the financial statements are as follows:

- Fair value of investments
- The collectability of student loans receivable and accounts receivable
- The useful lives of capital assets
- The compensated absence accrual amount
- The classification of net position by type: net investment in capital assets, restricted for expendable, and unrestricted
- The actuarially determined liabilities related to pensions and other post-employment benefit obligations

***Financial Statement Disclosures***

We believe the disclosures in the financial statements are consistent, clear, and understandable. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were Note 12 related to retirement plans, Note 13 related to postemployment benefits (other than pensions) and retiree benefits trust, Note 17 related to the component unit (Foundation), and Note 19 related to the cumulative effect of implementation of GASB statements 74 & 75.

***Significant Difficulties Encountered During the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

***Corrected and Uncorrected Misstatements***

In conducting our audit, no material corrected misstatements were noted.

We identified certain uncorrected misstatement of the financial statements. The first related to a capital lease in the amount of \$1,265,006, which was posted to pre-paids and should be reclassified to capital assets. The second was an error related to the prior year that was corrected in the current year. Therefore, had this been recorded, unrestricted net position would be debited by \$5.3 million and expenses would be credited for the same amount. The ending net position is correct related to both these entries. Management has determined that the effect is immaterial to the financial statements as a whole.

***Disagreements with Management***

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

***Management Representations***

We have requested certain written representations from management that are included in the management representation letter dated September 27, 2019.

***Management Consultation with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" in certain situations. If a consultation involves application of an accounting principle to the University's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Other Significant Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the University's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

As noted in our report, we identified certain deficiencies in internal controls which were report as significant deficiencies.

***Other Matters***

With respect to the schedule of expenditures of federal awards (supplementary information) accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine the information complies with U.S. GAAP, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Our responsibility for other information in the management's discussion and analysis, the schedules of the University's proportionate share of net pension liability – PERSI base plan, University contributions – PERSI base plan, the Schedule of Changes in Net OPEB Liability, and the Schedule of OPEB Contributions, which is labeled as "required supplementary information," includes applying certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

☞ \* ☞

This information is intended solely for the use of Idaho State Board of Education Audit Committee and management of the University and is not intended to be, and should not be, used by anyone other than these specified parties.

*Moss Adams LLP*

Portland, Oregon  
September 27, 2019



**Idaho State Board of Education**  
Presentation of Audit Results – cont.

**November 13, 2019**

**We are proud to be the auditor for Idaho Colleges and Universities and would like to extend our thanks to the Board Members, the Office of the State Board, and the Institutions.**

**Questions & Comments?**

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**MOSS-ADAMS LLP**