

AGENDA ITEM: C.2.b.

AGENDA TOPIC: Required Communication with the Board of Trustees

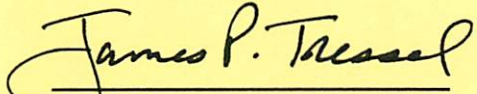
CONTACT: Angie Lewis, Crowe Horwath LLP

BACKGROUND: In accordance with auditing standards, the external auditors are required to communicate certain items relating to the external audit to those charged with governance, including the auditor's responsibilities, an overview of the planned scope and timing of the audit, significant accounting policies, management judgments and accounting estimates, auditor's judgments about qualitative aspects of significant accounting practices, corrected and uncorrected misstatements and other communications.

SUMMARY AND ANALYSIS: This is a standard required communication presented by external auditors. Angie Lewis of Crowe Horwath LLP will be communicating details of the attached reports to the Audit Subcommittee of the Board of Trustees.

RESOLUTION: N/A – DISCUSSION ITEM ONLY

REVIEWED AS TO FORM AND CONTENT:


James P. Tressel, President



**YOUNGSTOWN STATE UNIVERSITY
REQUIRED COMMUNICATIONS TO THOSE CHARGED WITH GOVERNANCE
DECEMBER 3, 2015**

- I. Auditor's Responsibility Under Auditing Standards Generally Accepted In The United States Of America
- II. Auditor's Responsibility Under Government Auditing Standards
- III. Planned Scope and Timing of the Audit
- IV. Significant Accounting Policies And Management Judgments and Accounting Estimates
 - a. Effect of Component Unit Restatement
 - b. Significant Accounting Policies – See Note 1 of the financial statements
 - GASB Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27
 - GASB Statement No. 71, Pension Transition for Contributions Made subsequent to the Measurement Date – an Amendment of GASB No. 68
 - c. Management's Judgments And Accounting Estimates
 - Allowance for doubtful accounts and bad debt expense
 - Pledges receivable and allowance
 - Fair values of investment securities and other financial instruments
 - Useful life of capital assets
 - Compensated absences
 - Pension and Postretirement Obligations
 - Self-insurance liability
- V. Auditor's Judgments About Qualitative Aspects of Significant Accounting Practices
- VI. Corrected And Uncorrected Misstatements – None noted in the current year
- VII. Other Communications
 - a. Other Information in Documents Containing Audited Financial Statements – Management's Discussion and Analysis and other items
 - b. Significant Difficulties Encountered During The Audit - None
 - c. Disagreements With Management - None
 - d. Consultations With Other Accountants – None known
 - e. Representations The Auditor Is Requesting From Management – Separate management representations letter
 - f. Significant Issues Discussed, Or Subject To Correspondence, With Management - None
 - g. Other Findings or Issues We Find Relevant or Significant - See separate management comment letter for the University

We were pleased to serve Youngstown State University as its independent auditors and look forward to our continued relationship. We provide the above information to assist you in performing your oversight responsibilities, and would be pleased to discuss this information or any matters further, should you desire. This information is intended solely for the information and use of Those Charged with Governance and, if appropriate, management and is not intended to be and should not be used by anyone other than these specified parties.

To the Board of Trustees
Youngstown State University
Youngstown, Ohio

In planning and performing our audit of the financial statements of Youngstown State University ("University") as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we considered the University's internal control over financial reporting ("internal control") as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain matters that we are required to or wish to communicate to you. Matters communicated in this letter are classified as follows.

- Deficiency – A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.
- Significant Deficiency – A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
- Material Weakness – A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

In accordance with AU-C 600, *Special Considerations — Audits of Group Financial Statements (Including the Work of Component Auditors)*, we refer you to a letter issued by Plante & Moran PLLC dated October 7, 2015 communicating certain matters involving internal control related to the Youngstown State University Foundation, the discretely presented component unit of the University. This letter communicates deficiencies, significant deficiencies, and material weaknesses.

Return of Title IV Funds - Deficiency

Observation:	During compliance testing, we noted certain instances in which the incorrect withdrawal date was used in Return of Title IV Funds calculations. For a student that provides official notification, the withdrawal date should be the date the student begins the school's withdrawal process or the date the student otherwise provides notification of their intent to withdraw. If both circumstances occur, the earlier date should be used. The University may also use a last date of attendance at an academically related activity as a student's withdrawal date.
Recommendation:	We recommend management review the policy and procedures governing the withdrawal date used in Return of Title IV Funds calculations. We further recommend documentation be maintained to support withdrawal dates.
Management's Response:	Management will review its existing policy and procedures to ensure compliance with federal regulations.

The University's written response to the deficiency identified in our audit was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

The purpose of this letter is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. This letter is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance. Accordingly, this letter is not suitable for any other purpose.

Crowe Horwath LLP

Crowe Horwath LLP

Columbus, Ohio
October 15, 2015