

# **Division of Finance & Business Controller's Office**

## **Financial Statement & Audit Preparation**

**May 28, 2009**

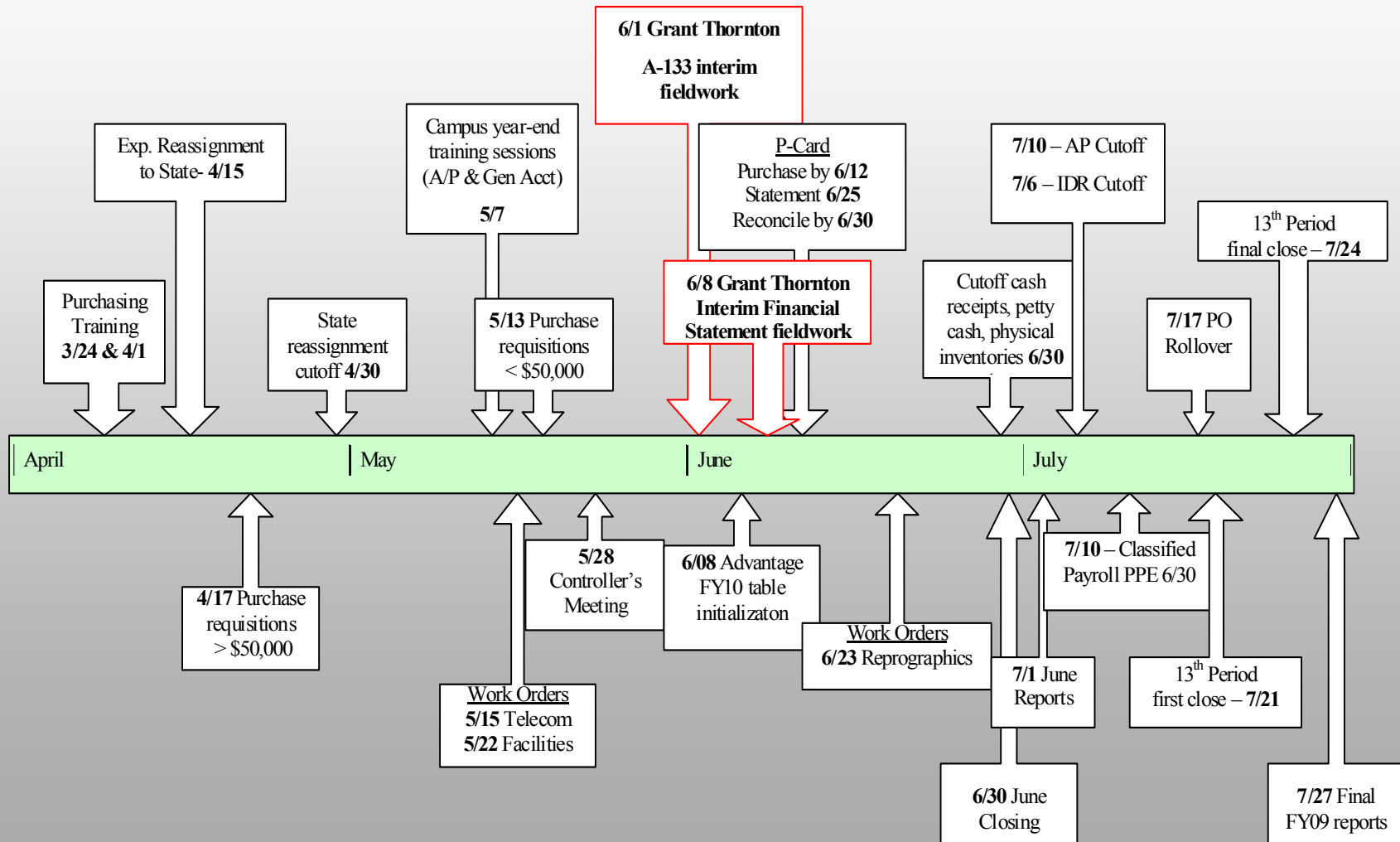
## ***WORKSHOP OBJECTIVES:***

- ***Year-End Closing Cycle***
- ***Closing the Books - Key Dates***
- ***Financial Statements and Audit***
  - ***Fraud Detection - SAS 99***
  - ***Risk Assessment – SAS 104-111***
  - ***UNLV Business Officer Attestation***
- ***Department Responsibilities***
- ***Key Contacts***

# Year-End Closing Cycle

- **Closing the Books and Financial Reporting**
  - Critical importance - established deadlines
  - Recording transactions in appropriate fiscal year
  - Annual petty cash counts & inventories
  - Deficits
  - Carry forward purchase orders
  - Verification of accounts receivable, prepaid expenses, advances, deposits & deferred Income
  - Revenue & expense fluctuations
  - Management discussion & analysis

# Key Closing Dates - 2009



# Year-End Closing Cycle

- **Audit**

- New audit firm for FY09 – Grant Thornton
- Internal control review
- Auditing standard to detect fraud (SAS 99)
- Risk Assessment Standards (SAS 104-111)
- Year-end field work
- Audit coordination

## Key Audit Dates - 2009

<i>Student Financial Aid</i> .....	06/01
<i>Interim Audit</i> .....	06/08
<i>Grants &amp; Contracts</i> .....	TBD
<i>Financial Statement Preparation</i>	
UNLV Report to System Office.....	9/14
<i>Year-End Field Work</i> .....	Oct
<i>NCAA Audit</i> .....	TBD
<i>Financial Statements to BOR</i> .....	12/3
(early November agenda deadline)	

## ***SAS 99***

Relatively new standard adopted by AICPA to guide practitioners in their duties to inquire about and search for fraud during the audit process.

Effective for audits of financial statements for periods beginning on or after December 15, 2002.

## ***SAS 99 Audit Inquiry***

***Auditor is responsible to obtain reasonable assurance that financial statements are free of material misstatement whether caused by error or fraud.***

***Auditor has authority to engage special protocols to investigate the extent of suspected or detected fraud.***

***Auditor will make detailed inquiries of management concerning actual or suspected knowledge of fraud, understanding the risk of fraud, programs established to mitigate, prevent, deter & detect fraud, etc.***

## Risk Assessment – SAS 104-111

- Group of new, interrelated auditing standards effective for audit periods beginning after December 31, 2006 (NSHE first year ending June 30, 2008).

# Risk Assessment – SAS 104-111

- **SAS 104** – Due Professional Care and Performance of Work
- **SAS 105** – Generally Accepted Auditing Standards (GAAS)
- **SAS 106** – Audit Evidence
- **SAS 107** – Audit risk and materiality
- **SAS 108** – Planning and supervision
- **SAS 109** – Understanding the entity and its environment and assessing the RMM
- **SAS 110** – Performing audit procedures in response to assessed risks and evaluating the audit evidence obtained
- **SAS 111** – Audit Sampling

## Risk Assessment – SAS 104-111

- SAS 109 Risk Assessment -  
Mandatory evaluation of the design and implementation of controls in all five components of internal control as defined by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

# COSO Framework



# Risk Assessment – SAS 104-111

## Five Elements of COSO FRAMEWORK

- **CONTROL ENVIRONMENT** – establishes the foundation for the internal control system by providing fundamental discipline and structure - “the tone from the top”
- **RISK ASSESSMENT** – involves the identification and analysis by management (not the auditor) of relevant risks to achieving predetermined objectives
- **CONTROL ACTIVITIES** – policies, procedures, and practices that ensure management objectives are achieved and risk mitigation strategies are carried out
- **INFORMATION AND COMMUNICATION** – supports all other control components by communicating responsibilities to employees and by providing information in a form and time frame that allows people to carry out their duties
- **MONITORING** – covers the external oversight of internal controls by management or other parties outside the process; or the application of independent methodologies like customized procedures or standard checklists, by employees within a process

**“INTERNAL CONTROLS:  
THE ROLE & RESPONSIBILITY OF  
UNIVERSITY FINANCIAL  
ADMINISTRATORS”**

***Full policy text included on Controller’s website. <http://controller.unlv.edu/>***

Top Links for this Division

- Advantage System
- Financial Data Warehouse
- General Campus Information for Financial/ Resource Administrators
- Internal Controls and Responsibility of University Financial Administrators
- Business Operations Guide
- Pocket Travel Guide
- Authorized Signature Update
- Account Addition /Change Request Form
- Petty Cash/Change Funds Policy

News from the Controller

**Purpose of policy is to communicate the expectations and code of ethics for UNLV’s Financial Administrators**

## Policy Specifically Outlines:

**Expectations of Vice Presidents; College, Division and Department Business Officers.**

**Code of Ethics for Vice Presidents; and College, Division and Department Business Officers.**

***Policy Addresses:***

Adequate System of Internal Controls

Authorization, Approval & Accountability

Documentation of & Adherence to Policies, Procedures  
and the terms & conditions of gifts, grants & contracts

Physical Security

Proper Management of Costs & Expenses

Review & Reconciliation

Separation of Duties & Monitoring

Training & Supervision

Fraud

Reportable Conditions

Material Weakness in Internal Control

***Annual Attestation Statement Requirement***

## **UNLV Business Officer Attestation Statement**

All UNLV Business Officers required to sign form each year.

Comprehensive attestation of understanding that as key resource managers in a decentralized structure, you must provide a fair and complete disclosure of financial information to University officers so they can make similar attestations on behalf of the University.

# Department Responsibilities

Initial list of department information requests distributed in year-end closing memorandum on 5/8/09.

Departments will receive more detailed requests from the Financial Reporting staff in order to ensure we are able to timely and accurately prepare the year-end financial statements.

**CONTROLLER**

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<b>Chris Viton, Deputy Controller</b>	<b>895-5578</b>

**Financial Reporting & Analysis**

<b>Karla Kirk, Associate Controller</b>	<b>895-4182</b>
<b>Christina Chaize, Senior Accountant</b>	<b>895-1163</b>
<b>Jessica Chang, Accountant</b>	<b>895-0849</b>
<b>Kery Chong, Accountant</b>	<b>895-4821</b>
<b>Jane Kober, Accountant</b>	<b>895-1631</b>
<b>Gualberto Rodriguez, Accountant</b>	<b>895-5738</b>

**General Accounting**

<b>John Purvis, Assistant Controller</b>	<b>895-0981</b>
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***Questions and comments  
are welcome at this time.***

<http://controller.unlv.edu>