Category: Audit Community Colleges Financial Responsible Office: University Controller	**Procedure Title:** Audit of Community Colleges, Independent Financial Audit Document Number: 7002 Effective Date: August 07, 2006 This procedure item applies to: Community Colleges

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Summary

These guidelines describe the schedules required to be completed as part of the annual independent audit of the financial statements of the community colleges.

These guidelines are established pursuant to 8 NYCRR § 602.1 (c), which requires that the records and amounts of the community college be audited annually by an independent certified public accounting firm or the agency of the sponsor responsible for the performance of audits. This audit requirement generally takes the form of an audit of the basic financial statements. As part of the audit of the basic financial statements, the independent auditor should, in meeting these requirements, include a schedule of the Reconciliation of Revenues and Expenses as Reflected in Annual Report to the Audited Financial Statements, Schedule of State Operating Aid, and Schedule of State-Aidable FTE Tuition Reconciliation as accompanying supplementary information. An example of the paragraph addressing the accompanying supplementary information required to be included in the independent auditor's report on the basic financial statements is presented in Form A.

Copies of the audited financial statements shall be forwarded to the State University of New York Auditor and the University Controller within 120 days after the close of the fiscal year.

Process

The following items are required to be included in the annual audit of financial statements:

Reconciliation of Revenues and Expenses as Reflected in Annual Report to the Audited Financial Statements

The independent auditor shall render certification of the Reconciliation of Revenues and Expenses as Reflected in Annual Report to the Audited Financial Statements as accompanying supplementary information to the financial statements for the period audited as presented in Form B. This schedule reflects the total revenues and expenses by fund and a reconciliation of total revenues and expenses to the audited financial statements of the community college, including blended component units (excluding discretely presented component units). The schedule also reconciles the audited operating costs of the community college to the operating costs as reflected in the state aid calculation in the Annual Report.

Amounts reported as offsets to expense or costs not allowable for state-aid should be consistent with amounts included in the Annual Report on Schedule 4. Any reconciling differences should be identified.

Schedule of State Operating Aid

The independent auditor shall render certification of the Schedule of State Operating Aid as accompanying supplementary information to the financial statements for the period audited. This schedule reflects the state operating aid formula as presented in Form C.

Schedule of State-Aidable FTE Tuition Reconciliation

The independent auditor shall render certification of the Schedule of State-Aidable FTE Tuition Reconciliation in Form D. This schedule calculates tuition revenue based on reported state-aidable FTE, using full-time student headcounts and part-time student credit hours and is reconciled to the tuition revenue reported in the annual report and audited financial statements.

Adjustments to State Operating Aid

Adjustments to state aid will be made with the second quarter payment (December 1) following the receipt of the Annual Report, subject to applicable policies and procedures.

The specific details of all adjustments, if any, to the Annual Report as originally reported shall be submitted to the Office of the University Controller. All adjustments shall be substantiated with respect to the basis for the variances. Adjustments to enrollment shall also be submitted to the University's System Administration, Office of Institutional Research. All adjustments shall be reviewed and approved by the University. Revisions to official enrollment reports shall be reported outside of the University's official enrollment reporting cycle.

Forms

Form B - Reconciliation of Revenues and Expenses as Reflected in Annual Report to the Audited Financial Statements as Accompanying Supplementary Information.

Form C - Schedule of State Operating Aid as Accompanying Supplementary Information.

Form D - Schedule of State-Aidable FTE Tuition Reconciliation as Accompanying Supplementary Information.

Form A - Paragraph required to be included in the Independent Auditors' Report on Basic Financial Statements relating to the information contained in the supplementary schedules as outlined in Forms B, C and D

Related Procedures

There are no related procedures relevant to this procedure.

Other Related Information

There is no other information relevant to this procedure.

Authority

Community College Rules - College Operating Fund (8 NYCRR Part 602)

History

There is no history relevant to this procedure.

Appendices

There are no appendices relevant to this procedure.