

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE INSPECTOR GENERAL**

**UNIVERSITY OF THE
DISTRICT OF COLUMBIA**

**Independent Auditors' Report on Internal
Control Over Financial Reporting and
on Compliance and Other Matters
Fiscal Year Ended September 30, 2009**



**CHARLES J. WILLOUGHBY
INSPECTOR GENERAL**

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General



May 13, 2010

The Honorable Adrian M. Fenty
Mayor of the District of Columbia
John A. Wilson Building
Mayor's Correspondence Unit, Suite 316
1350 Pennsylvania Avenue, N.W.
Washington, D.C. 20004

The Honorable Vincent C. Gray
Chairman
Council of the District of Columbia
John A. Wilson Building
1350 Pennsylvania Avenue, N.W., Suite 504
Washington, D.C. 20004

Dear Mayor Fenty and Chairman Gray:

In connection with the audit of the District of Columbia's general purpose financial statements for fiscal year 2009, BDO Seidman, LLP (BDO) submitted the enclosed final Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters for the University of the District of Columbia (University), OIG No. 10-1-17GG.

This report details one identified significant deficiency. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the University's ability to initiate, authorize, record, process, or report financial data reliably. The significant deficiency identified in the report is 2009-1: Year End Accrued Leave. BDO directed three recommendations to the University for necessary action to correct the significant deficiency. The University concurred with the recommendations, and the actions planned and taken by the University should correct the deficiency.

I am pleased to report improvements made to the University's system of internal controls, and that the significant deficiency described in Appendix A of the enclosed report is not a material weakness. This Office will work with University managers, as appropriate, to help them monitor the implementation of recommendations in this report.

Mayor Fenty and Chairman Gray
FY 2009 Independent Auditors' Report - UDC
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If you have questions or need additional information, please contact me or Victoria Lucchesi, Acting Assistant Inspector General for Audit, at (202) 727-2540.

Sincerely,


Charles J. Willoughby
Inspector General

Enclosure

CJW/ws

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Independent Auditors' Report
on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with *Government*
Auditing Standards

To the Board of Trustees
University of the District of Columbia
Washington, DC

We have audited the basic financial statements of the **University of the District of Columbia** (the University), a component unit of the Government of the District of Columbia (the District), as of and for the year ended September 30, 2009, and have issued our report thereon dated January 12, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the University's internal control over financial reporting 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be a significant 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the University's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the University's basic financial statements that is more than inconsequential will not be prevented or detected by the University's internal control. We consider the deficiency described in Appendix A, Item 2009-1 of this letter to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the basic financial statements will not be prevented or detected by the University's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described at item 2009-01 as discussed in Appendix A of this letter is not a material weakness.



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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the University in a separate letter dated January 12, 2010.

The University's response to the finding identified in our audit is described in Appendix A of this letter. We did not audit the University's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Trustees and management of the University, the Mayor of the Government of the District of Columbia, the Council, the Inspector General of the District, and District management and is not intended to be and should not be used by anyone other than these specified parties.

BDO Seidman, LLP

Washington, DC
January 12, 2010



**Findings Related to
Internal Controls Over Financial Reporting**

2009 - 1: Year End Accrued Leave

We noted improvements made to the University' system of internal controls in place to properly account for expenditures in the appropriate period and accrue liabilities at year end.

However, there continues to be issues noted in payroll, accrued leave and accrued sick liabilities, thereby calling into question whether these liabilities are complete and accurate as of the end of the fiscal year.

1. The year- end accrual for annual leave and sick leave are comprised of accrued hours earned by employees to be paid out at a future date. Of the initial sample selected of 40 items for testing during our audit, we noted three errors relating to the accrual. We subsequently returned the schedule to management for revision. The errors were caused by the University utilizing a manual system for tracking leave of certain employees in certain departments. In addition, we noted an error in the calculation of accrued sick leave. This error was caused by applying the limitation on accrual of sick leave policy to the entire annual leave accrual.
2. In addition, during our testing of internal controls over payroll, we noted two exceptions out of a sample of 45 items selected. For the two employees, we noted that the time noted on the timesheet did not agree to the hours on the time and attendance report.

Recommendation

1. We recommend that the University utilize the automated feature in People Soft to track accrued vacation and sick days.
2. We recommend that the University implement a thorough review process to verify that the accrual for vacation and sick leave is being properly calculated and recorded at year end.
3. We continue to recommend that individuals charged with review and approval of timesheets be vigilant in their review to minimize errors in the future.



BDO Seidman, LLP
Accountants and Consultants

Management Response

Management concurs with the finding.

The University's manual accrual system which resulted in creating this error has been replaced with the people Soft leave accrual automated module as of 12/01/2009. The aforementioned error was due to key stroke error which was corrected by the accounting staff during the audit process for FY 2009. This module will be fully utilized now and in the future.



Appendix B

Status of Prior Year Findings

Nature of Comment	Type of Comment in FY 2008	Current Year Status
Year-End Cut-Off and Accrual of Liabilities	Significant Deficiency	Partially corrected in Current Year