



## AT A GLANCE

Quality Control Review of KPMG LLP's FYs 2015 and 2016 Single Audits of the Research Foundation of the City University of New York

Report No. OIG 18-8-001

May 14, 2018

### WHY WE DID THIS REVIEW

We conducted this review to determine whether the Single Audits conducted by KPMG LLP for the Research Foundation of the City University of New York's (RFCUNY) fiscal years 2015 and 2016 met the requirements of the *Single Audit Act of 1984*, as amended; Office of Management and Budget Circular A-133; *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (2 CFR 200); and applicable auditing standards.

### WHAT WE FOUND

Firms can receive a QCR rating of **Pass**, **Pass with Deficiency(ies)**, or **Fail**. Overall, we rated the KPMG's Single Audits of RFCUNY for FYs 2015 and 2016 audits as **Pass with Deficiencies**. KPMG met *Government Auditing Standards* (GAGAS) and 2 CFR 200 and OMB Circular A-133 requirements related to auditor independence, firm-wide system of quality control, continuing professional education, and reporting. In addition, the auditors adequately planned, performed, and documented the audit of RFCUNY's financial statements for FY 2016. However, KPMG did not fully support its conclusions and opinions related to Federal program requirements in 2015 or 2016. Specifically, KPMG did not adequately evaluate the Schedule of Expenditures of Federal Awards (SEFA). Further, KPMG did not adequately evaluate internal controls over several compliance requirements. Finally, KPMG did not adequately document the work performed during the audits. As a result, the audit documentation was not sufficient to allow for an experienced auditor with no ties to the audit to understand the work performed and reach the same conclusions as the audit team.

### WHAT WE RECOMMENDED

We recommended that KPMG strengthen the quality of Single Audits by ensuring that sampling plans for each compliance requirement being tested are fully documented; the audit team adequately gains and documents its understanding of the entity to properly determine whether the entity effectively designed and implemented internal controls over compliance and to properly assess the risk of noncompliance with Federal requirements, including requirements related to preparation of the SEFA; audit programs and audit procedures are designed to answer the audit objectives identified in the Compliance Supplement; and testwork is adequately documented to enable an experienced auditor who has had no previous connection with the audit to understand what was tested and to reach the same conclusion as the audit team.

### KPMG LLP RESPONSE

The auditors generally agreed that the audit documentation could be enhanced, and stated their intention to appropriately remediate any work papers as well as discuss the results with the engagement team as part of planning for the FY 2018 RFCUNY single audit. The auditors also stated that they will consider the findings in the report as they develop KPMG's firm-wide 2018 training on Single Audits.

FOR FURTHER INFORMATION, CONTACT US AT (703) 292-7100 OR [OIG@NSF.GOV](mailto:OIG@NSF.GOV).