

# **Idaho State Board of Education**

## **Audit Committee**

### **Presentation of Audit Results**

**November 14, 2018**

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

**Scott Simpson  
Tammy Erickson  
Pam Cleaver**



**MOSSADAMS**

# Idaho State Board of Education

## Audit Committee Debrief

November 14, 2018

### Moss Adams Leadership Team

#### *Overall*

Scott Simpson, Partner

541-686-1040 [scott.simpson@mossadams.com](mailto:scott.simpson@mossadams.com)

#### *Institution Specific*

Pam Cleaver, Partner

509-248-7750 [pam.cleaver@mossadams.com](mailto:pam.cleaver@mossadams.com)

Tammy Erickson, Partner

509-747-2600 [tammy.erickson@mossadams.com](mailto:tammy.erickson@mossadams.com)

### 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 14, 2018

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

Eastern Idaho Technical College	Unmodified	None	None	Unmodified	<b>One</b>
Idaho State University	Unmodified	None	None	Unmodified	None
Boise State University	Unmodified	None	None	Unmodified	None
Lewis-Clark State College	Unmodified	None	None	Unmodified	None
University of Idaho	Unmodified	<b>One</b>	None	Unmodified	<b>One</b>

Required Communications To Those Charged With Governance Formal Letters in each Section	Eastern Idaho Technical College	Idaho State University	Boise State University	Lewis-Clark State College	University of Idaho
Auditor's Responsibility Under Generally Accepted Auditing Standards	As Planned	As Planned	As Planned	As Planned	As Planned
Planned Scope and Timing of the Audit	As Planned	As Planned	As Planned	As Planned	<b>Delayed</b>
Significant Accounting Policies	FN 1	FN 1	FN 1	FN 1	FN 1
Significant Accounting Estimates	As Discussed	As Discussed	As Discussed	As Discussed	As Discussed
Financial Statement Disclosures	8, 9, 10	8, 10, 12, 16	6, 10, 11, 12, 14	8, 10, 13	12, 13, 17, 19
Significant Difficulties Encountered During the Audit	None	None	None	None	None
Corrected and Uncorrected Misstatements	None	None	<b>Yes</b>	None	<b>Yes</b>
Disagreements with Management	None	None	None	None	None
Management Representations	Available	Available	Available	Available	Available
Management Consultations with Other Accountants	None	None	None	None	None
Other Significant Findings or Issues	None	None	None	None	None
Internal Control Matters to be Reported	None	None	None	None	<b>Yes</b>
Fraud Uncovered During the Audit	None	None	None	None	None



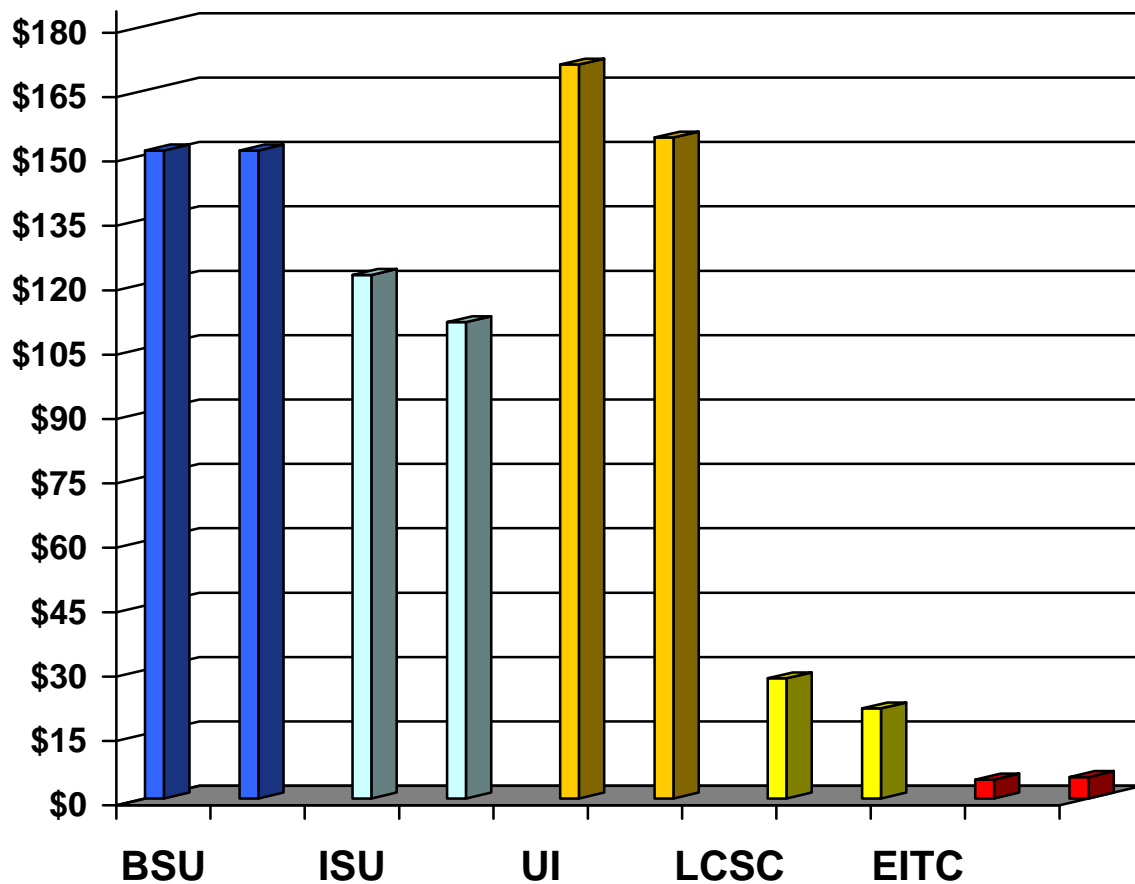
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# Idaho Colleges and Universities

Presentation of Audit Results – cont.

November 14, 2018

## Federal Expenditures By Institution 2013 vs 2018 (in millions)



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# Eastern Idaho Technical College

## Presentation of Audit Results

November 14, 2018

Scott Simpson, Partner

541-686-1040 [scott.simpson@mossadams.com](mailto:scott.simpson@mossadams.com)

### Primary Contacts at Moss Adams for EITC

Scott Simpson, Partner

Jacqueline Stensland, Senior Manager

4 auditors at EITC from Moss Adams

### Fieldwork Dates

Interim Fieldwork

May 21 - 24

F/S Fieldwork

August 21 - 25

### Audit Reporting and Timing

Audit Report Dated

October 8, 2018

Audit Report Issued

October 8, 2018

Auditors Report on Financial Statements

Unmodified

Auditors Report on Compliance

Unmodified

Internal Control Issues Identified & Reported

None Reported

Audit findings related to Compliance Audit

One Reported



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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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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 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

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 reported

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

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**FINDING 2018-001 Special Tests & Provisions**  
**Significant Deficiency in Internal Controls over Compliance, Non-compliance**

**Federal Programs:** Student Financial Assistance Cluster (Various CFDA #s)

**Criteria:**

The Institution is required to report all loan disbursements and submit required records to the Direct Loan Servicing System via the COD within 15 days of disbursement. Each month, the COD provides institutions with a School Account Statement data file. Eastern Idaho Technical College (the College) is required to reconcile these files to the College's financial records.

**Condition:**

The College is not in compliance with the federal requirement. During testing of this compliance requirement we found three months out of the year where reconciliations of these files were not performed.

**Questioned costs:**

None.

**Context:**

Of the three sampled months, one reconciliation was not performed. Upon further analysis it was found that two other months did not have reconciliations performed. A total of three months during the year were not reconciled.

**Effect:**

Reconciliations were not performed as per the requirements.

**Cause:**

Lack of reconciliations being performed was caused by turnover in the Financial Aid Director position as well as an ineffective control environment.

**Repeat finding:**

No.

**Recommendation:**

The College should establish a control environment which ensures reconciliations are performed monthly.

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

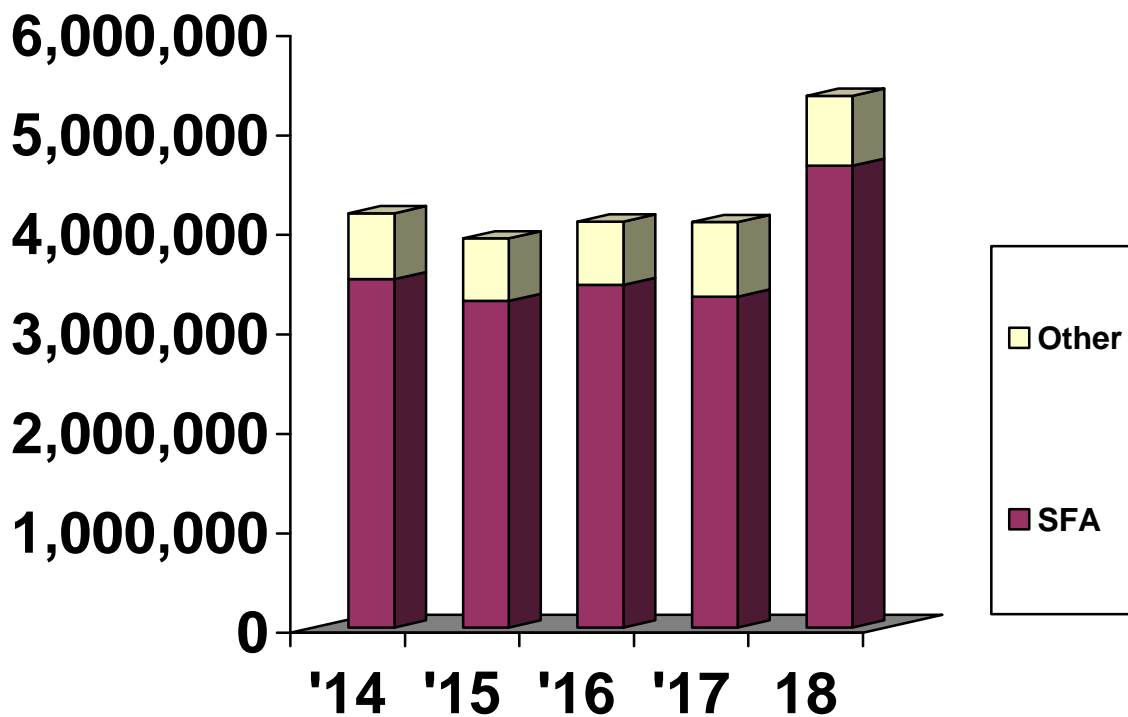
The College had turnover in the Financial Aid Director position, which caused reconciliations to not be performed for 3 months. The reconciliations have been performed since January of 2018. The process involves a three-way reconciliation to ensure accuracy.

# Eastern Idaho Technical College

Presentation of Audit Results – cont.

November 14, 2018

## Federal Expenditures 5 Year Trend





COMMUNICATIONS WITH THOSE  
CHARGED WITH GOVERNANCE

**EASTERN IDAHO TECHNICAL COLLEGE**

June 30, 2018

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

Idaho State Board of Education  
Eastern Idaho Technical College

We have audited the financial statements of Eastern Idaho Technical College (the “College”) and its discretely presented component unit; College of Eastern Idaho Foundation, Inc. as of and for the year ended June 30, 2018, and have issued our report thereon dated October 8, 2018. We did not audit the financial statements of College of Eastern Idaho Foundation, Inc., a discretely presented component unit, as described in Note 10. 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**

As stated in a meeting with the Audit Committee on March 14, 2018, 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 College’s internal control over financial reporting. Accordingly, we considered 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 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 8, Pension Plan, and Note 9, 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 March 14, 2018.

### **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. No new accounting policies were adopted and there were no changes in the application of existing policies during 2018. During the current year the University adopted Governmental Accounting Standards Board (GASB) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which included restatement of the current year 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. The most sensitive estimates affecting the financial statements were the allowance for uncollectible accounts receivable, the useful lives of capital assets, 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***

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 Notes 8 and 9 related to retirement plans, and Note 10 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.

### ***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 October 8, 2018.

### ***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 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 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 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.

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

*Moss Adams LLP*

Portland, Oregon  
October 8, 2018

# Idaho State University

## Presentation of Audit Results

November 14, 2018

Scott Simpson, Partner

541-686-1040 [scott.simpson@mossadams.com](mailto:scott.simpson@mossadams.com)

### 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 4 - 8

F/S Fieldwork

August 27 - 31

### Audit Reporting and Timing

Audit Report Dated

September 28, 2018

Audit Report Issued

September 28, 2018

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, 2018**

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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>Type of Auditor's Report Issued on Compliance for Major Federal Programs</i>
<i>CFDA Numbers</i>	<i>Name of Federal Program or Cluster</i>	
Various	Student Financial Assistance 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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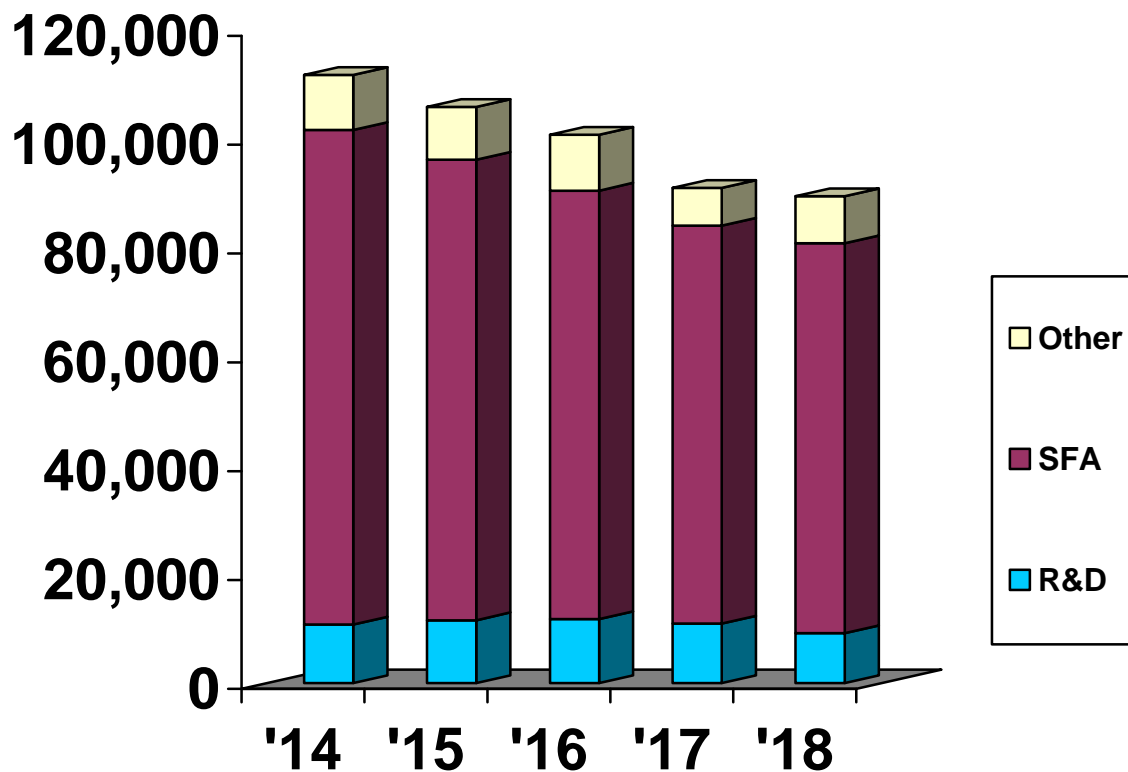
None.

# Idaho State University

Presentation of Audit Results – cont.

November 14, 2018

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





COMMUNICATIONS WITH THOSE  
CHARGED WITH GOVERNANCE

**IDAHO STATE UNIVERSITY**

June 30, 2018



MOSSADAMS

## **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, 2018, and have issued our report thereon dated September 28, 2018. 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**

As stated in a meeting with the Audit Committee on March 14, 2018, 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 March 14, 2018.

### **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 2018. During the current year the University adopted Governmental Accounting Standards Board (GASB) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which included restatement of the current year 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.

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### ***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.

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We have requested certain representations from management that are included in the management representation letter dated September 28, 2018.

### ***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***

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### ***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 28, 2018



# Boise State University

## Presentation of Audit Results

November 14, 2018

Scott Simpson, Partner

541-686-1040 [scott.simpson@mossadams.com](mailto:scott.simpson@mossadams.com)

### Primary Contacts at Moss Adams for BSU

Pam Cleaver, Partner

Brandon Flory, Senior Manager

6 auditors at BSU from Moss Adams

1 IT specialists

### Fieldwork Dates

Interim Fieldwork

June 11 - 15

F/S Fieldwork

August 27 - 31

### Audit Reporting and Timing

Audit Report Dated

October 11, 2018

Audit Report Issued

October 11, 2018

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



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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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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 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

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

\$ 1,081,482

Auditee qualified as low-risk auditee?

☐ Yes ☒ No

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**Section II - Financial Statement Findings**

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None reported.

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

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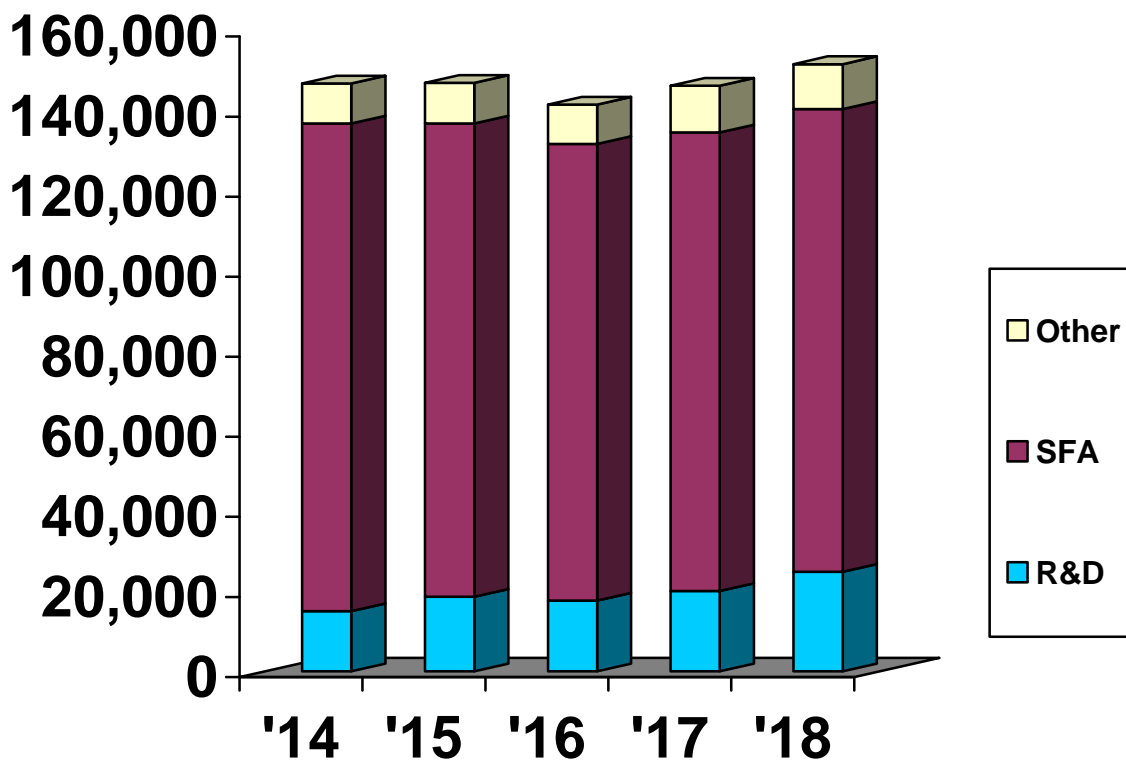
None reported.

# Boise State University

Presentation of Audit Results – cont.

November 14, 2018

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





COMMUNICATIONS WITH THOSE  
CHARGED WITH GOVERNANCE

BOISE STATE UNIVERSITY

June 30, 2018



MOSSADAMS

## 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, 2018 and 2017, and have issued our report thereon dated October 11, 2018. 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 March 14, 2018, 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 (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 in our meeting on March 14, 2018.

### **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. There were no changes in the application of existing policies during 2018 except for the implementation of GASB Statement No. 75 – *OPEB for Employers*, GASB Statement No. 81 – *Irrevocable Split Interest Agreements*, GASB Statement No. 85 – *Omnibus 2017* and GASB Statement No. 86 – *Certain Debt Extinguishments*, as 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 were:

- Allowance for uncollectible accounts receivable at June 30, 2018
- 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 sensitive 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. Below are the corrected and uncorrected misstatements:

#### **SUMMARY OF CORRECTED FINANCIAL STATEMENT MISSTATEMENTS**

<b>Account #</b>	<b>Account Description</b>	<b>Debit</b>	<b>Credit</b>
217902	Deferred Inflow EdR		2,109,663
108003	Buildings	2,109,663	
<i>To record change orders not captured in original service concession arrangement journal entry calculating the related deferred inflow.</i>			

#### **SUMMARY OF UNCORRECTED FINANCIAL STATEMENT MISSTATEMENTS**

<b>Account #</b>	<b>Account Description</b>	<b>Debit</b>	<b>Credit</b>
104139	Deferred Outflow	2,044,625	
998990	Net Position		2,044,625
<i>Prior year effect of correction of advance refunding</i>			
104139	Deferred Outflow		97,945
596200	Interest Expense	97,945	
<i>Current year effect of correction of advance refunding</i>			

### ***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 11, 2018.

### ***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 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 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 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 11, 2018



# Lewis-Clark State College

## Presentation of Audit Results

November 14, 2018

Scott Simpson, Partner

541-686-1040 [scott.simpson@mossadams.com](mailto:scott.simpson@mossadams.com)

### 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  
F/S Fieldwork

May 4 - 8  
August 27 – 31

### Audit Reporting and Timing

Audit Report Dated	September 28, 2018
Audit Report Issued	September 28, 2018
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



**LEWIS-CLARK STATE COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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

**Section II - Financial Statement Findings**

None reported

**LEWIS-CLARK STATE COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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

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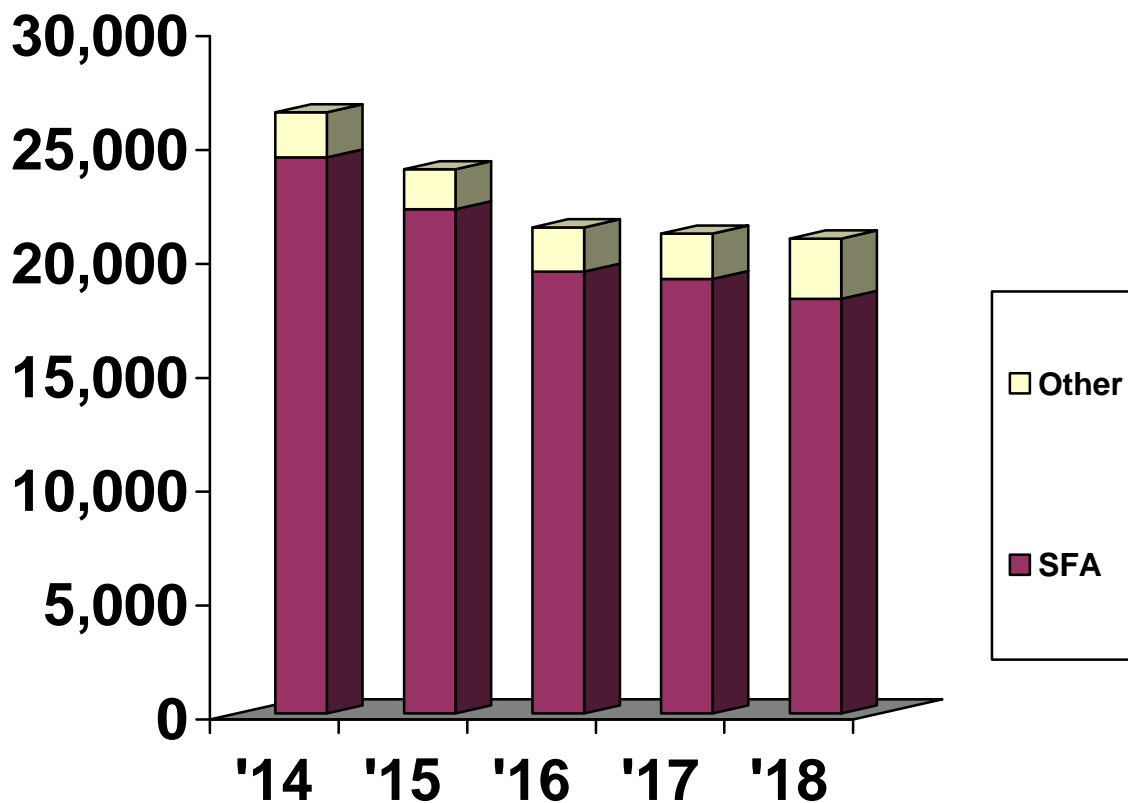
None reported

# Lewis-Clark State College

Presentation of Audit Results – cont.

November 14, 2018

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





COMMUNICATIONS WITH THOSE  
CHARGED WITH GOVERNANCE

IDAHO STATE BOARD OF EDUCATION  
LEWIS – CLARK STATE COLLEGE

June 30, 2018



MOSSADAMS

## 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, 2018, and have issued our report thereon dated September 28, 2018. 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 March 14, 2018, 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 March 14, 2018.

### **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. During the current year the Governmental Accounting Standards Board (GASB) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which included restatement of the current year financial statements. Additionally, GASB No.81, *Irrevocable Split-Interest Agreements*, was implemented retrospectively, as described by the guidance. 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 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. We detected no corrected or uncorrected misstatements of the financial statements as part of our audit, other than the implementation of GASB 81 and a reclassification entry related to pledges.

### ***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 28, 2018.

### ***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 28, 2018



# University of Idaho

## Presentation of Audit Results

November 14, 2018

Scott Simpson, Partner

541-686-1040 [scott.simpson@mossadams.com](mailto:scott.simpson@mossadams.com)

### Primary Contacts at Moss Adams for UI

Tammy Erickson, Partner

6 auditors at UI from Moss Adams

1 exempt tax specialist

1 IT specialists

### Fieldwork Dates

Interim Fieldwork

June 4 - 8

F/S Fieldwork

August 20 – 24

### Audit Reporting and Timing

Audit Report Dated

November 7, 2018

Audit Report Issued

November 7, 2018

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



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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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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 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
10.500	Cooperative Extension Service	Unmodified

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

\$ 3,000,000

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

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**Section II - Financial Statement Findings**

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**FINDING 2018-001 – Lack of Adequate Controls over Library Materials, Material Weakness in Internal Controls**

**Criteria:** Generally accepted accounting principles requires capital items to be expensed if they do not have a life beyond one year.

**Condition:** The University was capitalizing certain library subscriptions that expired in one year and therefore did not have value beyond a year.

**Context:** Through testing procedures, erroneous capitalization of certain annual subscriptions for both the school and law libraries were identified, which previously had been depreciated over a 10-year period. The cumulative effect to the financial statements was material, creating a prior period restatement.

**Effect:** A prior period adjustment was posted and the fiscal year 2017 financial statements were restated.

**Cause:** Over the past 10 years, as digital media has become more prevalent, several subscriptions have become an annual subscription and no longer have a useful life over a year as the subscriptions expire from year to year and are no longer accessible after expiration. The content of library materials was not reviewed to ensure that capitalization was appropriate.

**Repeat Finding:** No

**Recommendation:** We recommend the University implement controls to ensure items are capitalized according to policy and consider providing additional training to those who are reviewing expenses for possible capitalization under generally accepted accounting procedures.

**Views of responsible officials and planned corrective actions:** The University agrees with the recommendation. Management has plans in place to provide training this year for Library, Law Library, and Accounting staff responsible for reviewing expenses for possible capitalization.

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

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#### FINDING 2018-002 – Activities Allowed or Unallowed, Significant Deficiency in Internal Control Over Compliance, Non-Compliance

CFDA Number(s)	Program Name/Title	Federal Agency/ Pass-through Entity	Federal Award Number	Award Year
10.500	Cooperative Extension Service	National Institute of Food and Agriculture (NIFA)	2016-41510-01200	2018

**Criteria:** Per 2 CFR 200.439 (1) - Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except with prior written approval of the federal awarding agency or pass-through entity.

**Condition:** The University did not receive prior approval from the federal awarding agency, National Institute of Food and Agriculture (NIFA), for a capital improvement expenditure for the remodel of a suite in Boise, Idaho.

**Questioned costs:** \$69,528 – single expenditure obtained from the population of expenditures.

**Context:** During our review of the population of expenditures, we noted one item which was specifically coded as a capital outlay. This item was tested as well as an additional sample of 26.

**Effect:** The lack of controls in place to obtain prior written approval for capital expenditures caused un-allowed expenditures to go undetected.

**Cause:** Program employees were not aware of the compliance requirement as NIFA did not require prior written approval until 2018.

**Repeat finding:** No

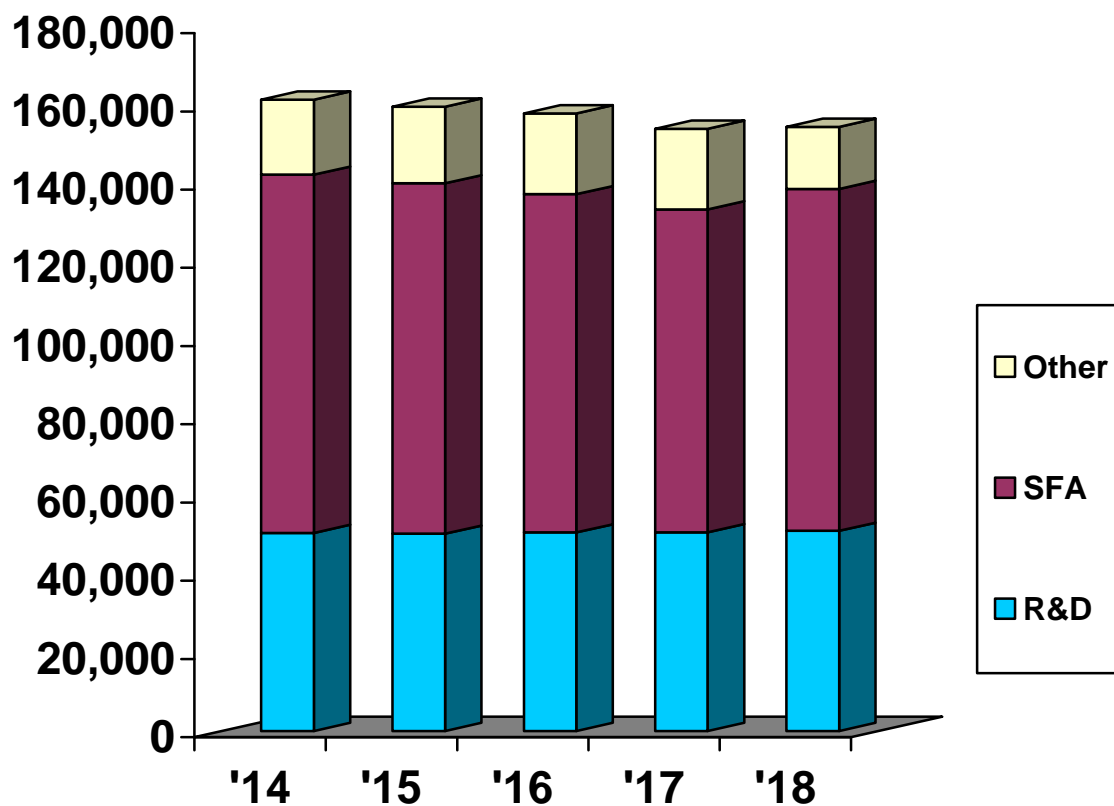
**Recommendation:** We recommend the University implement controls to ensure pre-approval for capital expenditures is obtained. In addition, controls should be strengthened to ensure there is a strong understanding of allowable and unallowable expenditures.

**Views of responsible officials and planned corrective actions:** The University agrees with the recommendation. Staff responsible for managing the NIFA grant in the College of Agriculture and Life Sciences have already implemented a process for submitting requests to NIFA for pre-approval of capital expenditures. College financial management will also provide training for staff to ensure understanding of allowable and unallowable expenditures for federal awards.

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

November 14, 2018

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





COMMUNICATIONS WITH THOSE  
CHARGED WITH GOVERNANCE

UNIVERSITY OF IDAHO

June 30, 2018



MOSSADAMS

## 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, 2018 and 2017, 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, 2017 and 2016, and have issued our report thereon dated November 7, 2018. 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 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; *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 March 14, 2018, 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 March 14, 2018, other than the audit was issued later than anticipated due to a correction of an error that resulted in a prior period adjustment. The timing was also impacted due to multiple versions of the financial statements that did not appear to have adequate management review.

### **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. During the current year the University adopted Governmental Accounting Standards Board (GASB) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which included restatement of the current year financial statements. GASB 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was adopted by the Health Benefits Trust. Additionally, GASB No.81, *Irrevocable Split-Interest Agreements*, was implemented retrospectively by the Foundation, as described by the guidance. 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 prior period restatement.

### ***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, our procedures identified a material correction of an error to the 2017 financial statements, which we reported as a material weakness in internal controls. This resulted in a decrease to depreciable capital assets of approximately \$16.5 million as of June 30, 2017, a corresponding decrease to net position and a decrease in change in net assets for the year ending June 30, 2017, of \$192,686. The 2018 net capital assets were decreased by approximately \$3.9 million and expenses were increased by this same amount. In addition, there was an entry related to accrued salaries and benefits in the current year, which increased the liability by \$4.2 million and a corresponding increase to benefits expense.

We identified an uncorrected misstatement of the financial statements related to approximately \$647,000 of debit balances in accounts payable that should have been reclassified to accounts receivable. 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 November 7, 2018.

### ***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 previously, we identified an error related to the capitalization of certain library subscriptions that should have been capitalized. The error had been occurring for a number of years and resulted in a material misstatement to the financial statements and was therefore identified as a material weakness.

### ***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 on pages 4 through 21, the schedules of the University's proportionate share of net pension liability – PERSI base plan, University contributions – PERSI base plan on page 82, the Schedule of Changes in Net OPEB Liability on page 83, and the Schedule of OPEB Contributions on page 84, 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.

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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  
November 7, 2018



# **Idaho State Board of Education**

Presentation of Audit Results – cont.

November 14, 2018

**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**

Certified Public Accountants and Business Consultants