

# New York University and its School of Medicine

## A Practical Guide to Understanding An Audit

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# Who hires PricewaterhouseCoopers?

The Board of Trustees of New York University hires PricewaterhouseCoopers to prepare an opinion on the Financial Statements of the University on an annual basis.

In addition, the School of Medicine issues a stand alone set of financial statements and we issue a separate opinion for that set of financial statements.

# What is an Audit and what does the audit opinion say?

Auditor's opinion includes wording such as "financial statements present fairly, as of August 31, 2006 and the year then ended, the financial position and changes in net assets"

An audit includes examining on a test basis evidence to support the amounts and disclosures in the financial statements.

An A133 audit is required by the Office of Management and Budget (OMB) Circular A-133 and requires an annual external audit of non-profits receiving federal funds.

Requirements are to test internal control and compliance over financial reporting as well as test compliance and internal controls over major programs. (two different levels)

# Audit Deliverables



## Audit Reports

Consolidated statements of New York University	November
New York University School of Medicine	Early November
OMB Circular A-133 Report – New York University	January /February
OMB Circular A-133 Report – NYU School of Medicine	January/February

We also issue a discussion matters letter for internal control matters noted during the audit.

# Why is an audit important?

External parties- bond holders, donors, grant making agencies, parents of students, et al... view the audit opinion as an important indicator of the financial health of an organization

All federal and more non-federal sponsors look at A-133 as a 'report card' of how we spend their money.

Findings are reported to federal government and become public record, distributed to all federal agencies through the Federal Audit Clearinghouse.

At NYU, each department performing sponsored research is accountable for ensuring that the reported expenditures are appropriate with the terms and conditions of the award and federal cost principles (A-21, A-110)

# Who is involved at the School?

Controller's office

Faculty Group Practice- various departments

HR/Payroll Depts.

Disbursement/Payables- thru washington square

Fixed asset administration

Information Technology Department

Sponsored Programs Administration – pre and post award

Office of Clinical Trials

Gifts/Pledges

# Why is your involvement so important to the School?

The University and the School have developed policies and procedures to ensure that you all comply with federal regulations and other requirements.

The Central units at the School can only peer directly into your departments to a very small extent.

The School relies upon you to carry out your duties and comply with policies, procedures and legal requirements. We examine, on a test basis, evidence to support your compliance.

# What are the areas of emphasis in our audit?

- Propriety and appropriateness of classification of expenses charged to operating fund and/or grants- allowability, allocability, and compliance with SOM policies and procedures
- Effort reporting and payroll distribution for sponsored programs
- Classification of gifts/pledges- based upon restrictions
- Valuation of patient accounts receivable- collectibility review
- Valuation and existence of investments and fixed assets
- Appropriate accrual of liabilities
- Information technology controls- security, access, change mgmnt
- Compliance activities in clinical and research areas- including clinical trials

# When does it happen?

PwC gets appointed in May to conduct the annual audit

May/June begins with planning/audit testing selection

Interim testing occurs in July/August

Year-end testing occurs in October/November

Presentation to University Audit and Compliance Committee

- Results of the audit
- Discussion matters letter

Sponsored Programs visits/interviews- August and November

Issuance of A133 report in March/April

# Questions

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