

North Dakota University System - Significant Audit Adjustments

LAFRC, May 12, 2010, NDUS

Context

- Campuses begin closing about July 1st, with campus statement due date to the NDUS Office about September 7th or about 10 weeks for campus process; and, consolidated statements are due to the SAO about October 16th or about 6 weeks for consolidated work.
- Each campus is required to complete 70 templates plus approximately 90 additional items required to be submitted to the SAO within a relatively short time period of time—see attachment (1) and (2).
- Over 700 schedules must be processed, in many cases multiple times, by the NDUS Director of Financial Reporting, within approximately a 4-6 week timeframe, to complete the consolidated statement on a timely basis.

Reasons for Significant Audit Adjustments

- Human error - will strive to reduce the number of adjustments, but likely will never prevent all adjustments.
- Lack of adequate technology tools – improvements underway, but CND solution still long-term.
- Limited staff resources – 1.0 FTE in System Office; smaller campus controllers wear multiple hats. Large campus controllers have more volume and sometimes more complex transactions.
- Continual staff turnover.
- Complexity and volume of operations (e.g. grants, auxiliaries, component units, etc.).
- Periodic change in historical financial statement treatment practices, due to changing interpretations.
- Independent status of component units.
- Compressed timelines coupled with significant volume of financial statement activity, plus other day-to-day activities.
- Continual release of new accounting pronouncements, which can be somewhat subjective in interpretation, which are usually resolved over time.

Solutions Underway

- The System Office is hosting systemwide training for all controller's/accountants which is taking place today. SAO participating as well.
- Complete temporary technical tool upgrade before the end of the fiscal year, which will provide additional edit controls and free up staff time for reviewing data for accuracy.
- Next phase of risk assessment, focused on transaction process review, will help to identify efficiencies and process improvements.
- Before fiscal year end, developing a check list for the campus controllers to use when completing their schedules to help reduce the number of corrections.
- Director of Financial Reporting will have more familiarity, given completion of one full year cycle.
- Campus presidents will now be held accountable, as part of the annual evaluation process, for resolving audit issues.

*Auditor's Required
Information*

	Due Date	Requested item
C&I 1	6/30/09	New endowment funds and bequest from donor
C&I 2	7/13/09	Schedule of pledges
C&I 3	7/13/09	Broker/trustee statements
C&I 4	7/13/09	June 30th bank statements
C&I 5	8/10/09	July 31st bank statements
C&I 6	8/10/09	Schedule of investments, investmentdetail.xls & ndu investment footnote.xls ✓
C&I 7	8/10/09	Pooled investments
C&I 8	8/31/09	Schedule of cash, deposit detail.xls, ndu deposit footnote.xls ✓
C&I 9	8/31/09	Cash adjustments
C&I 10	8/31/09	June 30th bank recons
C&I 11	8/31/09	Outstanding check reports for ALL accounts
RRR 1	6/30/09	Schedule of tuition and fees
RRR 2a	7/6/09	A/R aging rept & A/R recon report by individual
RRR 2b	7/6/09	A/R aging rept & A/R recon report by fund
RRR 3	8/10/09	Recon of appn revenues & receivables
RRR 4	8/10/09	JE & support for summer session revenue
RRR 5	8/17/09	JE & support for grants and contracts receivable
RRR 6a	8/17/09	A/R subsidiary to general ledger recon
RRR 6b	8/17/09	Notes Rec. subsidiary to general ledger recon not by SLSC
RRR 7a	8/24/09	Support for allowance for doubtful accounts
RRR 7b	8/24/09	Support for allowance for doubtful notes
RRR 8	9/8/09	Support for scholarship allowance & template
PR 1	7/20/09	Support for early retirement data & separation agreements
PR 2	7/20/09	On behalf payments - Onbehalf.xls ✓
PR 3a	7/27/09	Sick leave ndu bn cafr comp abs 10P sick lv
PR 3b	7/27/09	Vacation leave ndu bn cafr comp abs vacation
PR 4	7/27/09	ndu ca ret tot by pvpd-retirement for each pay period in FY08
PR 5	7/27/09	Recon of gen led payroll with liab to PAY018 report
PR 6	7/27/09	Support for account 223002
PPE 1	6/30/09	List of buildings and building numbers

Attachment (1)

PPE 2	8/17/09	Fixed asset summary & CIP (NDUS TEMPLATES) and recon
PPE 3a	8/17/09	Schedule of bldg, bldg improv. & CIP additions
PPE 3b	8/17/09	Library book adds and deletes
PPE 3c	8/17/09	Equipment activity analysis AMAS 2010 for LSE & equip
PPE 4	8/17/09	Rpt ID AMDE1000- asset history sheet
PPE 5	8/17/09	Query NDS_AM03 - retirement activity
PPE 6	8/17/09	Bldg, improvements, infrastructure & library book depn files
PPE 7	8/17/09	Schedule of useful lives
PPE 8	8/17/09	Commitment amounts and support for note (NDUS TEMPLATE)
PPE 9	8/17/09	Capitalized software schedule
GEN 1	6/30/09	Off-PeopleSoft computers systems
GEN 2	6/30/09	Checklist for related party if changed from FY07
GEN 3	6/30/09	BSC, DSU, MASU, MISU, BC, NDUSO letter head
GEN 4	6/30/09	Organization Chart
GEN 5	6/30/09	Long term strategic/alignment plan
GEN 6	7/16/09	CPE for FY08 for key financial people
GEN 7	8/3/09	Listing of all attorneys
GEN 8	8/3/09	Listing of all accountants
GEN 9	8/3/09	List of goods of services provided to Fdn & written operating agreement
GEN 10	8/10/09	NDUS office only: all lawsuits > \$250,000 from board semi-annual rpt
GEN 11	8/31/09	NDUS office only: all funds with negative fund balance
GEN 12	11/16/09	Form 990-T
LTD 1a	6/30/09	Lease agreement (capital & operating)
LTD 1b	6/30/09	Lease vs. purchase analysis
LTD 1c	6/30/09	Sole source documentation
LTD 1d	6/30/09	Bid tabulation summary sheet
LTD 1e	6/30/09	Capital Lease Determination.xls
LTD 2	6/30/09	New bond indentures
LTD 3	6/30/09	New notes payable
LTD 4	7/20/09	LTIiab-Specials.xls
LTD 5	7/27/09	LTIiab-CapLeases.xls
LTD 6	7/27/09	OpLeases.xls

INV 1	b/4 invent	Inventory instructions
INV 2	8/3/09	Final priced & extended count sheets
LR 1	6/18/09	Copy of annual budget
LR 2	8/3/09	Appn recon and support for FY08 appn adjustments
LR 3	8/17/09	Insurance Proceeds received and reasons
LR 4	8/17/09	Listing of all new contracts, leases, subleases, etc.
LR 5	8/17/09	Lease recon
LR 6	8/17/09	Employee conflict of interest statements
LR 7	10/5/09	NDCC audit reports
LR 8	10/5/09	COE audit reports
LR 9	10/5/09	Capital Tracking Report
LR 10	11/2/09	Unclaimed Property report
FS 1	7/27/09	Changes to Related party or GASB14/39 checklist
FS 2	8/31/09	Notification that Actuals ledger is closed
FS 3	8/31/09	JE Detail Report (FIN2001) for all ledgers for year end entries
FS 4	8/31/09	Off-system amounts for SOA
FS 5	9/8/09	Pmts from other State Agencies
FS 6a	10/2/09	CU Audit Reprt
FS 6b	11/16/09	CU Form 990
FS 6c	10/2/09	CU Board of Directors
FS 6d	10/2/09	CU-Related Transactions.xls
FS 6e	7/20/09	CU-IPA Firm info
FS 7a	10/2/09	Related party - audit report
FS 7b	11/16/09	Related party - 990
FS 7c	10/2/09	Related party - BOD
FS 7d	10/2/09	RelatedOrgs.xls 'related transactions' tab
FS 8	9/14/09	SI-BondedBldgs.xls
FS 9	9/14/09	INDIVIDUAL fs and footnotes to gl statements
FS 10a	10/16/09	NDUS only: MD&A
FS 10b	10/16/09	NDUS only: SNA
FS 10c	10/16/09	NDUS only: SRECNA

FS 10d	10/16/09	NDUS only: Statement of Cash Flows
FS 10e	10/16/09	NDUS only: Major Component unit SNA and SRECNA
FS 10f	10/16/09	NDUS only: Complete set of notes
FS 10g	10/16/09	NDUS only: Supplemental info
FS 10h	10/16/09	NDUS only: 6709 worksheets

**ND UNIVERSITY SYSTEM
JUNE 30, 2009 FINANCIAL STATEMENTS
REQUESTED FORMS AND INFORMATION**

*NDUS Required
Information⁶
Attachment (2)*

FINANCIAL STATEMENTS

FY09	Information needed	Template or Other Information	Due Date	√ Done	Date Sent
1	Trial balance reconciliation to GL	NDU_SNA_09.xnv	9/4/09		
	SNA				
4	Trial balance reconciliation to GL	NDU_SRECNA_09.xnv	9/4/09		
	SRECNA				
	Scholarship Allowances				
	Pledged Revenues				
	Investment expense allowance	Allowances-Pledges			
5	Financial Stmt info for revenue producing buildings under CC 15-55-20	SI-BondedBldgs	9/4/09		
6-7	Cashflow worksheet	CASHFLOW09	9/11/09		
	Cashflow stmt				

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FOOTNOTES

FY 09	Note Information	Template or Other Information	Due Date	√ Done	Date Sent
8	Beginning Net Asset Restatement	NetAsset-Restate	9/04/09		
9-10	Deposits by custodial risk category	Deposit Detail.xls	9/04/09		
		ndu_footnote_deposits_09.xnv			
	Investments by various risk categories	Investment Detail.xls	9/04/09		
		ndu_footnote_investments_09.xnv			
11	Receivable detail	ndu_footnote_receivables_09.xnv	9/04/09		
12	Donor restrictions on endowments	Donor-Restricted Endowments	9/04/09		
13	Capital asset summary	Capital Assets	9/04/09		
1	Construction in Progress	CIP	9/04/09		
15	A/P and Accruals detail	ndu_footnote_payables_09.xnv	9/04/09		
16	L-T liabilities summary	LTliab	9/04/09		
17-20	Outstanding princ. - refunded issues	LTliab-Bonds	9/04/09		
	Schedule of bonds payable				
	Narrative for new bond issues				
	Future maturities of bonds payable				
21-23	Schedule of notes payable	LTliab-NP	9/04/09		
	Narrative for new notes payable				
	Future maturities of notes payable				
	Future maturities of capital leases				
24-25	Carrying value of assets under capital leases	LTliab-CapLeases	9/04/09		
26	Future maturities of special assessments	LTliab-Specials	9/04/09		
27	Required/actual contributions to NDPERS and TIAA/CREF	NDU_CA_RET_TOT_BY_PYPD (HRMS query)	9/11/09		
28-29	Group health plan statistics	NDPERS provides	9/11/09		
	Early retirement statistics	EarlyRetire & Severance Liabilities	9/11/09		
30	Construction contract commitments	Commit	9/11/09		
31-33	Related party transactions	RelatedOrgs	9/11/09		
	Related organization financial detail				
	Year-end audit report	Entities year-end audit report	9/11/09		
34	On-behalf payments	OnBehalf	9/11/09		
35	Functional expense classification (footnote)	NDU_FunctionalOperExp_09.xnv	9/11/09		

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FY 09	Note Information	Template or Other Information	Due Date	✓ Done	Date Sent
36-37	Future maturities of operating leases	OpLeases	9/11/09		
	Summary of operating leases and payments made				
38	Loss contingencies	SAO will provide	9/11/09		
39-40	Flood damage details (ndsu/und)	Flood Damages	9/11/09		
	Advances from BND (ndsu/und)	Advances from BND	9/11/09		
41	Asbestos designation (ndsu/und)	Asbestos	9/11/09		
42	Deficit fund balances >100,000	Board report will provide	9/11/09		
43	Asset impairment disclosure	Asset Impairment	9/11/09		
44	Subsequent events info	Subsequent Events	9/11/09		

CAFR INFORMATION – Activity between the state and each campus

FY 09	Information needed	Template or Other Information	Due Date	✓ Done
45-47	Due to/from other state agencies	DueToFrom.xls	9/11/09	
	Transfers to state agencies	StateTransfers.xls (Transfers To and Transfers From tabs)	9/25/09	
	Transfers from state agencies			

NDUS ELIMINATION ENTRIES - Activity between campuses

FY 09	Information needed	Template or Other Information	Due Date	✓ Done	Date Sent
48	ConnectND fee receivables/payables (all campuses)	ConnectND Balances.xls	9/11/09		
49-52	Campus HECN/ConnectND assessments (all campuses)	HECN Assessment.xls	9/11/09		
	NDSLSC – collection fees (NDSU only)	NDSLSC Fees.xls	9/11/09		
	Subcontracts between campuses (all campuses)	Subcontracts.xls	9/11/09		
	NDUS System wide Projects (UND only)	SystemFunds.xls	9/11/09		

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MAJOR COMPONENT UNITS

BSC Foundation	NDSU Development Foundation	UND Alumni Assoc. & Foundation
DSU Foundation	NDSU Research & Technology Park	RE Arena, Inc. et al
MISU Development Foundation	UND Aerospace Foundation	

FY 09	Note Information	Template or Other Information	Due Date	√ Do ne	Date Sent
53	Financial Statements	Audit report – most recent, but not older than 11 months.	10/02/09		
54-55	Deposits by custodial risk category	CU-Deposits & Invest (Complete all tabs in the Excel file)	10/02/09		
	Investments by other risk categories				
	Copy of CU's investment policy	N/A			
56-57	Receivable from campus	CU-CampusRecPay (if not available in CU audit report)	10/02/09		
	Payable to campus				
58	Capital asset summary	CU-CapitalAssets	10/02/09		
59	L-T liabilities summary	CU-LTliab	10/02/09		
60-62	Outstanding bond issues	CU-LTliab-Bonds	10/02/09		
	New bond issues				
	Future maturities of bonds payable				
	Bonds payable narrative				
63-65	Outstanding notes payable	CU-LTliab-NP	10/02/09		
	New notes payable				
	Future maturities of notes payable				
66	Future maturities of capital leases	CU-LTliab-CapitalLeases	10/02/09		
67	Future maturities of special assessments	CU-LTliab-Specials	10/02/09		
68	Related transactions	CU-Related Transactions	10/02/09		
69	Salaries & wages expense and depreciation on investment property (NDSU Devel Fdn, UND Fdn, Aerospace Fdn, RE Arena, Inc.)	CU-Other Info	10/02/09		

NON-MAJOR COMPONENT UNITS

LRCC Foundation	NDSCS Development Foundation	WSC Foundation
MaSU Alumni Foundation	NDSU Research Foundation	
MISU-B Development Foundation	VCSU Foundation	

FY 09	Note Information	Template or Other Information	Due Date	√ Do ne	Date Sent
70	Financial Statements	Audit report – most recent, but not older than 11 months.	10/02/09		
71-72	Receivable from campus	CU-CampusRecPay (if not available in CU audit report)	10/02/09		
	Payable to campus				
73	Related transactions	CU-Related Transactions	10/02/09		