

# **University of Wyoming**

**Pre-Audit Meeting  
with  
McGee, Hearne & Paiz, LLP**

**September 13, 2017**

# UNIVERSITY OF WYOMING

## PRE-AUDIT MEETING SEPTEMBER 13, 2017

### AGENDA

1. Communication Letter to the Fiscal and Legal Affairs Committee (FLAC) and the Board of Trustees (Section I)

Communication

Independence

The Audit Planning Process

The Concept of Materiality in Planning and Executing the Audit

Our Approach to Internal Control and Compliance Relevant to the Audit

Using the Work of Internal Auditors

Timing of the Audit

2. Detailed Timeline of the Audit

See enclosed Timeline (Section II)

3. Recent Pronouncements

There are no standards that will be effective in the current year.

Upcoming Standard for Fiscal Year 2018

***GASB Statement No. 75: Accounting and Financial Reporting for Postemployment Benefits Other than Pensions***

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended.

This Statement is effective for FYE June 30, 2018. Changes for the University's financials will include a change in the actuarial methodology utilized within the OPEB calculation, a change in which amount is reported in the financial statements (likely resulting in a significant increase), and additional disclosures and requirement supplementary information.

4. Understand and Concur with the Proposed Scope of the Audit Services

- See Arrangement Letters (Section III)
  - University of Wyoming's Financial Statements and Single Audit
  - Bond Fund Financial Statements
  - Wyoming Public Media's Financial Statements
  - University of Wyoming – NCAA Agreed-Upon Procedures
- Fee Adjustment for Change in Scope of Single Audit (Section IV)

5. Material Judgments and Estimates to be Made by the University of Wyoming

- Pension Liability
- Allowance for Doubtful Accounts (Receivables and Student Loans)
- Scholarship Allowance
- Unpaid Claims Liability
- Other Post-Employment Benefits Liability

6. Inquiry of Those Charged with Governance (FLAC)

- Your Views About:
  - The risks of fraud
  - The University’s objectives and strategies, and the related business risks that may result in material misstatements
  - Matters you believe warrant particular attention during the audits
  - Areas where you request additional procedures to be undertaken
  - Significant communications with regulators
  - Other matters you believe are relevant to the audit services
- Your knowledge of fraud or suspected fraud affecting the University of Wyoming
- Extent of your involvement in the oversight of fraud risk assessment and programs and controls established to mitigate fraud risk, including actions concerning the University’s internal control and its importance
- Nature and extent of communication about misappropriation perpetrated by lower level employees you desire to receive
- The nature and extent of communication about fraud obtained from any whistle-blower programs
- Any actions in response to developments in financial reporting, laws, accounting standards, corporate governance practices and related matters
- Any actions in response to previous communications with McGee, Hearne & Paiz, LLP

7. Other Items

- System conversion
- Single Audit findings
- McGee, Hearne & Paiz, LLP Peer Review results

8. Deliverables

- Audited Financial Statements – University of Wyoming
- Compliance Report – University of Wyoming
- Letter to the Fiscal and Legal Affairs Committee
- Letter Regarding Internal Accounting Control (*if applicable*)
- Letter of Management Advice Suggestions (*if applicable*)
- Audited Financial Statements – University of Wyoming Bond Funds
- Audited Financial Statements – Wyoming Public Media
- Report on Agreed-Upon Procedures – University of Wyoming Intercollegiate Athletics Department (NCAA)

9. Staffing

**Wayne Herr**, Partner, Audit Partner Responsible, Partner Review – Main, Bond Funds, NCAA, and Wyoming Public Media

**Brandy Marrou**, Partner, Partner Review – Single Audit

**Brittany Wilson**, Manager, Fairness Review – Main and Student Financial Aid

**Laura Bump**, Manager, Fairness Review – Single Audit

**Andrew Roberts**, Senior Manager, Fairness Review – Bond Funds, NCAA, and Wyoming Public Media

**Kyle Gruver**, Senior Associate, In-Charge – Main

**Taylor Ockinga**, Senior Associate, In-Charge – Single Audit

**Erika Varela-Ortega**, Senior Associate, In-Charge – Bond Funds

**Allison Kerkvliet**, Associate, In-Charge – NCAA

**Josh Burgener**, Associate, In-Charge – Wyoming Public Media

10. Desired Communication During Fieldwork

11. Future Activities

November 6, 2017: Exit Conference Call with University personnel

November 10, 2017: Conference Call with the FLAC

November 15-17, 2017: Meeting with the Board of Trustees

# **Section I**

## **Communication Letter to the Fiscal and Legal Affairs Committee and the Board of Trustees**



August 1, 2017

To the Fiscal and Legal Affairs Committee  
Board of Trustees  
University of Wyoming  
Dept. 3314, 1000 East University Avenue  
Room 202G, Old Main  
Laramie, Wyoming 82071-3314

This letter is intended to communicate certain matters related to the planned scope and timing of our audit of the University of Wyoming's financial statements and compliance, certain Bond Funds' financial statements, and the Wyoming Public Media's financial statements (collectively, the "University") as of and for the year ending June 30, 2017.

### **Communication**

Effective two-way communication between our Firm and the Board of Trustees (Fiscal and Legal Affairs Committee) is important to understanding matters related to the audit and developing a constructive working relationship.

Your insights may assist us in understanding the University and its environment, identifying appropriate sources of audit evidence, and providing information about specific transactions or events. We will discuss with you your oversight of the effectiveness of internal control and any areas where you request additional procedures to be undertaken. We expect that you will timely communicate to us any matters you consider relevant to the audit. Such matters might include strategic decisions that may significantly affect the nature, timing, and extent of audit procedures, your suspicion or detection of fraud or abuse, or any concerns you may have about the integrity or competence of senior management.

We will timely communicate to you any fraud involving senior management and other fraud that causes a material misstatement of the financial statements, illegal acts, instances of noncompliance with laws and regulations, or abuse that come to our attention (unless they are clearly inconsequential), and disagreements with management and other serious difficulties encountered in performing the audit. We also will communicate to you and to management any significant deficiencies or material weaknesses in internal control that become known to us during the course of the audit. Other matters arising from the audit that are, in our professional judgment, significant and relevant to you in your oversight of the financial reporting process will be communicated to you in writing after the audit.

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Cheyenne, WY 82001  
(307) 634-2151

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## **Independence**

Our independence policies and procedures are designed to provide reasonable assurance that our Firm and its personnel comply with applicable professional independence standards. Our policies address financial interests, business and family relationships, and nonaudit services that may be thought to bear on independence. For example, partners and professional employees of McGee, Hearne & Paiz, LLP are restricted in their ability to own a direct financial interest or a material indirect financial interest in a client or any affiliate of a client. Also, if an immediate family member or close relative of a partner or professional employee is employed by a client in a key position, the incident must be reported and resolved in accordance with Firm policy. In addition, our policies restrict certain nonaudit services that may be provided by McGee, Hearne & Paiz, LLP and require audit clients to accept certain responsibilities in connection with the provision of permitted nonaudit services.

## **The Audit Planning Process**

Our audit approach places a strong emphasis on obtaining an understanding of how your entity functions. This enables us to identify key audit components and tailor our procedures to the unique aspects of your operations. We will be responsible as group auditor for auditing all components of the University, with the exception of the University of Wyoming Foundation, which is audited by a component auditor. Based on our communication with this component auditor, we will make reference to the audit of the University of Wyoming Foundation by the component auditor in our auditor's report on the group financial statements of the University. The development of a specific audit plan will begin by obtaining information from you and management to obtain an understanding of business objectives, strategies, risks, and performance.

As part of obtaining an understanding of your organization and its environment, we will obtain an understanding of internal control. We will use this understanding to identify risks of material misstatement and noncompliance, which will provide us with a basis for designing and implementing responses to the assessed risks of material misstatement and noncompliance. We will also obtain an understanding of the users of the financial statements in order to establish an overall materiality level for audit purposes. We will conduct formal discussions among engagement team members to consider how and where your financial statements might be susceptible to material misstatement due to fraud or error or to instances of noncompliance, including abuse.

## **The Concept of Materiality in Planning and Executing the Audit**

We apply the concept of materiality in both planning and performing the audit; evaluating the effect of identified misstatements or noncompliance on the audit and the effect of uncorrected misstatements, if any, on the financial statements; forming the opinion in our report on the financial statements; and determining or reporting in accordance with *Government Auditing Standards* and other compliance reporting requirements. Our determination of materiality is a matter of professional judgment and is affected by our perception of the financial information needs of users of the financial statements. We establish performance materiality at an amount less than materiality for the financial statements as a whole to allow for the risk of misstatements that may not be detected by the audit. We use performance materiality for purposes of assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures. Our assessment of materiality throughout the audit will be based on both quantitative and qualitative considerations. Because of the interaction of quantitative and qualitative considerations, misstatements of a relatively small amount could have a material effect on the current financial statements as well as financial statements of future periods. We will accumulate misstatements identified during the audit, other than those that are clearly trivial. At the end of the audit, we will inform you of all individual uncorrected misstatements aggregated by us in connection with our evaluation of our audit test results.

### **Our Approach to Internal Control and Compliance Relevant to the Audit**

Our audit of the financial statements, including compliance, will include obtaining an understanding of internal control sufficient to plan the audit and determine the nature, timing, and extent of audit procedures to be performed. An audit is not designed to provide assurance on internal control or identify significant deficiencies or material weaknesses. Our review and understanding of the University's internal control is not undertaken for the purpose of expressing an opinion on the effectiveness of internal control.

We will issue reports on internal control related to the financial statements and major programs. These reports describe the scope of testing of internal control and the results of our tests of internal control. Our reports on internal control will include any significant deficiencies and material weaknesses in the system of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with the requirements of Government Auditing Standards issued by the Comptroller General of the United States, the Single Audit Act, and Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200 (Uniform Guidance).

We will issue reports on compliance with laws, regulations, and the provisions of contracts or grant agreements. We will report on any noncompliance that could have a material effect on the financial statements and any noncompliance that could have a direct and material effect on each major program. Our reports on compliance will address material errors, fraud, abuse, violations of compliance requirements, and other responsibilities imposed by state and Federal statutes and regulations and assumed contracts; and any state or Federal grant, entitlement, or loan program questioned costs of which we become aware, consistent with the requirements of the standards identified above.

### **Using the Work of Internal Auditors**

As part of our understanding of your organization and its environment, we will obtain and document an understanding of your internal audit function. We will read relevant internal audit reports issued during the year to determine whether such reports indicate a source of potential error or fraud that would require a response when designing our audit procedures. Because internal auditors are employees, they are not independent and their work can never be substituted for the work of the external auditor. We may, however, alter the nature, timing, and extent of our audit procedures, based upon the results of the internal auditor's work or use the internal audit reports to provide direct assistance to us during the performance of our audit.

### **Timing of the Audit**

We have scheduled final fieldwork commencing the week of September 25, 2017. Management's adherence to its closing schedule and timely completion of information used by us in performance of the audit is essential to timely completion of the audit.

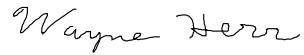


**Closing**

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to the University.

This communication is intended solely for the information and use of the Board of Trustees and the Fiscal and Legal Affairs Committee and is not intended to be and should not be used by anyone other than these specified parties.

McGEE, HEARNE & PAIZ, LLP

A handwritten signature in cursive script that reads "Wayne Herr".

Wayne R. Herr, Partner



# Section II

## Timeline

# UNIVERSITY OF WYOMING

## FISCAL YEAR 2017 AUDIT TIMELINE

<b>Date</b>	<b>Schedule Summary</b>
5/1/2017	Single Audit preliminary work on audit of Student Financial Aid Cluster
5/24/2017	Entrance Conference
7/17/2017	Single Audit of Student Financial Aid Cluster
7/21/2017	Single Audit Status of Prior Year Findings completed
8/21/2017	Single Audit of Cooperative Extension Service begins
9/13/2017	Meet with the Fiscal and Legal Affairs Committee (FLAC)
9/20/2017	Final listing of Federal Awards available
week of 9/25/2017	Single Audit final fieldwork begins Bond Funds audit fieldwork begins
week of 10/2/2017	Main audit fieldwork begins NCAA AGP fieldwork begins Bond Funds audit fieldwork continues Single Audit final fieldwork concludes
week of 10/9/2017	Wyoming Public Media audit fieldwork Main audit fieldwork continues Bond Funds audit fieldwork concludes NCAA AGP fieldwork concludes
week of 10/16/2017	Main audit fieldwork concludes
11/1/2017	Report drafts to University personnel for review
11/6/2017	Exit Conference with University personnel
11/10/2017	Conference Call with FLAC
11/15-17/2017	Meeting with the Board; Final Approval



# **Section III**

## **Arrangement Letters**



August 1, 2017

To the Fiscal and Legal Affairs Committee  
Board of Trustees  
University of Wyoming  
Dept. 3314, 1000 East University Avenue  
Room 202G Old Main  
Laramie, Wyoming 82071-3314

Attention: Janet S. Lowe, CPA, Associate Vice President for Fiscal Administration

### **The Objective and Scope of the Audit of the Financial Statements**

You have requested that we audit the financial statements of University of Wyoming (the “University”), which comprise the business-type activities and the discretely presented component unit as of and for the year ending June 30, 2017, which collectively comprise the basic financial statements. Our audit will include the University as a whole and you acknowledge that we are the group auditor of the University’s basic financial statements as of and for the year ending June 30, 2017. We will not audit the financial statement of the component unit, University of Wyoming Foundation. Those financial statements will be audited by component auditors. You have also requested that we report on whether the supplementary information included with the financial statements is fairly stated, in all material respects, in relation to the financial statements as a whole. The Governmental Accounting Standards Board (GASB) requires that required supplementary information (RSI) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We will apply certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). We will not express an opinion or provide any assurance on the information because the limited procedures will not provide us with sufficient evidence to express an opinion or provide any assurance. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

We will also perform the audit of the University as of June 30, 2017, so as to satisfy the audit requirements imposed by the Single Audit Act and Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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## **The Responsibilities of the Auditor**

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); *Government Auditing Standards* issued by the Comptroller General of the United States (GAS); the provisions of the Single Audit Act and Subpart F of Title 2 U.S. CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and the U.S. Office of Management and Budget's (OMB) Supplement; and guidance provided in the Compliance Supplement for Audits of Institutions of Higher Learning and Other Non-Profit Institutions, in accordance with the guidance provided in the National Association of College and University Business Officers' Publication, *College and University Business Administration* and the Governmental Accounting Standards Board. Those standards, regulations, supplements, and guides require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements. The determination of abuse is subjective; therefore, GAS does not expect us to provide reasonable assurance of detecting abuse.

In making our risk assessments, we consider internal control relevant to the University's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

We will also communicate to the Board of Trustees and Fiscal and Legal Affairs Committee: (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

The Federal financial assistance programs and awards that you have told us that the University participates in and that are to be included as part of the single audit will be provided at a later date.

The component unit whose financial statements you have told us are to be included as part of the University's financial statements is the University of Wyoming Foundation.

We are responsible for the compliance audit of major programs under the Uniform Guidance, including the determination of major programs, the consideration of internal control over compliance, and reporting responsibilities.

Our reports on internal control will include any significant deficiencies and material weaknesses in controls of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with requirements of the standards and regulations identified above. Our reports on compliance matters will address material errors, fraud, abuse, violations of compliance obligations, and other responsibilities imposed by state and Federal statutes and regulations or assumed by contracts, and any state or Federal grant, entitlement, or loan program questioned costs of which we become aware, consistent with requirements of the standards and regulations identified above.

### **The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework**

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance, acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. To evaluate subsequent events through the date the financial statements are issued or available to be issued, and to disclose the date through which subsequent events were evaluated in the financial statements. Management also agrees that they will not evaluate subsequent events earlier than the date of the management representation letter referred to below;
3. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
4. For establishing and maintaining effective internal control over financial reporting and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge;
5. For report distribution; and
6. To provide us with:
  - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
  - b. Additional information that we may request from management for the purpose of the audit; and
  - c. Unrestricted access to persons within the University from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit, including among other items:

1. That management has fulfilled its responsibilities as set out in the terms of this letter; and
2. That management believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for identifying and ensuring that the University complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud or abuse, and for informing us about all known or suspected fraud or abuse affecting the University involving management, employees who have significant roles in internal control, and others where the fraud or abuse could have a material effect on the financial statements or compliance. Management is also responsible for informing us of its knowledge of any allegations of fraud or abuse, or suspected fraud or abuse, affecting the University received in communications from employees, former employees, analysts, regulators or others.

Management is responsible for the preparation of the RSI and supplementary information in accordance with accounting principles generally accepted in the United States of America. Management agrees to include the auditor's report on the RSI and supplementary information in any document that contains the RSI and supplementary information and indicates that the auditor has reported on such RSI and supplementary information. Management also agrees to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

Because the audit will be performed in accordance with the Single Audit Act and the Uniform Guidance, management is responsible for (a) identifying all federal awards received and expended; (b) preparing the Schedule of Expenditures of Federal Awards (including notes and noncash assistance received) in accordance with Uniform Guidance requirements; (c) internal control over compliance; (d) compliance with federal statutes, regulations, and the terms and conditions of federal awards; (e) making us aware of significant vendor relationships where the vendor is responsible for program compliance; (f) following up and taking corrective action on audit findings, including the preparation of a summary Schedule of Prior Audit Findings and a Corrective Action Plan; and (g) submitting the reporting package and data collection form.

The Board of Trustees and Fiscal and Legal Affairs Committee are responsible for informing us of its views about the risks of fraud or abuse within the University, and its knowledge of any fraud or abuse or suspected fraud or abuse affecting the University.

Our association with an official statement is a matter for which separate arrangements will be necessary. The University agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing and with a copy of the final reproduced material for our approval before it is distributed. In the event our auditor/client relationship has been terminated when the University seeks such consent, we will be under no obligation to grant such consent or approval.

The University agrees that it will not associate us with any public or private securities offering without first obtaining our consent. Therefore, the University agrees to contact us before it includes our reports or otherwise makes reference to us, in any public or private securities offering.

Because McGee, Hearne & Paiz, LLP will rely on the University and its management, Board of Trustees and Fiscal and Legal Affairs Committee to discharge the foregoing responsibilities, the University holds harmless and releases McGee, Hearne & Paiz, LLP and its partners and employees from all claims, liabilities, losses and costs arising in circumstances where there has been a knowing misrepresentation by a member of the University's management that has caused, in any respect, McGee, Hearne & Paiz, LLP's breach of contract or negligence. This provision shall survive the termination of this arrangement for services.



## Records and Assistance

If circumstances arise relating to the condition of the University's records, the availability of appropriate audit evidence or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting or misappropriation of assets which, in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in the University's books and records. The University will determine that all such data, if necessary, will be so reflected. Accordingly, the University will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by the University personnel, including the preparation of schedules and analyses of accounts, will be discussed and coordinated with Juanita Carroll, Manager of Accounting. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

In connection with our audit, you have requested us to perform certain nonaudit services necessary for the preparation of the financial statements, including the following:

- Drafting the Data Collection Form
- Computing the provision for pension expense and related disclosures, including the allocation of the expense to various entities within their stand-alone financial statements

These nonaudit services do not constitute an audit under GAS and such services will not be conducted in accordance with GAS. We will perform the services in accordance with applicable professional standards.

The GAS independence standards require that the auditor maintain independence so that opinions, findings, conclusions, judgments, and recommendations will be impartial and viewed as impartial by reasonable and informed third parties. Before we agree to provide a nonaudit service to the University, we determine whether providing such a service would create a significant threat to our independence for GAS audit purposes, either by itself or in aggregate with other nonaudit services provided. A critical component of our determination is consideration of management's ability to effectively oversee the nonaudit services to be performed. The University has agreed that Megan Hanneman, University Controller, possesses suitable skill, knowledge, or experience and that the individual understands the nonaudit services above to be performed sufficiently to oversee them. Accordingly, the management of the University agrees to the following:

1. The University has designated Megan Hanneman, University Controller, as a senior member of management who possesses suitable skill, knowledge and experience to oversee the services;
2. Megan Hanneman, University Controller will assume all management responsibilities for subject matter and scope of the services performed;
3. The University will evaluate the adequacy and results of the services performed; and
4. The University accepts responsibility for the results and ultimate use of the services.

GAS further requires that we establish an understanding with the University's management and, when appropriate, those charged with governance, of the objectives of the nonaudit services, the services to be performed, the University's acceptance of its responsibilities, the auditor's responsibilities and any limitations of the nonaudit services. We believe this letter documents that understanding.

### Other Relevant Information

From time to time and depending upon the circumstances, we may use third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose confidential client information to them. We enter into confidentiality agreements with all third-party service providers and we are satisfied that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others.

In accordance with GAS, a copy of our most recent peer review report is enclosed for your information.

### Fees, Costs, and Access to Workpapers

Our fees for the services described above are based upon the value of the services performed and the time required by the individuals assigned to the engagement plus direct expenses including report processing, travel, meals, and fees for services from other professionals. Our fees for rendering the services described in this letter for the year ending June 30, 2017 are as follows:

University of Wyoming – Single Audit	\$102,150
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Our Single Audit fee estimate assumes the following major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Student Financial Assistance	Cluster
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334
Research and Development	Cluster

A fee modification will be submitted upon receipt of the final SEFA to reflect the changes for major programs under the Uniform Grant Guidance.

University of Wyoming Financial Statements	\$156,310
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Our fees and completion of our work are based upon the following criteria:

1. Anticipated cooperation from the University personnel
2. Timely responses to our inquiries
3. Timely completion and delivery of client assistance requests
4. Timely communication of all significant accounting and financial reporting matters
5. The assumption that unexpected circumstances will not be encountered during the engagement

If any of the aforementioned criteria are not met, then fees may increase. Interim billings may be submitted as work progresses and as expenses are incurred. Billings are due upon submission.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the Firm and is subsequently employed by or associated with a client in a key position. Accordingly, the University agrees it will compensate McGee, Hearne & Paiz, LLP for any additional costs incurred as a result of the University's employment of a partner or professional employee of McGee, Hearne & Paiz, LLP.

In the event we are requested or authorized by the University or are required by government regulation, subpoena, or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for the University, the University will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

The documentation for this engagement is the property of McGee, Hearne & Paiz, LLP. However, you acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs, and the U.S. Government Accountability Office shall have access to the audit documentation upon their request and that we shall maintain the audit documentation for a period of at least three years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to requested documentation will be provided under the supervision of McGee, Hearne & Paiz, LLP audit personnel and at a location designated by our Firm.

### **Claim Resolution**

The University and McGee, Hearne & Paiz, LLP agree that no claim arising out of services rendered pursuant to this agreement shall be filed more than two years after the date of the audit report issued by McGee, Hearne & Paiz, LLP or the date of this arrangement letter if no report has been issued. The University waives any claim for punitive damages. McGee, Hearne & Paiz, LLP's liability for all claims, damages and costs of the University arising from this engagement is limited to the amount of fees paid by the University to McGee, Hearne & Paiz, LLP for the services rendered under this arrangement letter.

If any term or provision of this agreement is determined to be invalid or unenforceable, such term or provision will be deemed stricken, and all other terms and provisions will remain in full force and effect.

### **Reporting**

We will issue a written report upon completion of our audit of the University's financial statements. Our report will be addressed to the Board of Trustees and Fiscal and Legal Affairs Committee of the University. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

In addition to our report on the University's financial statements, we will also issue the following types of reports:

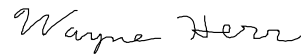
1. A report on the fairness of the presentation of the University's Schedule of Expenditures of Federal Awards in relation to the financial statements as a whole for the year ending June 30, 2017;
2. Reports on internal control related to the financial statements and major programs. These reports will describe the scope of testing of internal control and the results of our tests of internal control;
3. Reports on compliance with laws, regulations, and the provisions of contracts or grant agreements. We will report on any noncompliance that could have a material effect on the financial statements and any noncompliance that could have a material effect, as defined by Subpart F of Title 2 U.S. CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, on each major program;
4. An accompanying Schedule of Findings and Questioned Costs.

This letter constitutes the complete and exclusive statement of agreement between McGee, Hearne & Paiz, LLP and the University, superseding all proposals, oral or written, and all other communications, with respect to the terms of the engagement between the parties.

University of Wyoming  
August 1, 2017  
Page 8

Please sign and return a copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

McGEE, HEARNE & PAIZ, LLP



Wayne R. Herr, Partner

Enclosure: Peer Review Letter

Confirmed on behalf of the addressee:

\_\_\_\_\_, 2017  
Janet S. Lowe, CPA  
Associate Vice President  
for Fiscal Administration



CERTIFIED PUBLIC ACCOUNTANTS  
AND CONSULTANTS

## SYSTEM REVIEW REPORT

September 28, 2016

To the Partners of  
McGee, Hearne & Paiz, LLP  
and the Peer Review Committee of the Nevada Society  
of Certified Public Accountants

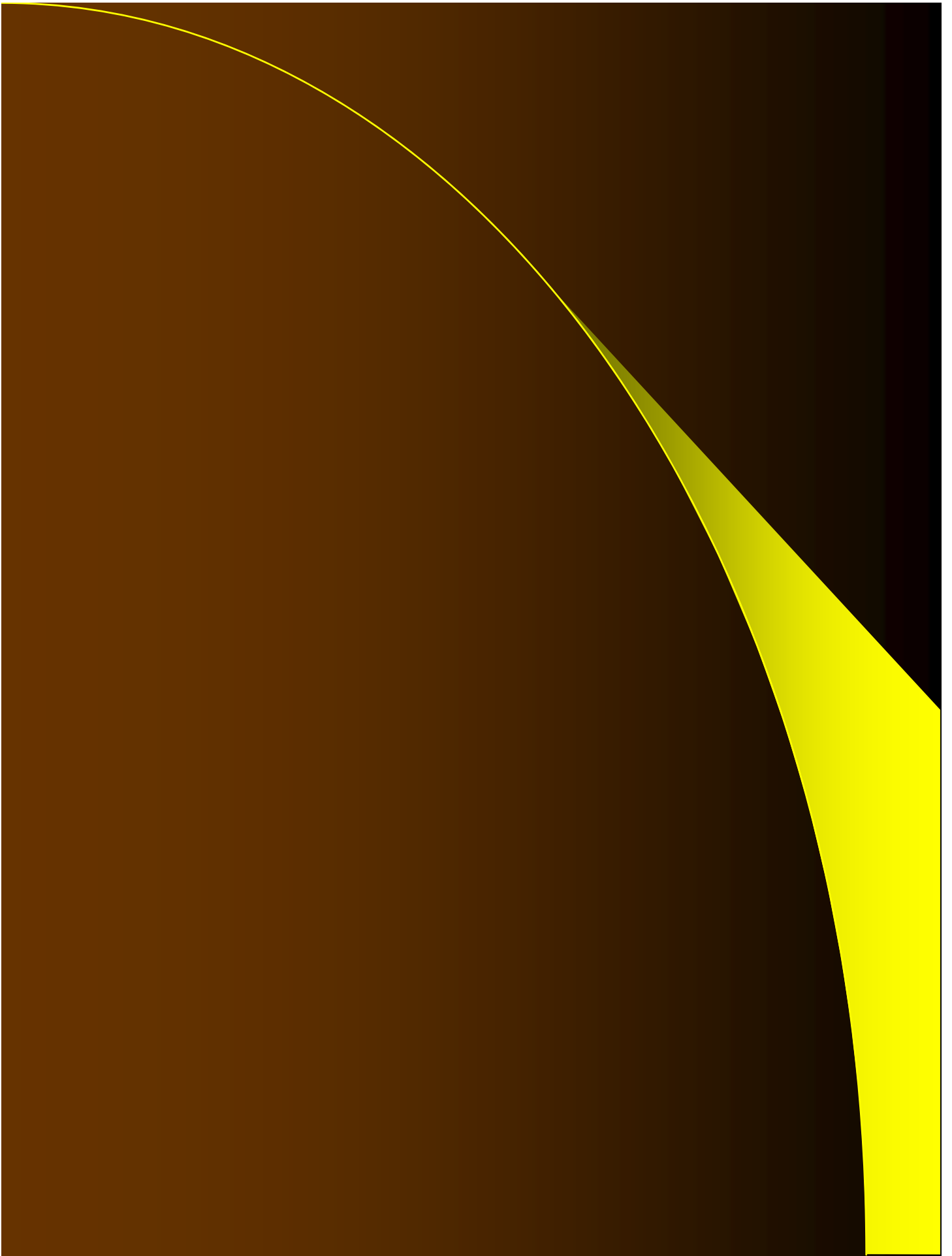
We have reviewed the system of quality control for the accounting and auditing practice of McGee, Hearne & Paiz, LLP (the firm) in effect for the year ended June 30, 2016. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included audits performed under *Government Audit Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of McGee, Hearne & Paiz, LLP in effect for the year ended June 30, 2016, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. McGee, Hearne & Paiz, LLP has received a peer review rating of *pass*.

*Brady, Martz*

Brady Martz and Associates, P.C.





June 7, 2017

To the Audit and Fiscal Integrity Committee  
Board of Trustees  
University of Wyoming  
Dept. 3314, 1000, E. University Avenue  
Room 318, Old Main  
Laramie, Wyoming 82071-3314

Attention: Janet Lowe, CPA, Associate Vice President for Fiscal Administration

### **The Objective and Scope of the Audit of the Financial Statements**

You have requested that we audit the financial statements of certain bond funds (the "Bond Funds") of the University of Wyoming, which comprise the business-type activities as of and for the year ended June 30, 2017, which collectively comprise the basic financial statements. You have also requested that we report on whether the supplementary information included with the financial statements is fairly stated, in all material respects, in relation to the financial statements as a whole. The Governmental Accounting Standards Board (GASB) requires that required supplementary information (RSI) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We will apply certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). We will not express an opinion or provide any assurance on the information because the limited procedures will not provide us with sufficient evidence to express an opinion or provide any assurance. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

We will also perform the audit of the Bond Funds of the University of Wyoming as of June 30, 2017, so as to satisfy the audit requirements imposed by the bond resolutions.

Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

### **The Responsibilities of the Auditor**

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements.

314 West 18th Street  
Cheyenne, WY 82001  
(307) 634-2151

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In making our risk assessments, we consider internal control relevant to the Bond Funds' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Bond Fund's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

We will also communicate to the Board of Trustees and Audit and Fiscal Integrity Committee: (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

The funds that you have told us are maintained by the Bond Funds and that are to be included as part of our audit are listed here:

*The Bond Funds include operations from the following:*

- The University Bookstore
- The Student Union
- Dining Service Facilities
- Residence Life Facilities
- Interest income on excess funds
- Government royalties
- Permanent land income
- Union - fees and games
- Utility and telecommunications income

*The Bond Funds also include the following plant funds:*

- Project Acquisition Fund (unexpended funds)
- Capital Fund (renewal and replacement fund)
- Retirement of Indebtedness Funds

### **The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework**

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. To evaluate subsequent events through the date the financial statements are issued or available to be issued, and to disclose the date through which subsequent events were evaluated in the financial statements. Management also agrees that it will not evaluate subsequent events earlier than the date of the management representation letter referred to below;
3. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; and
4. To provide us with:
  - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
  - b. Additional information that we may request from management for the purpose of the audit; and
  - c. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.



As part of our audit process, we will request from management and, when appropriate, those charged with governance written confirmation concerning representations made to us in connection with the audit, including among other items:

1. That management has fulfilled its responsibilities as set out in the terms of this letter; and
2. That management believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for identifying and ensuring that the Bond Funds complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the entity involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements. Management is also responsible for informing us of its knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.

Management is responsible for the preparation of the supplementary information presented in relation to the financial statements a whole in accordance with accounting principles generally accepted in the United States of America. Management agrees to include the auditor's report on the supplementary information in any document that contains the supplementary information and to indicate that the auditor has reported on such supplementary information. Management also agrees to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

The Board of Trustees and Audit and Fiscal Integrity Committee is responsible for informing us of its views about the risks of fraud within the entity, and its knowledge of any fraud or suspected fraud or abuse affecting the entity.

The Bond Funds agrees that it will not associate us with any public or private securities offering without first obtaining our consent. Therefore, the Bond Funds agrees to contact us before it includes our reports or otherwise make reference to us, in any public or private securities offering our association with an official statement a matter for which separate arrangements will be necessary. After obtaining our permission, the Bond Funds also agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing and with a copy of the final reproduced material for our approval before it is distributed. In the event our auditor/client relationship has been terminated when the Bond Funds seeks such consent, we will be under no obligation to grant such consent or approval.

Because McGee, Hearne & Paiz, LLP will rely on The Bond Funds and its management, Board of Trustees, and Audit and Fiscal Integrity Committee to discharge the foregoing responsibilities, the Bond Funds holds harmless and releases McGee, Hearne & Paiz, LLP and its partners and employees from all claims, liabilities, losses and costs arising in circumstances where there has been a knowing misrepresentation by a member of the Bond Funds' management that has caused, in any respect, McGee, Hearne & Paiz, LLP's breach of contract or negligence. This provision shall survive the termination of this arrangement for services.

#### **Records and Assistance**

If circumstances arise relating to the condition of the Bond Funds' records, the availability of appropriate audit evidence, or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting or misappropriation of assets which, in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in the Bond Funds' books and records. The Bond Funds will determine that all such data, if necessary, will be so reflected. Accordingly, the Bond Funds will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by the Bond Funds personnel, including the preparation of schedules and analyses of accounts, has been discussed and coordinated with Arin Wesnitzer, Assistant Manager, Accounting and Auxiliary Enterprises. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

### **Other Relevant Information**

From time to time and depending upon the circumstances, we may use third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose confidential client information to them. We enter into confidentiality agreements with all third-party service providers and we are satisfied that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others.

### **Fees, Costs, and Access to Workpapers**

Our fees for the audit and accounting services described above are based upon the value of the services performed and the time required by the individuals assigned to the engagement, plus direct expenses. Our fee for rendering the services described in this letter for the year ending June 30, 2017 will not exceed \$51,095. Our fee estimate and completion of our work is based upon the following criteria:

1. Anticipated cooperation from the Bond Funds personnel
2. Timely responses to our inquiries
3. Timely completion and delivery of client assistance requests
4. Timely communication of all significant accounting and financial reporting matters
5. The assumption that unexpected circumstances will not be encountered during the engagement

If any of the aforementioned criteria are not met, then fees may increase. Interim billings may be submitted as work progresses and as expenses are incurred. Billings are due upon submission.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the Firm and is subsequently employed by or associated with a client in a key position. Accordingly, the Bond Funds agrees it will compensate McGee, Hearne & Paiz, LLP for any additional costs incurred as a result of the Bond Funds' employment of a partner or professional employee of McGee, Hearne & Paiz, LLP.

In the event we are requested or authorized by the Bond Funds or are required by government regulation, subpoena, or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for the Bond Funds, the Bond Funds will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

### **Claim Resolution**

The Bond Funds and McGee, Hearne & Paiz, LLP agree that no claim arising out of services rendered pursuant to this agreement shall be filed more than two years after the date of the audit report issued by McGee, Hearne & Paiz, LLP or the date of this arrangement letter if no report has been issued. The Bond Funds waives any claim for punitive damages. McGee, Hearne & Paiz, LLP's liability for all claims, damages and costs of the Bond Funds arising from this engagement is limited to the amount of fees paid by the Bond Funds to McGee, Hearne & Paiz, LLP for the services rendered under this arrangement letter.

If any term or provision of this agreement is determined to be invalid or unenforceable, such term or provision will be deemed stricken, and all other terms and provisions will remain in full force and effect.

## Reporting

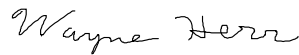
We will issue a written report upon completion of our audit of the Bond Funds' financial statements. Our report will be addressed to the Board of Trustees of the University of Wyoming. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

We will also issue a report as to whether anything came to our attention in relation to the University of Wyoming's compliance with the provisions as listed in Article VIII, or each of the bond resolutions and Financial Guaranty Agreement related to each of the Surety Bonds, insofar as they relate to accounting matters. However, it should be noted that our audit will not be directed toward obtaining knowledge of such noncompliance.

This letter constitutes the complete and exclusive statement of agreement between McGee, Hearne & Paiz, LLP and the University of Wyoming, superseding all proposals, oral or written, and all other communications, with respect to the terms of the engagement between the parties.

Please sign and return a copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

McGEE, HEARNE & PAIZ, LLP



Wayne R. Herr, Partner

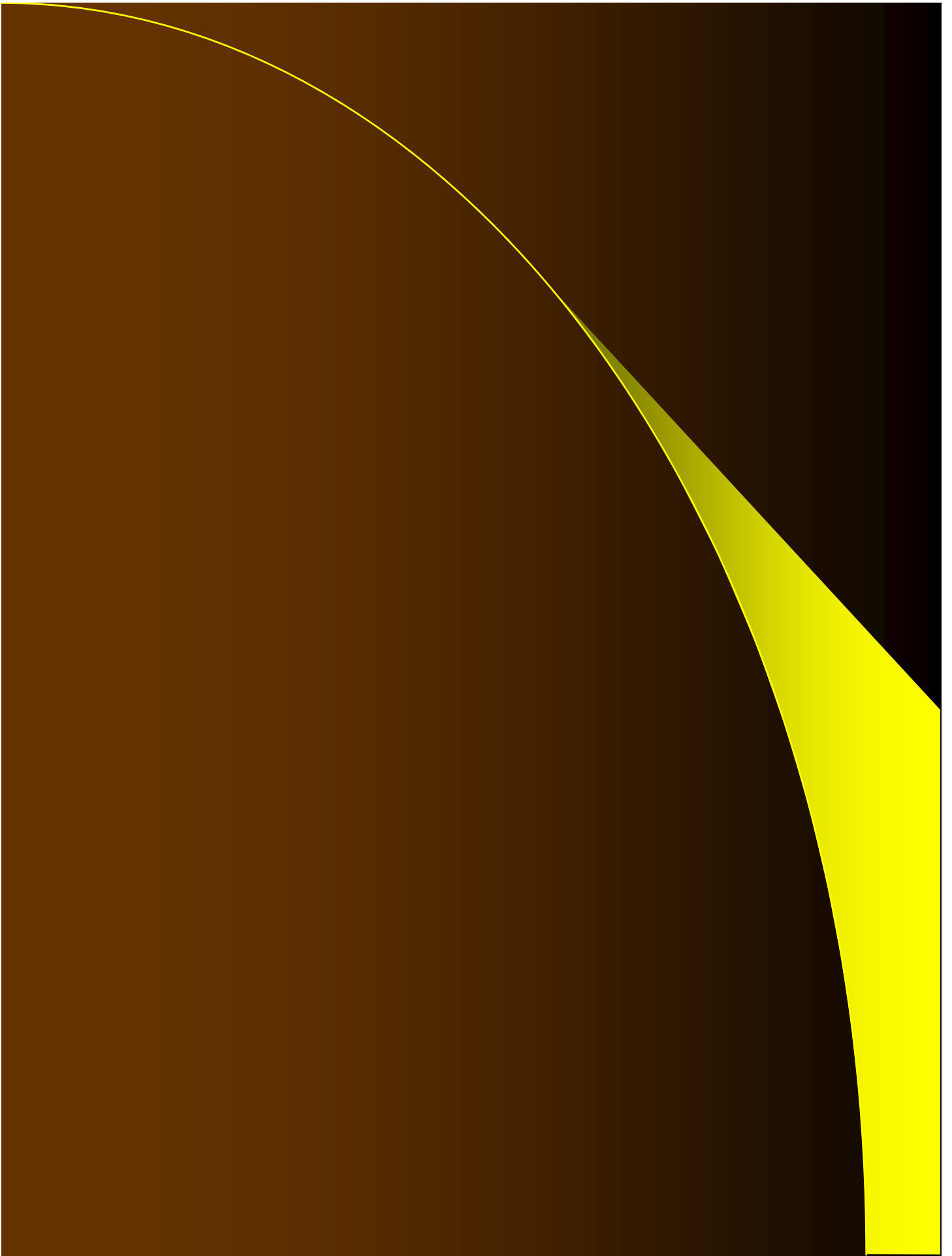
Confirmed on behalf of the addressee:

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Associate Vice President for Fiscal Administration

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\_\_\_\_\_, 2017





July 24, 2017

To the Audit and Fiscal Integrity Committee  
Board of Trustees  
University of Wyoming  
Department 3314, 1000 East University Avenue  
Room 318, Old Main  
Laramie, Wyoming 82071-3314

Attention: Janet S. Lowe, CPA, Associate Vice President for Fiscal Administration

### **The Objective and Scope of the Audit of the Financial Statements**

You have requested that we audit Wyoming Public Media's (the "Station") Statement of Net Position as of June 30, 2017 and the related Statements of Revenues, Expenses, and Changes in Net Position, and Cash Flows for the year then ended and the related notes to the financial statements, which collectively comprise the basic financial statements.

The Governmental Accounting Standards Board (GASB) requires that required supplementary information (RSI) (Management Discussion and Analysis, Schedule of the Station's Proportionate Share of the Net Pension Liability, Schedule of the Station's Contributions, and Notes to RSI) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We will apply certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). We will not express an opinion or provide any assurance on the information because the limited procedures will not provide us with sufficient evidence to express an opinion or provide any assurance. We are pleased to confirm our acceptance and our understanding of this audit engagement.

Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

### **The Responsibilities of the Auditor**

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements.

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In making our risk assessments, we consider internal control relevant to the Station's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Station's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

We will also communicate to the Board of Trustees and Audit and Fiscal Integrity Committee: (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

### **The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework**

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. To evaluate subsequent events through the date the financial statements are issued or available to be issued and to disclose the date through which subsequent events were evaluated in the financial statements. Management also agrees that it will not evaluate subsequent events earlier than the date of the management representation letter referred to below;
3. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; and
4. To provide us with:
  - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
  - b. Additional information that we may request from management for the purpose of the audit; and
  - c. Unrestricted access to persons within the Station from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management and, when appropriate, those charged with governance written confirmation concerning representations made to us in connection with the audit, including among other items:

1. That management has fulfilled its responsibilities as set out in the terms of this letter; and
2. That management believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for identifying and ensuring that the Station complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud or abuse, and for informing us about all known or suspected fraud affecting the Station involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements. Management is also responsible for informing us of its knowledge of any allegations of fraud or suspected fraud affecting the Station received in communications from employees, former employees, analysts, regulators or others.

Management is responsible for the preparation of the RSI in accordance with accounting principles generally accepted in the United States of America. Management agrees to include the auditor's report on the RSI in any document that contains the RSI and to indicate that the auditor has reported on such RSI. Management also agrees to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

The Board of Trustees and Audit and Fiscal Integrity Committee are responsible for informing us of its views about the risks of fraud or abuse within the Station, and its knowledge of any fraud or abuse or suspected fraud or abuse affecting the Station.

Our association with an official statement is a matter for which separate arrangements will be necessary. The Station agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing and with a copy of the final reproduced material for our approval before it is distributed. In the event our auditor/client relationship has been terminated when the Station seeks such consent, we will be under no obligation to grant such consent or approval.

The Station agrees that it will not associate us with any public or private securities offering without first obtaining our consent. Therefore, the Station agrees to contact us before it includes our reports or otherwise makes reference to us, in any public or private securities offering.

Because McGee, Hearne & Paiz, LLP will rely on the Station, its management, the Board of Trustees, and the Audit and Fiscal Integrity Committee to discharge the foregoing responsibilities, the Station holds harmless and releases McGee, Hearne & Paiz, LLP and its partners and employees from all claims, liabilities, losses, and costs arising in circumstances where there has been a knowing misrepresentation by a member of the Station's management that has caused, in any respect, McGee, Hearne & Paiz, LLP's breach of contract or negligence. This provision shall survive the termination of this arrangement for services.

### **Records and Assistance**

If circumstances arise relating to the condition of the Station's records, the availability of appropriate audit evidence, or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting, or misappropriation of assets which, in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion, or issue a report, or withdrawing from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in the Station's books and records. The Station will determine that all such data, if necessary, will be so reflected. Accordingly, the Station will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by Station personnel, including the preparation of schedules and analyses of accounts, will be discussed and coordinated with Arin Wesnitzer, Assistant Manager, Accounting, and Laura Rehmeier, Business Manager. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

### **Other Relevant Information**

From time to time, and depending upon the circumstances, we may use third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose confidential client information to them. We enter into confidentiality agreements with all third-party service providers and we are satisfied that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others.

In accordance with GAS, a copy of our most recent peer review report is enclosed for your information.

### **Fees, Costs, and Access to Workpapers**

Our fees for the audit and accounting services described above are based upon the value of the services performed and the time required by the individuals assigned to the engagement plus direct expenses including report processing, travel, meals, and fees for services from other professionals. Our fees for rendering the services described in this letter for the year ended June 30, 2017 will not exceed \$13,710.

Our fee estimate and completion of our work is based upon the following criteria:

1. Anticipated cooperation from the Station personnel
2. Timely responses to our inquiries
3. Timely completion and delivery of client assistance requests
4. Timely communication of all significant accounting and financial reporting matters
5. The assumption that unexpected circumstances will not be encountered during the engagement

If any of the aforementioned criteria are not met, then fees may increase. Interim billings may be submitted as work progresses and as expenses are incurred. Billings are due upon submission.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the Firm and is subsequently employed by or associated with a client in a key position. Accordingly, the Station agrees it will compensate McGee, Hearne & Paiz, LLP for any additional costs incurred as a result of the Station's employment of a partner or professional employee of McGee, Hearne & Paiz, LLP.

In the event we are requested or authorized by the Station or are required by government regulation, subpoena, or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for the Station, the Station will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.



### Claim Resolution

The Station and McGee, Hearne & Paiz, LLP agree that no claim arising out of services rendered pursuant to this agreement shall be filed more than two years after the date of the audit report issued by McGee, Hearne & Paiz, LLP or the date of this arrangement letter if no report has been issued. The Station waives any claim for punitive damages. McGee, Hearne & Paiz, LLP's liability for all claims, damages and costs of the Station arising from this engagement is limited to the amount of fees paid by the Station to McGee, Hearne & Paiz, LLP for the services rendered under this arrangement letter.

If any term or provision of this agreement is determined to be invalid or unenforceable, such term or provision will be deemed stricken, and all other terms and provisions will remain in full force and effect.

### Reporting

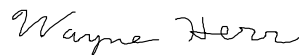
We will issue a written report upon completion of our audit of the Station's financial statements. Our report will be addressed to the Board of Trustees of the University of Wyoming. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph, or withdraw from the engagement.

In addition to our report on the Station's financial statements, we will also issue the Corporation for Public Broadcasting (CPB) Certification Report.

This letter constitutes the complete and exclusive statement of agreement between McGee, Hearne & Paiz, LLP and the University of Wyoming, superseding all proposals, oral or written, and all other communications with respect to the terms of the engagement between the parties.

Please sign and return a copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

McGEE, HEARNE & PAIZ, LLP



Wayne R. Herr, Partner

Enclosure: Peer Review Letter

Confirmed on behalf of the addressee:

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Janet S. Lowe, CPA  
Associate Vice President  
for Fiscal Administration

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, 2017



CERTIFIED PUBLIC ACCOUNTANTS  
AND CONSULTANTS

## SYSTEM REVIEW REPORT

September 28, 2016

To the Partners of  
McGee, Hearne & Paiz, LLP  
and the Peer Review Committee of the Nevada Society  
of Certified Public Accountants

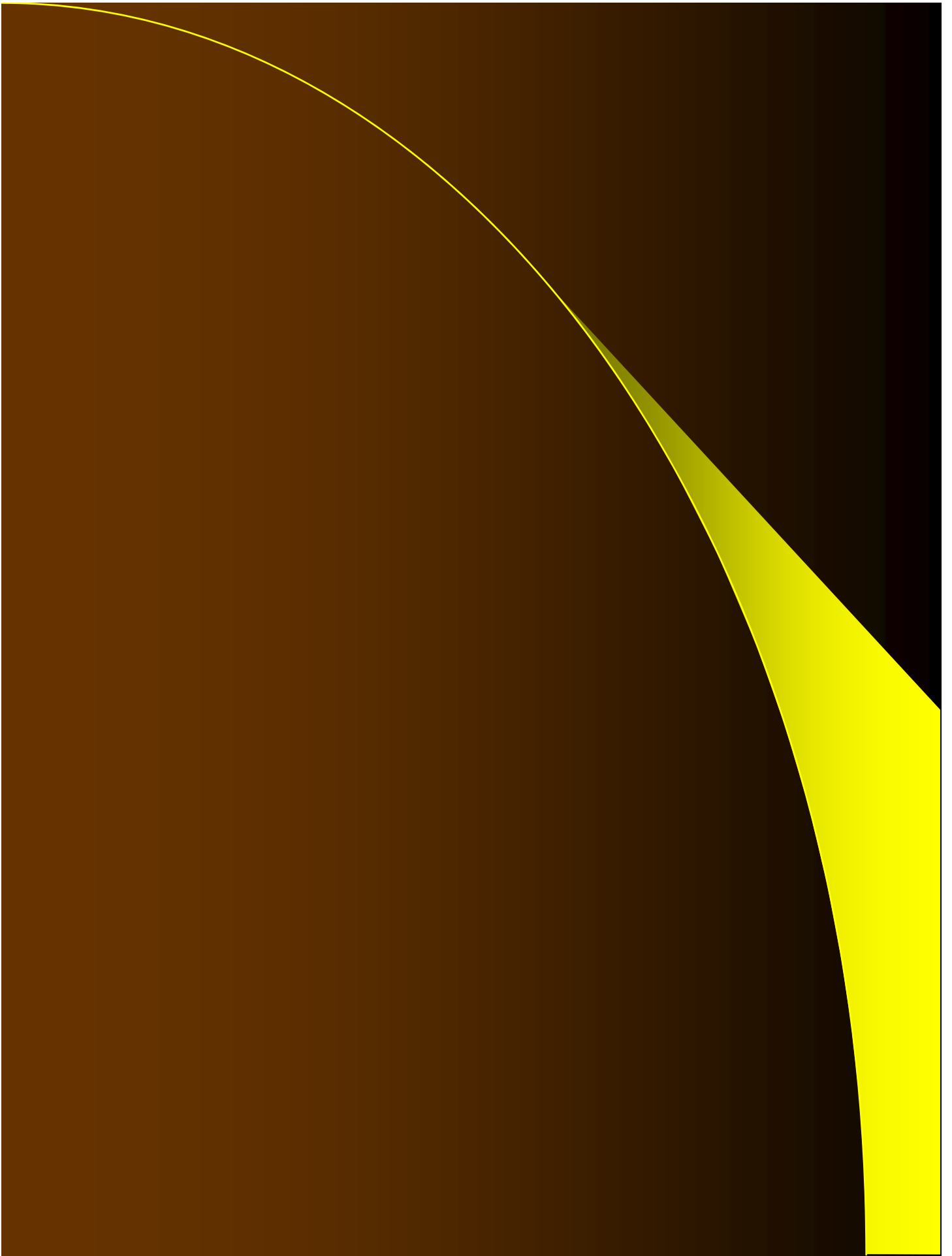
We have reviewed the system of quality control for the accounting and auditing practice of McGee, Hearne & Paiz, LLP (the firm) in effect for the year ended June 30, 2016. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included audits performed under *Government Audit Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of McGee, Hearne & Paiz, LLP in effect for the year ended June 30, 2016, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. McGee, Hearne & Paiz, LLP has received a peer review rating of *pass*.

*Brady, Martz*

Brady Martz and Associates, P.C.





July 24, 2017

To the Audit and Fiscal Integrity Committee  
Board of Trustees  
University of Wyoming  
Department 3314, 1000 East University Avenue  
Room 318, Old Main  
Laramie, Wyoming 82071-3314

Attention: Janet S. Lowe, CPA, Associate Vice President for Fiscal Administration

This letter is to explain our understanding of the arrangements for, and the nature and limitations of, the services we are to perform for the University of Wyoming Intercollegiate Athletics Department (the "Department") with respect to certain records and transactions of the Department for the year ended June 30, 2017, in accordance with the National Collegiate Athletics Association (NCAA) Financial Audit Guidelines. The specific procedures to be performed are included as Attachment A (the "Attachment") to this letter.

### **Engagement Services**

Our engagement will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Because the procedures included in the Attachment to this letter do not constitute an audit made in accordance with generally accepted auditing standards, we will not express an opinion on any of the specific elements, accounts or items referred to in our report or on the financial statements of the Department taken as a whole.

At the conclusion of our engagement, we will submit a report in letter form outlining the procedures performed and our findings resulting from the procedures performed.

Our report will contain a statement that it is intended solely for the use of the Department, the University of Wyoming Board of Trustees, and the NCAA and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Should you desire that others be added to our report as specified parties, please contact us as it will be necessary to obtain their agreement with respect to the sufficiency of the procedures for their purpose.

Our report will also contain a paragraph pointing out that, if we had performed additional procedures or if we had conducted an audit in accordance with generally accepted auditing standards, matters in addition to any findings that may result from the procedures performed might have come to our attention and been reported to you.

The procedures that we will perform are not designed and cannot be relied upon to disclose errors, fraud, or illegal acts, should any exist. However, we will inform the appropriate level of management of any material errors that come to our attention and any fraud or illegal acts that come to our attention, unless they are clearly inconsequential.

**314 West 18th Street  
Cheyenne, WY 82001  
(307) 634-2151**

[mhpllp.com](http://mhpllp.com)



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Furthermore, the procedures were not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, we will communicate to management and the Board of Trustees any significant deficiencies or material weaknesses that become known to us during the course of the engagement.

### **University of Wyoming Intercollegiate Athletics Department's Responsibilities**

The sufficiency of the procedures included in the Attachment is solely the responsibility of the Department, the University of Wyoming Board of Trustees, and the NCAA. We make no representation regarding the sufficiency of the procedures described above, either for the purpose for which these services have been requested or for any other purpose. Management is responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of records and transactions of the Department that are free from material misstatement, whether due to fraud or error.

In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Department involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements. Management is also responsible for informing us of its knowledge of any allegations of fraud or suspected fraud affecting the Department received in communications from employees, former employees, analysts, regulators, short sellers, or others.

The Department agrees that it will not include our reports, or otherwise make reference to us, in any public or private securities offering without first obtaining our consent. Any request for consent is also a matter for which separate arrangements will be necessary. After obtaining our consent, the Department also agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing, and with a copy of the final reproduced material for our approval before it is distributed.

Because McGee, Hearne & Paiz, LLP will rely on the Department and its management and audit committee to discharge the foregoing responsibilities, the Department holds harmless and indemnifies McGee, Hearne & Paiz, LLP and its partners and employees from all claims, liabilities, losses, and costs arising in circumstances where there has been a known misrepresentation by a member of the Department's management that has caused, in any respect, McGee, Hearne & Paiz, LLP's breach of contract or negligence. This provision will survive termination of this letter.

### **Records and Assistance**

If circumstances arise relating to the condition of the Department's records, the availability of appropriate evidence, or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting, or misappropriation of assets which, in our professional judgment, prevent us from completing the engagement or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion, or issue a report, or withdrawing from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in the Department's books and records. The Department will determine that all such data, if necessary, will be so reflected. Accordingly, the Department will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by Department personnel, including the preparation of schedules and analyses of accounts, has been discussed and coordinated with Bill Sparks, Senior Associate Athletic Director – Business Operations. The timely and accurate completion of this work is an essential condition to our completion of our services and issuance of our report.

**Fees, Costs, and Access to Documentation**

Our fees for the services described above are based on the time required by the individuals assigned to the engagement, plus direct expenses. Our fee for the services described in this letter will not exceed \$24,385. Billings are due upon submission.

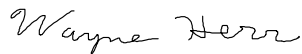
In the event we are requested or authorized by the Department or are required by government regulation, subpoena, or other legal process to produce our documents or our personnel as witnesses with respect to our engagements for the Department, the Department will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

If any term or provision of this agreement is determined to be invalid or unenforceable, such term or provision will be deemed stricken, and all other terms and provisions will remain in full force and effect.

This letter constitutes the complete and exclusive statement of agreement between McGee, Hearne & Paiz, LLP and the Department, superseding all proposals, oral or written, and all other communications, with respect to the terms of the engagement between the parties.

If this letter defines the arrangements as the Department understands them, please sign, date, and return a copy of this letter to us. We appreciate the opportunity to continue to be of service to the University of Wyoming Intercollegiate Athletics Department.

McGEE, HEARNE & PAIZ, LLP



Wayne R. Herr, Partner

Attachment: Attachment A

Confirmed on behalf of the addressee:

\_\_\_\_\_, 2017  
Janet S. Lowe, CPA  
Associate Vice President  
for Fiscal Administration

## ATTACHMENT A

### Internal Controls

1. Identify aspects of the internal control structure unique to the University of Wyoming Intercollegiate Athletics Departments (the "Department"). Test these aspects of the internal control structure that have not been addressed in connection with the audit of the University of Wyoming's (the "University") Financial Statements.
2. Obtain an organizational chart and review with appropriate personnel. Inquire of management regarding control consciousness, the use of internal audit in the Department, competence of personnel, and protection of records and equipment.

### Affiliated and Outside Organizations

3. Determine if there are any "affiliated or outside organizations" as defined in the NCAA Financial Audit guidelines. If any, test procedures for gathering information on the nature and extent of any affiliated or outside organization activity for or on behalf of the Department. Obtain the Department's statements for the reporting period and agree to the Department's general ledger. Obtain and review the audited financial statements of the organization and any additional reports regarding internal control matters.

### SCHEDULE OF REVENUES OF INTERCOLLEGIATE ATHLETICS PROGRAMS

Following is a complete listing of the minimum agreed-upon procedures for revenues, by category, to be performed.

Before the commencement of fieldwork, the independent accountant should ensure that the amounts reported on the statement agree to the Department's general ledger. For all revenue categories, perform the minimum agreed-upon procedures set forth below.

4. Compare and agree each operating revenue category reported in the statement during the reporting period to supporting schedules provided by the Department. If a specific reporting category is less than 4% of total revenues, no procedures are required for that specific category.
5. Tie out ending cash to the Financial Records System. Compare and agree a sample of operating revenue receipts obtained from the above operating revenue supporting schedules to adequate supporting documentation. Select a statistical numeric sample of receipts utilizing a planned expected error rate of zero, a minimum confidence level of 90%, and a maximum tolerable deviation rate of 10%. This would result in a sample of 22 receipts selected to determine if significant internal accounting controls are functioning as represented to us by the University.
6. Compare each major revenue account over 10% of the total revenues to prior period amounts and budget estimates. Obtain and document an understanding of any variations greater than 10% from the prior year. Report the analysis as a supplement to the final agreed upon procedures report.

**Note: For all categories listed below, recalculate totals:**

**Ticket Sales**

7. Compare tickets sold during the reporting period, complimentary tickets provided during the reporting period, and unsold tickets to the related revenue reported by the Department in the statement and the related attendance figures.

**Student Fees**

8. Compare and agree student fees reported by the Department in the statement for the reporting to student enrollments during the same reporting period.
9. Obtain and document an understanding of the Department's methodology for allocating student fees to intercollegiate athletics programs.
10. If the Department is reporting that an allocation of student fees should be countable as generated revenue, recalculate the totals of their methodology for supporting that they are able to count each sport. Tie the calculation to supporting documents such as seat manifests, ticket sales reports, and student fee totals.

**Direct State or Other Governmental Support**

11. Compare direct state or other governmental support recorded by the Department during the reporting period with state appropriations, University authorizations, and/or other corroborative supporting documentation.

**Direct Institutional Support**

12. Compare the direct University support recorded by the Department during the reporting period with the University supporting budget transfers documentation and other corroborative supporting documentation.

**Transfers Back to the Institution**

13. If applicable, compare the transfers back to the University with permanent transfers back to the University from the Department.

**Indirect Institutional Support**

14. Compare the indirect University support recorded by the Department during the reporting period with expense payments, cost allocation detail and other corroborative supporting documentation.

**Guarantees**

15. Select a sample of two settlement reports for away games during the reporting period and agree each selection to the Department's general ledger and/or the statement.
16. Compare and agree two contractual agreements pertaining to revenues derived from guaranteed contests during the reporting period and compare and agree each selection to the Department's general ledger and/or the statement.



### **Contributions**

17. Any contributions of monies, goods, or services received directly by an intercollegiate athletics program for any affiliated or outside organization, agency, or group of individuals (two or more) not included above (e.g., contributions by corporate sponsors) that constitutes 10% or more in aggregate for the reporting year of all contributions received for intercollegiate athletics during the reporting periods shall obtain and review supporting documentation for each contribution.

### **In-Kind**

18. If applicable, compare the in-kind recorded by the Department during the reporting period with a schedule of in-kind donations.

### **Compensation and Benefits Provided by a Third Party**

19. Obtain the Summary of Revenues from affiliated and outside organizations (the "Outside Income Schedule") as of the end of the reporting period from the Department. Select three coaches from the Outside Income Schedule and compare and agree each selection to supporting documentation, the Department's general ledger, and/or the Summary.
20. If the third party was audited by independent auditors, obtain the related independent auditors' report.

### **Media Rights**

21. Obtain and inspect agreements to understand the Department's total media (broadcast, television, radio) rights received by the Department or through their conference offices.
22. Compare and agree related revenues to the Department's general ledger and/or the statement. Ledger totals may be different for total conference distributions if media rights are not broken out separately.

### **NCAA Distributions**

23. Compare the amounts recorded in the revenue and expense reporting to general ledger detail for NCAA distributions and other corroborative supporting documents.

### **Conference Distributions**

24. Obtain and inspect agreements related to the Department's conference distributions and participation in revenues from tournaments during the reporting period to gain an understanding of the relevant terms and conditions.
25. Compare and agree the related revenues to the Department's general ledger and/or the statement.

### **Program Sales, Concessions, Novelty Sales, and Parking**

26. Compare the amount recorded in the revenue reporting category to a general ledger detail of program sales, concessions, novelty sales, and parking, as well as any other corroborative supporting documents.

**Royalties, Licensing, Advertisements, and Sponsorships**

27. Obtain and inspect agreements related to the Department's participation in revenues from royalties, licensing, advertisements, and sponsorships during the reporting period to gain an understanding of the relevant terms and conditions.
28. Compare and agree the related revenues to the Department's general ledger and/or the statement.

**Sports Camp Revenues**

29. If applicable, inspect sports camp contract(s) between the Department and person(s) conducting University sports camps or clinics during the reporting period to obtain an understanding of the Department's methodology for recording revenues from sports camps.
30. If applicable, obtain schedules of camp participants and select a sample of individual camp participant cash receipts from the schedule of sports camp participants and agree each selection to the Department's general ledger and/or the statement.

**Athletics Restricted Endowment and Investment Income**

31. Obtain and inspect five endowment agreements to gain an understanding of the relevant terms and conditions.
32. Compare and agree the classification and use of endowment and investment income reported in the statement during the reporting period to the uses of income defined within the related endowment agreement.
33. Perform minimum agreed-upon procedures referenced for all revenue categories.

**Bowl Revenues**

34. Obtain and inspect agreements related to the Department's revenues from post-season bowl participation during the reporting period to gain an understanding of the relevant terms and conditions.
35. Compare and agree the related revenues to the Department's general ledger.

**SCHEDULE OF EXPENSES OF INTERCOLLEGIATE ATHLETICS PROGRAMS**

Following is a complete listing of the minimum agreed-upon procedures for expenses, by category, to be performed to the statement by the independent accountant.

Before the commencement of fieldwork, the independent accountant should ensure that the amounts reported on the statement agree to the Department's general ledger. For all expense categories, perform the minimum agreed-upon procedures set forth below.

34. Compare and agree each expense category reported in the statement during the reporting period to supporting schedules provided by the Department. If a specific category is less than 4% of the total expenses, no procedures are required for that specific category.
35. Compare and agree a sample of expenses obtained from the above operating expense supporting schedules to adequate supporting documentation. Select a statistical numeric sample of receipts utilizing a planned expected rate of zero, a minimum confidence level of 90%, and a maximum tolerable deviation rate of 10%. This would result in a sample of 22 receipts selected to determine if significant internal accounting controls are functioning as represented to us by the University.

36. Compare each major expense account over 10% of the total expenses to prior period amounts and budget estimates. Obtain and document an understanding of any variations 10% from the prior year. Report the analysis as a supplement to the final agreed-upon procedures report.

**Note:** For all categories listed below, recalculate totals:

**Athletic Student Aid**

37. Select a sample of students (10% of the total student-athletes for institutions who have used NCAA's Compliance Assistant (CA) software to prepare athletic aid detail, with a maximum sample size of 40 and 20% of total student-athletes for institutions who have not, with a maximum sample size of 60) from the listing of University student aid recipients during the reporting period. Data should be captured by the institution through the creation of a squad list for each sponsored sport.
38. Obtain individual student account detail for each selection and compare total aid in the University's student system to the student's detail in CA or the institution report that ties directly to the NCAA Membership Financial Reporting System.
39. Perform a check of each student selected to ensure their information was reported accurately in either the NCAA's Compliance Assistant (NCAA CA) software or entered directly into the NCAA Membership Financial Reporting System using the following criteria:
  - a. The equivalency value for each student-athlete in all sports, including head-count sports, needs to be converted to a full-time equivalency value. The full-time equivalency value is calculated using the athletic grant amount reported on the squad list as the numerator and the full grant amount which is the total cost for tuition, fees, books, room, and board for an academic year as the denominator. If using the NCAA CA software, this equivalency value will be calculated for you on the squad list labeled, "Rev. Dist. Equivalent Award".
  - b. A student-athlete can only be included in one sport.

**Note:** NCAA CA software will place an asterisk by student-athlete within the sport that is not countable towards grants-in-aid revenue distribution per sport hierarchy listed in the DI Manual.
  - c. All equivalency calculations should be rounded to two decimal places.

**Note:** The NCAA CA software and the on-line summary form will automatically round to two decimal places.
  - d. The full grant amount should always be the full cost of tuition for an academic year, not semester. The "Period of Award" column on the NCAA CA squad list can identify those student-athletes receiving aid for a particular semester.
  - e. If a sport is discontinued and the athletic grant(s) are still being honored by the University, the grant(s) are included in student-athlete aid for revenue distribution purposes.
  - f. Student-athletes receiving athletic aid who have exhausted their athletic eligibility or are inactive due to medical reasons should be included in the student-athlete aid total and correctly noted on the squad list.
  - g. Only athletic aid awarded in sports in which the NCAA conducts championship competitions, emerging sports for women, and FBS football should be included in the calculations.

- h. If a selected student received a Pell Grant, ensure the value of the grant is not included in the calculation of equivalencies or the total dollar amount of student athletic aid expense for the institution.
- i. If a selected student received a Pell Grant, ensure the student's grant was included in the total number and total value of Pell Grants reported for Revenue Distribution purposes in the NCAA Membership Financial Reporting System.

**Guarantees**

- 40. Obtain and inspect visiting Department's away-game settlement reports received by the Department during the reporting period and agree related expenses to the Department's general ledger and/or the statement.
- 41. Obtain and inspect two contractual agreements pertaining to expenses recorded by the Department from guaranteed contests during the reporting period. Compare and agree related amounts expensed by the Department during to the Department's general ledger and/or the statement.

**Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities**

- 42. Obtain and inspect a listing of coaches employed by the Department and related entities during the reporting period. Select five coaches' contracts that must include football, and men's and women's basketball, from the above listing.
- 43. Compare and agree the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the Department and related entities in the statement during the reporting period.
- 44. Obtain and inspect payroll summary registers for the reporting year for each selection. Compare and agree payroll summary registers from the reporting period to the related coaching salaries, benefits, and bonuses paid by the Department and related entities expense recorded by the Department in the statement during the reporting period.
- 45. Compare and agree the totals recorded to any employment contracts executed for the sample selected.

**Coaching Other Compensation and Benefits Paid by a Third Party**

- 46. Obtain and inspect a listing of coaches employed by third parties during the reporting period. Select a sample of coaches' contracts that must include football, and men's and women's basketball, from the listing.
- 47. Compare and agree the financial terms and conditions of each selection to the related coaching other compensation and benefits paid by a third party and recorded by the Department in the statement during the reporting period.
- 48. Obtain and inspect reporting period payroll summary registers for each selection. Compare and agree related payroll summary register to the coaching other compensation and benefits paid by a third party expenses recorded by the Department in the statement during the reporting period.

**Support Staff/Administrative Salaries, Benefits, and Bonuses Paid by the University and Related Entities**

49. Select 18 support staff/administrative personnel employed by the Department and related entities during the reporting period.
50. Obtain and inspect reporting period summary payroll register for each selection. Compare and agree related summary payroll register to the related support staff/administrative salaries, benefits, and bonuses paid by the Department and related entities expense recorded by the Department in the statement during the reporting period.

**Support Staff/Administrative Other Compensation and Benefits Paid by a Third Party**

51. Select a sample of support staff/administrative personnel employed by the third parties during the reporting period.
52. Obtain and inspect reporting period payroll summary registers for each selection. Compare and agree related payroll summary registers to the related support staff/administrative other compensation and benefits expense recorded by the Department in the statement during the reporting period.

**Severance Payments**

53. Select one employee receiving severance payments by the Department during the reporting period and agree each severance payment to the related termination letter or employment contract.

**Recruiting**

54. Obtain and document an understanding of the Department's recruiting expense policies.
55. Compare and agree to existing University- and NCAA-related policies.
56. Obtain general ledger detail and compare to the total expenses reported.

**Team Travel**

57. Obtain and document an understanding of the Department's team travel policies.
58. Compare and agree to existing University- and NCAA-related policies.
59. Obtain general ledger detail and compare to the total expenses reported.

**Equipment, Uniforms, and Supplies**

60. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording.

**Game Expenses**

61. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording.

**Fund Raising, Marketing, and Promotion**

62. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording.

**Sports Camp Expenses**

63. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording.

**Spirit Groups**

64. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording.

**Athletic Facility Debt Service, Leases, and Rental Fees**

65. Obtain a listing of debt service schedules, lease payments, and rental fees for athletics facilities for the reporting year. Compare a sample of facility payments including the top two highest facility payments to additional supporting documentation (e.g., debt financing agreements, leases, rental agreements).
66. Compare amounts recorded to amounts listed in the general ledger detail.

**Direct Overhead and Administrative Expenses**

67. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording.

**Indirect Institutional Support**

68. Tested with revenue section – Indirect Institutional Support.

**Medical Expenses and Medical Insurance**

69. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording.

**Memberships and Dues**

70. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording.

**Other Operating Expenses and Transfers to Department**

71. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording.

**ADDITIONAL MINIMUM AGREED-UPON PROCEDURES**

In order for the NCAA to place reliance on the financial reporting for NCAA distributions purposes, the following procedure will be performed:

72. Compare and agree the sports sponsored reported in the NCAA Membership Financial Reporting System to the squad lists of the Department. The NCAA Membership Financial Reporting System populates the sports from the NCAA Membership Database as they are reported by the Department. If there is a discrepancy in the sports sponsored between the NCAA Membership Financial Reporting System and the squad lists, inquire about the discrepancy and report the justification in the AUP report.

73. Obtain the Department's Sports Sponsorship and Demographics Forms Report for the reporting year. Validate that the countable sports reported by the University meet the minimum requirements set forth in Bylaw 20.9.6.3 for the number of contests and the number of participants in each contest that is counted toward meeting the minimum contest requirement. Once countable sports have been confirmed, ensure that the Department has properly reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System.

**Note:** Any discrepancies MUST be resolved within the NCAA Membership Financial Reporting System prior to the report being submitted to the NCAA.

74. For Pell Grants: Agree the total number of Division I student-athletes who, during the academic year, received a Pell Grant award (e.g., Pell Grant recipients on Full Grant-in-Aid, Pell Grant recipients on Partial Grants-in-Aid and Pell Grant recipients with no Grants-in-Aid) and the total value of these Pell Grants reported in the NCAA Membership Financial Reporting System to a report, generated out of the institution's financial aid records, and all student-athlete Pell Grants.

**Note:** Individual student-aid file testing in step 37 above should tie any selected student-athletes who received Pell grants back to the report of all student-athlete Pell Grants to test the completeness and accuracy of the report.

#### **Minimum Agreed-Upon Procedures Program for Other Reporting Items**

Following is a complete listing of the minimum agreed-upon procedures for other reporting items, by category, to be performed to the statement by the independent accountant. Before the commencement of fieldwork, the independent accountant should ensure that the amounts reported on the statement agree to the institution's general ledger.

#### **Excess Transfers to Institution and Conference Realignment Expenses**

75. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording.

#### **Total Athletics Related Debt**

76. Obtain repayment schedules for all outstanding intercollegiate athletics debt during the reporting period. Recalculate annual maturities (consisting of principal and interest) provided in the schedules obtained.
77. Agree the total annual maturities and total outstanding athletic related to supporting documentation and the institution's general ledger, as applicable.

#### **Total Institutional Debt**

78. Agree the total outstanding institutional debt to supporting documentation and the institution's audited financial statements, if available, or the institution's general ledger.

#### **Value of Athletics Dedicated Endowments**

79. Obtain a schedule of all athletics dedicated endowments maintained by athletics, the institution, and affiliated organizations. Agree the fair market value in the schedule(s) to supporting documentation, the general ledger(s) and audited financial statements, if available.

**Value of Institutional Endowments**

80. Agree the total fair market value of institutional endowments to supporting documentation, the institution's general ledger and/or audited financial statements, if available.

**Total Athletics Related Capital Expenditures**

81. Obtain a schedule of athletics related capital expenditures made by athletics, the institution, and affiliated organizations during the reporting period.
82. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording.
83. Obtain a schedule of total intercollegiate athletics capitalized assets, additions, and improvements of facilities summarized by type. Substantiate the schedule by agreeing totals to the general ledger. Select and agree significant capitalized additions (greater than 10% of total capital additions) to adequate supporting documentation.



# **Section IV**

## **Change in Scope of Single Audit Act**

# UNIVERSITY OF WYOMING

## PRE-AUDIT MEETING SEPTEMBER 13, 2017

### SECTION IV: CHANGE IN SCOPE OF SINGLE AUDIT ACT

In 2016, significant changes were made to the Single Audit Act's specific guidance, formally called OMB Circular A-133, now known as Uniform Grant Guidance (UGG). This new guidance changed the scope and selection process for testing internal control and compliance with Federal funds.

The University of Wyoming Single Audit fee estimate included in the 2013 Four-Year Fee Proposal under Schedule B assumed the following major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA #</u>
Research and Development (R&D)	Cluster
Student Financial Assistance (SFA)	Cluster
Gear-Up	84.334

Based upon the preliminary Schedule of Expenditures of Federal Awards (SEFA) for the year ended June 30, 2017, as well as the new major program guidance in the UGG, there will be a change in the scope of the audit.

Although all three of the programs above qualify as Type A programs based on their level of expenditures, they have no high-risk characteristics for FY17, e.g., they have been audited in the last two years, they had no material weaknesses in internal control, and they did not have modified opinions. Therefore, they will be assessed as low-risk Type A programs. The R&D Cluster and Gear-Up **will not** be audited in FY17; however, in order to meet the required coverage of Federal expenditures, the SFA Cluster **will be** audited in FY17.

We are also required to audit one high-risk Type B Program for every four low-risk Type A programs. As such, the following high-risk Type B program will be subjected to audit in FY17 – Cooperative Extension Service (CES).

As a result, the programs that will be subjected to audit in FY17 are as follows:

<u>Name of Federal Program or Cluster</u>	<u>CFDA #</u>
Student Financial Assistance (SFA) Cluster	Cluster
Cooperative Extension Service (CES)	10.500

Due to a) the change in the scope of the programs being audited and b) the fact that the new program above will require additional hours to research applicable compliance requirements and to document systems understanding and internal controls by the program manager, we propose the following change in the fee for FY17:

Fees per proposal	\$ 102,150
Elimination of R&D Cluster	(35,000)
Additional fee for new Type B program (CES)	<u>4,000</u>
	<u>\$ 71,150</u>

Note that the proposed fee above is based on the preliminary SEFA and may be subject to change upon review and testing of the final SEFA. Please advise if you have any questions or require any additional information.

