

## VI. OTHER FINANCIAL AUDIT REQUIREMENTS AND FUNDING SOURCES

### A. Federal Office of Management and Budget Circular [A-133](#) Audits

An annual audit of the University's financial and administrative systems is required by the Federal Office of Management and Budget (OMB) Circular A-133. The audit includes an examination of the University's Federal research grants and contracts and student financial aid programs. A-133 audits are conducted by The Regents' audit firm.

Following appointment of The Regents' auditors for the current year, the annual audit proposal for the year's A-133 audit is presented in an engagement letter from The Regents' audit firm to the Vice President--Financial Management. Ongoing student aid audit matters are coordinated with the campuses by the Director of Student Financial Support.

The final A-133 audit report is sent by the Vice President--Financial Management to the Federal Audit Clearinghouse, Bureau of the Census, as required by the Circular. The Vice President--Financial Management also distributes the audit reports within the Office of the President and to campuses, as necessary.

### B. National Collegiate Athletic Association Audits

Annual or periodic audits of intercollegiate athletic programs on most University of California campuses are required by the National Collegiate Athletic Association (NCAA). Division I level programs are audited annually; Division II level programs are audited every third year. Programs whose expenditures, excluding staff salaries, are less than \$300,000 are not audited. The NCAA audits are conducted by The Regents' audit firm.

One audit plan covers the NCAA audits at all campuses being audited in a given year. The annual audit proposal for NCAA audits is presented in an engagement letter from The Regents' audit firm to the Vice President--Financial Management. The engagement is coordinated as necessary with the Vice Chancellors--Administration.

NCAA audit reports are addressed to Chancellors. The Regents' auditors provide a copy of each NCAA audit to the Vice President--Financial Management.

### C. Bond Program Audits, Excluding Hospitals

Annual audits of University of California programs financed by revenue bonds are required in most cases by the various bond trustees. The bond program audits are conducted by The Regents' audit firm.

One audit plan covers audits of bond programs at all campuses, excluding any hospital audits that may be required. Following appointment of The Regents' auditors for the current year, the annual audit proposal for bond program audits is presented in an engagement letter from The Regents' audit firm to the Vice President--Financial Management. The engagement is coordinated as necessary with the Vice Chancellors--Administration.

Bond program audit reports are sent by External Financing to the trustees to satisfy the terms of the bond indentures. The Vice President--Financial Management distributes copies of the bond program audits relevant to each campus to the Vice Chancellors--Administration.

D. Hospital Audits

An audit of the University of California hospitals is required as part of the annual engagement conducted by The Regents' audit firm. The requirements of the hospital bond trustees are met by the results of the annual audit and by the compliance letter issued by the audit firm. The engagement is coordinated as necessary with the Vice Chancellors--Administration.

The Vice President--Financial Management is responsible for distribution of hospital audit reports to The Regents and to staff in the Office of the President. External Financing sends copies of a hospital's audit to the trustee of the bond indenture, if required.

E. Other Financial Audits

Engagements for other financial audits that may be required and that will result in an auditor's opinion may be arranged with The Regents' audit firm by Chancellors, Vice Presidents, Department of Energy (DOE) Laboratory Directors, or their designees subject to concurrence by the Vice President--Financial Management. The engagement letter for a financial audit is addressed to the administrator who requested the audit. The administrator initials the letter to indicate agreement with the terms and sends it to the Vice President--Financial Management for final approval.

F. Funding Sources

The annual audit engagement approved by The Regents is funded from General Fund sources and UCRP funds. The [A-133](#) audits are funded from Federal overhead funds. The student aid audits and NCAA audits are funded from Educational Fee funds. Bond program audits are funded from program revenues. Audits of hospitals are funded from program revenues except that, by agreement with the Vice President--Financial Management, a portion of the total cost may be funded by the Office of the President. The executive who initiates any other engagement with The Regents' audit firm shall identify the funding source.

[Appendix B](#) summarizes the ongoing program of engagements with The Regents' audit firm.