

RESPONSE TO QUESTIONS REGARDING RFP FOR AUDIT SERVICES

All questions have been aggregated and reviewed. Due to the similar nature of questions, responses have been summarized and published in the format below.

Answers to general questions about the RFP

- The University is looking for a CPA firm that can provide valuable resources and a knowledgeable, responsive team committed to providing best-in-class customer service to meet the University's needs.
- There are no disagreements with the current firm regarding audit, accounting, or tax-related matters.
- The University is open to remote procedures to limit an auditor's time onsite to the extent it does not compromise the integrity of the audit or the value of service being provided.

Answers to questions about University operations

- There have not been any significant changes to operations, policies, procedures, or personnel in the current year.
- There have not been any new major programs or significant changes to existing programs for the year under audit.
- There are no new or expected federal programs.
- The University is not facing any significant regulatory or legal issues.
- There are no significant or unusual transactions expected in FY20 that will significantly impact the University's financial statements.
- There are no capital campaigns scheduled at this time.
- There have been no significant changes in personnel involved with the audits.

Answers to questions about Regulatory matters

- The University is undergoing its program review with Federal Student Aid (USDOE).
- Middle States "mid-point" review is scheduled for 2021 with the formal site visit in fiscal year 2025.

Answers to questions about the Board of Trustees Committees

- The Enterprise Risk Management & Audit Committee is chaired by Bryan DiLucente and comprises of members of the Board of Trustees; faculty representative, Mary Anne Basilone; Dot Davis, JD (ex-officio); and Dr. Suzanne K. Mellon (ex-officio). David Meadows, CFO, is the University liaison for the committee.

- The CPA firm presents audit results to the Enterprise Risk Management & Audit Committee at the Fall committee meeting (typically held in November) and Form 990 results in the Spring Committee meeting (typically held in January/February).
- The Investment & Benefits Subcommittee meets three times per year to discuss the University's investments, operations, fees, and service providers.
 - BNY Mellon is the custodian for the University's endowment.
 - TIAA is the custodian for The University's 403(b) plan.

Answers to questions about the financial statement audit

- General
 - Management prepares the financial statements and the footnotes for the audited financial statements.
 - Historically, there have been no challenges with the audit.
 - There have not been any management letter comments during the 2017 and 2018 audits. Additionally, there were no unadjusted differences in the FY18 audit.
 - There are no areas within the University's financial statement that would be considered complex to audit.
- Timing
 - The University has its books closed by the end of July for the fiscal year and by business day 10 on interim months.
 - The existing audit timing for the financial statements and A-133 audit consists of one week (or less) of preliminary fieldwork around June and two weeks (or less) of on-site audit fieldwork in August.
 - The University has gained significant improvement in its financial reporting process over the past couple years and would like to take this opportunity to emphasize the importance of timely issuance with the October 15th deadline.
- Accounting matters
 - As disclosed in Note 13 to the financial statements, we have completed the process of adopting the provisions of Accounting Standard Update ("ASU") 2014-09, "Revenue from Contracts from Customers (Topic 606)." Management determined that the adoption of this ASU resulted in a cumulative decrease to net assets and a corresponding increase to deferred revenue in the amount of approximately \$570,000 as of July 1, 2017.
 - The University has evaluated all new accounting standards and does not have concerns with adoption. Additionally, the University elected to adopt ASU 2014-09 in FY18. At this point, the University does not plan on early adopting other pending accounting standards, but will review any future standards to determine impact and timing of adoption.
 - With the exception of FY18 (as a result of ASC 606 implementation), the University presents comparative financial statements.
- Components
 - All endowment and gift records are maintained by Advancement in Raiser's Edge. All financial reporting of endowment and gifts are maintained in Colleague and reconciled with Excel spreadsheets.
 - Significant changes in debt can be found in Footnotes 7 & 14 of the FY18 audited financial statements (distributed to those who submitted Notification of Intent). There have not been any changes in FY19.

- There have been no significant commitments made in FY19.
- Payroll is processed in-house by the University's Payroll Supervisor (a department under Controllershship).

Answers to questions about the Single Audit

- As it pertains to the single audit in FY18, the auditors identified a deficiency in internal control over compliance that was considered to be a significant deficiency. The University published a corrective action plan for each of the findings, which is attached to the provided audited financial statements.

Answers to questions about the Employee Benefit Plan

- General
 - There have been no significant changes to the investment portfolio.
 - There have been no changes to the University's benefit plan structure.
- Engagement questions
 - The University has not identified any internal control or plan deficiencies related to the benefit plan audit.
 - The Form 5500 is prepared for the Employee Benefit Plan.
 - The University will prepare the draft financial statements.

Answers to questions about IT general controls

- Formal assessment of the IT environment and related controls is a new request for the University.
- The University would like a separate audit of IT controls.

