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May 15, 2014

University of Alaska System  
Audit Committee

Dear Members of the Audit Committee

We are pleased to present our 2014 audit plan for the University of Alaska System (the Institution). This plan summarizes our audit, the scope of our engagement, and various analyses and observations related to the Institution's financial reporting. It also contains the audit committee communications required by our professional standards.

Our audit will be designed to express an opinion on the June 30, 2014 financial statements of the Institution and address current statutory and regulatory requirements. We will consider the Institution's current business needs, along with an assessment of risks that could materially affect the financial statements, and we will align our audit procedures accordingly. We will conduct the audit with the objectivity and independence that you, the University of Alaska System, expect.

We look forward to meeting with you to go over this plan as well as addressing your questions and discussing any other matters of interest to the Audit Committee.

Very truly yours,

A handwritten signature in black ink, appearing to read "Moss Adams LLP", is written over a dark, textured horizontal band. The signature is cursive and somewhat stylized.

Moss Adams LLP  
Spokane, Washington



# Our Audit Objectives and Scope

The scope of



# Institution Responsibilities

The

## Our Communications Plan

Our communications plan with the Audit Committee are designed to comply with professional standards set by the AICPA.

Our formal communications will occur at the conclusion of our engagement, where we will present the results of our audit. We are also available to respond to the Committee members' questions or to be present at periodic meetings.

We also plan to communicate

via email to the Audit Committee members.





# Our Risk Assessments and Response

## Financial Close and Reporting Process

### *Financial Close and Reporting Risks:*

Trial balance journal entries made to create financial statements contain errors

Excel spreadsheets used to calculate financial statement entries contain errors

Creation of financial statements is dominated by one or two people without adequate review procedures

Financial statements and footnotes do not contain required GAAP disclosures

Entries that occur only once a year are of heightened risk for error

### *Our Planned Audit Response:*

Review internal controls over financial close and reporting process

Select and test a sample of journal entries used to create financial statements

Review spreadsheet formulas and recalculate entries on a test basis

Review financial statements and footnotes for required GAAP disclosures

## Significant Audit Areas for 2014

## Compliance Audit Information

### *Major Programs to be audited in 2014*

Research & Development Cluster

Higher Education Institutional Aid

ARRA - Broadband Technology Opportunities Program (BTOP)

**Note:** Final major program determination is not able to be completed until after “year end”. The plan above is subject to additional programs based on total expenditures of federal funds and could possibly be impacted by expenditures of stimulus funding, regardless of dollar amount.

## Materiality

Our assessment of materiality is based on both quantitative and qualitative factors in establishment of an appropriate base for calculating financial materiality. We consider the risk of material misstatement at the financial statement level, and in relation to classes of transaction, account balances, and disclosures.

## Reporting

Audit Opinion on Financial Statements

Audit Report on Internal Control over Financial Reporting in Accordance with *Government Auditing Standards*

Audit Opinion on Compliance with OMB Circular A-133

Communication Internal Control Related Matters Identifying Deficiencies and Deficient Internal Controls

## Audit Timing

We have provided the following outline of our anticipated timing for our audit:

- Call with Institution management to understand Institution's activities for 2014. (**April 2014**)
- Develop an understanding of internal controls and perform preliminary account balance risk evaluation (**June 2014**)
- Perform interim audit fieldwork procedures including tests of internal controls (**June 2014**)
- Meet with the Committee to discuss audit plan for 2014 (**June 2014**)
- Perform substantive audit procedures (**September 2014**)
- Meet with the Committee to discuss progress of the audit (**September 2014**)
- Issue reports (**October 2014**)
- Meet with the Committee to communicate the results of our audit and internal control recommendations. (**December 2014**)



# Moss Adams, LLP Service Team

Overall Engagement Partner



Pam Cleaver  
Partner

Kim Koch  
Sr. Manager

Consolidated  
Endowment Fund



Tammy Erickson  
Partner

Kim Koch  
Sr. Manager

Ben Johnston  
Manager



## New Accounting & Reporting Standards for June 30, 2014 Audit

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