

VII. STANDING COMMITTEES**B. Finance, Audit & Facilities Committee****2010 Audit Plans – KPMG and Peterson Sullivan**

For information only.

Attachments

1. KPMG University of Washington 2010 Audit Plan
2. Peterson Sullivan University of Washington Metropolitan Tract Audit
3. Peterson Sullivan University of Washington Audits of Housing and Dining System and Retail and Remote Food Services
4. Peterson Sullivan University of Washington Internal Control Reviews and Audit of Departments in the Student Life



HIGHER EDUCATION

University of Washington 2010 Audit Plan

AUDIT

F-6.1/205-10
5/13/10



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I. Executive Summary

Scope of Audit

We will audit the balance sheet of the University of Washington (the University) as of June 30, 2010, and the related statements of revenues, expenses, and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on the financial statements based on our audit, however we will not express any opinion on the effectiveness of internal controls over financial reporting.

An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we will express no such opinion.

Additionally, we will report separately on our audits for the UW Medical Center, Intercollegiate Athletics, the Parking System and the Internal Lending Program. We also involved in many of the audits of Component Units. See page 4 for those reports.

Coordination with Other Auditors

We will coordinate and rely on audit testwork performed by the following other auditors: Peterson Sullivan, Shallo, Galluscio, Bianchi and Fucito, the Washington State Auditor's Office, and the University's Internal Audit Department as considered necessary.

This coordinated approach allows us to reduce duplicative testwork during the audit of the University and increase overall efficiency.

Tentative Timetables

Our timetable is expected to be similar to that of the previous year. We will coordinate with the Office of Financial Management and Internal Audit for a more detailed schedule of events and prepare an outline of specific data requirements, timelines, and individuals responsible.



II. Financial Reporting Entity

The financial statements of the University of Washington consist of (a) the University of Washington, (b) organizations for which the University is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the University are such that exclusion would cause the University's financial statements to be misleading or incomplete if excluded.

The definition of the reporting entity is based primarily on the notion of financial accountability. An entity is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the entity. An entity may also be financially accountable for governmental organizations that are fiscally dependent on it.

An entity has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the entity (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.



II. Financial Reporting Entity, continued

The following illustration depicts the entities included in the University of Washington Annual Report.

2009 Assets (in millions)	Entities	Financial Statements
\$ 6,035	University of Washington Research, Teaching, and Public Service Activities (Main Campus) UW Medical Center* Parking System* Intercollegiate Athletics* Internal Lending Program* Housing and Food Services Metropolitan Tract	University of Washington Annual Report
\$ 70	Wholly Owned Insurance Company Portage Bay Insurance	
\$ 90	Affiliated Organizations - Medical Entities University of Washington Physicians* University of Washington Physicians Network*	
\$ 313	Affiliated Organizations - Real Estate Properties Community Development Properties C-D Radford Court Properties Educational Research Properties Washington Biomedical Research Properties I Washington Biomedical Research Properties II TSB Properties Twenty-fifth Avenue Properties	
\$ 26	Affiliated Organizations University of Washington Alumni Association* Northwest Hospital and Medical Center*	

* Audited by KPMG LLP (KPMG)

Organizations Not included in University of Washington Annual Report
Harborview Medical Center*
University of Washington Foundation *
Henry Gallery Association, Inc.
Washington Law School Foundation
Washington Pulp and Paper Foundation

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III. Scope of Our Audits

University Annual Report

We will audit the balance sheet of the University as of June 30, 2010 and the related statements of revenues, expenses, and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America U.S. GAAP. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we will express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In planning and performing our audit of the financial statements, we consider internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. Our audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. If, however, during our audit, we note matters involving internal control and other operational matters, they will be presented for your consideration. These comments and recommendations, all of which will be discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies.

An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion.

This audit meets the needs of the board of regents and the administration to manage the University and assist in meeting the University's financial reporting requirements as a public agency and the State of Washington.



III. Scope of Our Audits, continued

UW Medical Center

We will also audit the financial statements of the UW Medical Center as of June 30, 2010. We will conduct our audit in accordance with U.S. GAAP. We will provide an audit report on the UW Medical Center and will use our audit as support in our overall opinion on the University.

Intercollegiate Athletics (ICA)

An audit of the ICA will also be performed for the year ended June 30, 2010. We will conduct our audit in accordance with U.S. GAAP.

We will also be performing required agreed-upon procedures to meet the requirements of the National Collegiate Athletic Association (NCAA).

Parking System

An audit of the Parking System will also be performed for the year ended June 30, 2010. We will conduct our audit in accordance with U.S. GAAP.

Internal Lending Program

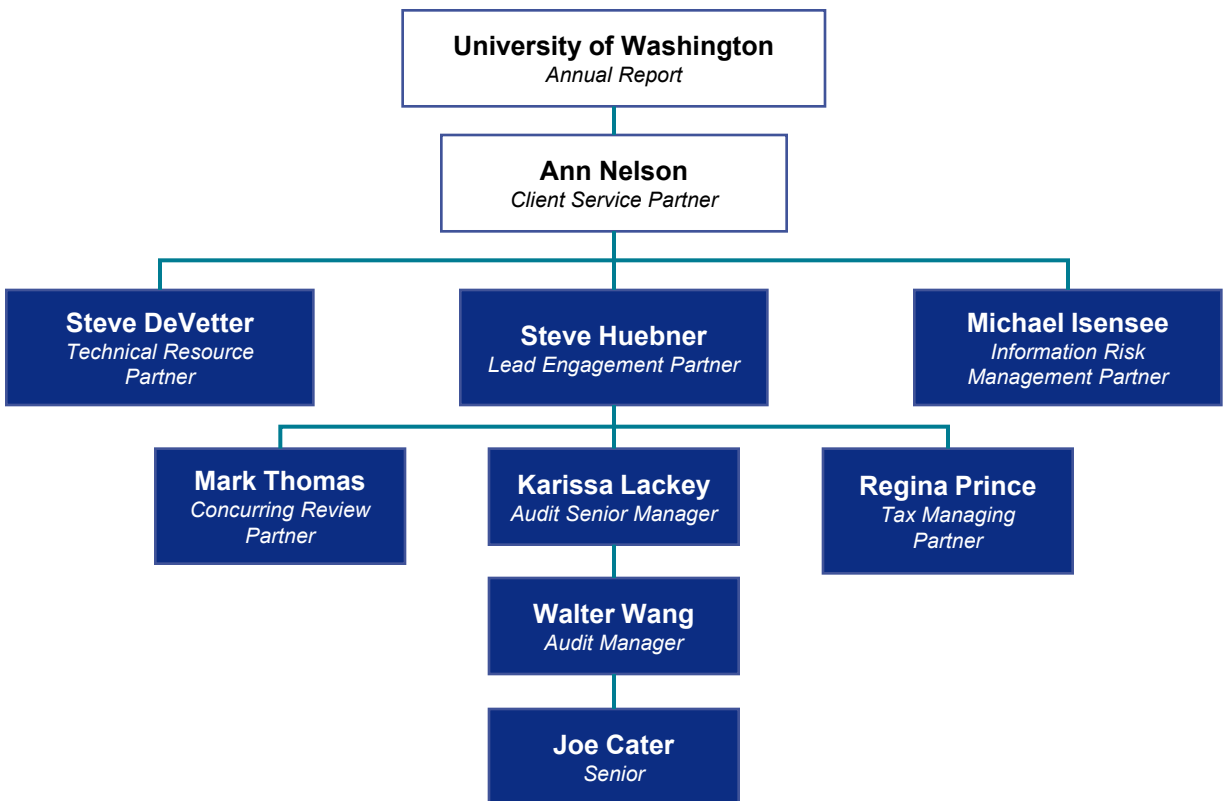
Procedures over the Internal Lending Program will also be performed for the year ended June 30, 2010. We will conduct our audit in accordance with U.S. GAAP.

New Affiliated Organization in 2010

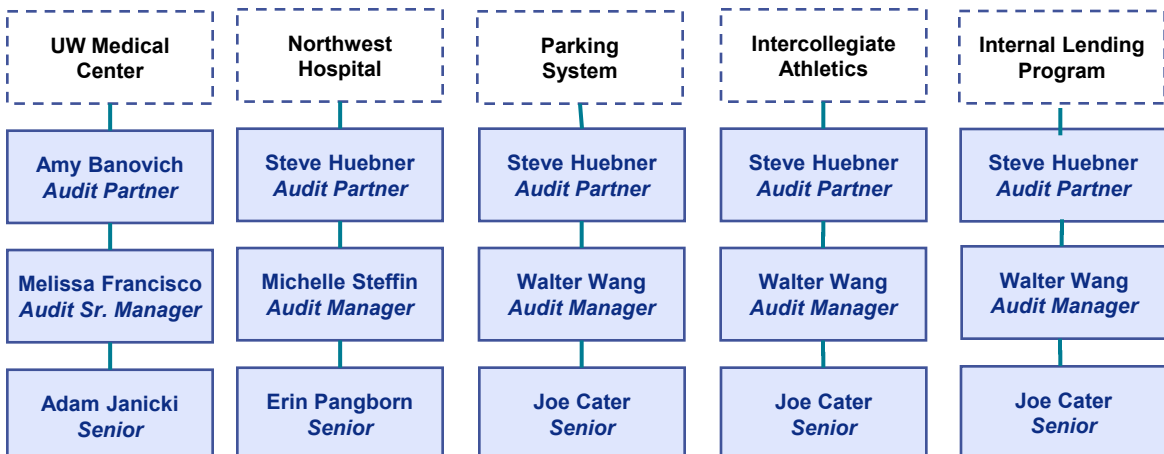
Northwest Hospital & Medical Center

UW Medicine (a division of the University) and Northwest Hospital & Medical Center entered into an affiliation agreement, effective January 1, 2010. Northwest Hospital & Medical Center's last audited financial statements were as of and for the 12 months ended December 31, 2010. Audit procedures over the Northwest Hospital & Medical Center will be performed for the 6 months ended June 30, 2010. We will conduct our audit in accordance with U.S. GAAP.

IV. KPMG LLP (KPMG) Team Overview



Individual Auxiliary Audits:



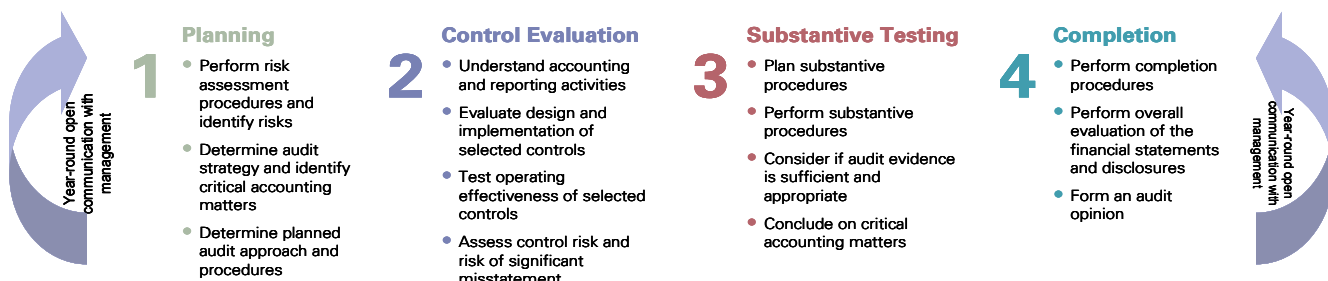


V. KPMG Audit Process

We apply our audit process through our three-step audit approach. Each step allows us to identify more clearly the University’s business risks, and hence our audit risks, and to focus our audit approach on the risks of material misstatements in the financial statements.

An overview of KPMG’s standard four-step audit approach follows:

KPMG’s Four-Step Audit Methodology



IT General Controls

Throughout the audit phases outlined above, KPMG will be testing IT General Controls in Access to Programs and Data, Program Change, Program Development, Computer Operations, and End-User Computing. In addition, when applicable, KPMG will also test IT application controls in the areas of; application access (segregation of duties), key reports, key calculations, and interfaces (to ensure completeness and accuracy of data transfer).

V. KPMG Audit Process, continued

In Scope Applications

University of Washington

Audit Program, and relevant audit objective references	Application Name
Student database	SDB
Human Resources and Payroll	Higher Education Payroll and Personnel System (HEPPS)
General Ledger	FAS/FIN
Expenditures	eProcurement
Expenditures	PAS

UW Medical Center

Audit Program, and relevant audit objective references	Application Name
General Ledger	PFM
AR/Billing	PFS

Harborview Medical Center

Audit Program, and relevant audit objective references	Application Name
General Ledger	PFM
AR/Billing	PFS

Northwest Hospital & Medical Center

Audit Program, and relevant audit objective references	Application Name
General Ledger	PFM
AR/Billing	STAR

V. KPMG Audit Process, continued

Overview of Audit Procedures

Balance Sheet (2009 balances)

Financial Statement Caption	Audit Considerations	Key Audit Procedures
<ul style="list-style-type: none"> • Cash and Investments • (\$2.8 billion) 	<ul style="list-style-type: none"> • Accounting for and control over cash and investments focused on the completeness, existence, accuracy, and valuation. 	<ul style="list-style-type: none"> • Test account reconciliations • Confirm key cash and investment balances • Procedures in accordance with the AICPA practice aid to test the existence and valuation of investments with special emphasis on alternative Investments, subprime, auction rate securities, derivatives, and other hard-to-value investments
<ul style="list-style-type: none"> • Accounts Receivable – Patient Services • (\$241 million) 	<ul style="list-style-type: none"> • Existence of receivables • Reasonableness of contractual and bad debt allowances • Collectibility of receivables 	<ul style="list-style-type: none"> • Substantive audit and controls procedures to test reasonableness of accounts receivable, contractual allowance, and bad debt reserves • Understand any changes in reserve methodology • Accounts receivable testing for existence of account balances • Test account reconciliation
<ul style="list-style-type: none"> • Accounts Receivable – Grants and Contracts • (\$153 million) 	<ul style="list-style-type: none"> • Existence of receivables • Accuracy of receivables • Collectibility of receivables 	<ul style="list-style-type: none"> • Evaluate internal controls • Select a sample and agree to underlying contracts. • Assess the validity and collectibility of billed and unbilled receivables.
<ul style="list-style-type: none"> • MetroTract • (\$118 million) 	<ul style="list-style-type: none"> • Proper recording of net assets of MetroTract 	<ul style="list-style-type: none"> • Obtain and review the audit report of Peterson & Sullivan



V. KPMG Audit Process, continued

Financial Statement Caption	Audit Considerations	Key Audit Procedures
<ul style="list-style-type: none"> • Capital Assets • (\$2.8 billion) 	<ul style="list-style-type: none"> • Proper capitalization and classification of assets • Appropriate depreciation/ amortization 	<ul style="list-style-type: none"> • Review a reconciliation of capital asset activity • Test and evaluate internal controls over capital asset additions • Test a sample of significant additions and retirements by examining supporting documentation. • Test the reasonableness of useful lives of sampled additions.
<ul style="list-style-type: none"> • Accounts Payable and Accrued Liabilities • (\$333 million) 	<ul style="list-style-type: none"> • Recognition of transaction in proper accounting period • Accuracy of amounts recorded and assessment of management's estimates 	<ul style="list-style-type: none"> • Perform review of subsequent disbursements in management's liability estimation method. • Review reasonableness and test the underlying data of the Triangle Accrual • Review reasonableness of balances compared to expectations
<ul style="list-style-type: none"> • Self Insurance Reserve • (\$52 million) 	<ul style="list-style-type: none"> • Valuation of management's estimates for legal liabilities 	<ul style="list-style-type: none"> • Obtain and review KPMG audit report of the captive insurance company
<ul style="list-style-type: none"> • Long-term liabilities • (\$1.2 billion) 	<ul style="list-style-type: none"> • Proper classification • Compliance with financial covenants 	<ul style="list-style-type: none"> • Confirm balances • Test disclosure and classification • Test financial covenants
<ul style="list-style-type: none"> • Net Assets • (\$4.8 billion) 	<ul style="list-style-type: none"> • Proper classification of restrictions 	<ul style="list-style-type: none"> • Review reasonableness of balances compared to expectations



V. KPMG Audit Process, continued

Statement Of Revenues, Expense, And Changes In Net Assets (2009 balances)

Financial Statement Caption	Audit Considerations	Key Audit Procedures
<ul style="list-style-type: none"> • Student tuition and fees • (\$458 million) 	<ul style="list-style-type: none"> • Accounting for and control over the tuition cycle • Proper accounting for scholarship allowances 	<ul style="list-style-type: none"> • Review reasonableness of balances compared to expectation on a per student basis • Test and evaluate internal controls
<ul style="list-style-type: none"> • Patient services • (\$988 million) 	<ul style="list-style-type: none"> • Proper recording of revenues • Proper cut-off of revenue between periods • Accuracy of recording of contractual deductions from revenue • Proper recording of charity care amounts in accordance with charity care policy 	<ul style="list-style-type: none"> • Charge capture testing for appropriate capture of revenues at set charge master rates • Revenue cut-off testing for appropriate revenue recognition • Test and evaluate internal controls
<ul style="list-style-type: none"> • Grants and Contracts revenue • (\$1.1 billion) 	<ul style="list-style-type: none"> • Proper recording of revenues and collections • Accuracy of account balances 	<ul style="list-style-type: none"> • Test and evaluate internal controls • Test accuracy and eligibility of sampled expenditures that drive revenue recognition
<ul style="list-style-type: none"> • Auxiliary Enterprise revenue • (\$150 million) 	<ul style="list-style-type: none"> • Proper consolidation of entities 	<ul style="list-style-type: none"> • Obtain and review departmental and component unit statements for proper inclusion in the financial statements
<ul style="list-style-type: none"> • Salaries and Benefits • (\$2.2 billion) 	<ul style="list-style-type: none"> • Recognized in proper accounting period • Accuracy of amounts recorded 	<ul style="list-style-type: none"> • Test and evaluate the internal controls • Review reasonableness of balances compared to expectation on a per FTE basis



V. KPMG Audit Process, continued

Financial Statement Caption	Audit Considerations	Key Audit Procedures
<ul style="list-style-type: none"> State Appropriations (\$385 million) 	<ul style="list-style-type: none"> Accuracy of amounts recorded 	<ul style="list-style-type: none"> Confirm balances with information provided from the state accounting system
<ul style="list-style-type: none"> Investment loss (\$470 million) 	<ul style="list-style-type: none"> Accuracy of amounts recorded 	<ul style="list-style-type: none"> Confirmation of amounts with the custodian Obtain and review the SAS 70 internal control report provided by the service organization.

Coordination with Other Auditors

When necessary we will coordinate and rely on audit testwork performed by the following other auditors:

Auditor	University Component
Peterson Sullivan	Metro Tract, Housing and Food Services
Washington State Auditor's Office	Research – Compliance with Laws and Regulations Statewide Debt
University of Washington Internal Audit	Various
Shallo, Galluscio, Bianchi and Fucito	Various Real Estate Component Units

This coordinated approach allows us to reduce duplicative testwork during the audit of the University and increase overall efficiency.



VI. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 51, Accounting and Financial Reporting for Intangible Assets

The requirements of this Statement are effective for the University of Washington as of July 1, 2009.

The guidance specific to intangible assets referred to above includes guidance on recognition. This Statement requires that an intangible asset be recognized in the statement of net assets only if it is considered identifiable. Additionally, this Statement establishes a specified-conditions approach to recognizing intangible assets that are internally generated. Effectively, outlays associated with the development of such assets should not begin to be capitalized until certain criteria are met. Outlays incurred prior to meeting these criteria should be expensed as incurred. This Statement also provides guidance on recognizing internally generated computer software as an intangible asset. This guidance serves as an application of the specified-conditions approach described above to the development cycle of computer software.

This Statement also establishes guidance specific to intangible assets related to amortization. This Statement provides guidance on determining the useful life of intangible assets when the length of their life is limited by contractual or legal provisions. If there are no factors that limit the useful life of an intangible asset, the Statement provides that the intangible asset be considered to have an indefinite useful life. Intangible assets with indefinite useful lives should not be amortized unless their useful life is subsequently determined to no longer be indefinite due to a change in circumstances.

We are working with management to understand the University specific requirements and their adoption in the University's financial statements for this fiscal year.



VI. New Accounting Pronouncements, continued

Governmental Accounting Standards Board Statement No. 53, Accounting and Financial Reporting for Derivative Instruments

The requirements of this Statement are effective for the University of Washington as of July 1, 2009.

This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments. By entering into these arrangements, governments receive and make payments based on market prices without actually entering into the related financial or commodity transactions. Derivative instruments associated with changing financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools. Derivative instruments, however, also can expose governments to significant risks and liabilities. Common types of derivative instruments used by governments include interest rate and commodity swaps, interest rate locks, options (caps, floors, and collars), swaptions, forward contracts, and futures contracts.

We understand that the University believes they only have investment derivatives and are not hedging other risks. We are working with management to understand the requirements and their application in the University's financial statements for this fiscal year.



VII. Tentative Timetable

	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Initial planning meetings	●										
Present audit plan to board of regents' finance and audit committee			●								
Planning meetings with University of Washington finance department	●										
Interim fieldwork			●								
Final fieldwork							●	●	●		
Financial statements Preparation and reporting									●	●	
Presentation of financial statement and management letter to board of regents' finance and audit committee											●

We will coordinate with the controller's office a more detailed schedule of events, which outlines specific data requirements, timelines, and individuals responsible for each will be prepared.



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Peterson Sullivan LLP
University of Washington Metropolitan Tract Audit
For the Year Ending June 30, 2010

Peterson Sullivan LLP audits significant real estate activities throughout downtown Seattle, including the Metropolitan Tract. We value our relationship with the University and welcome the opportunity to communicate with the Regents about our audit plan.

SUMMARY OF SERVICES PROVIDED

We perform the following audit services:

- *Metropolitan Tract:* This is the bulk of the audit work we perform and incorporates all of the properties within the Metro Tract.
- *Rainier Tower Sublease:* We also audit the results of operations specifically associated with the Rainier Tower sublease.
- *Fairmont Olympic Hotel:* We audit the schedule of gross rental income and percentage rent. We also perform lease compliance agreed-upon procedures
- *Unico Properties:* We audit the schedule of gross rental income and percentage rent. Again, we perform lease compliance agreed-upon procedures
- *Cobb Building:* We perform certain lease compliance agreed-upon procedures

SUMMARY OF AUDIT PLANS

Metropolitan Tract

We focus our audit procedures in the areas deemed to be the highest risk. At the Metropolitan Tract, we have determined that cash, accounts receivable from Unico, and the rental revenue stream represent the largest dollar value and the highest volume of activity and, therefore, the highest audit risk. In addition, given the current economic climate, we will obtain understanding on how the weakened economy is effecting the operations (including vacancy rates) of Metropolitan Tract and the Management's strategy to address these issues. We prepare our audit programs to focus audit efforts in these areas.

Rainier Tower Sublease

The Rainier Tower sublease financial results are included in the Metropolitan Tract financial statements, but are also presented on a stand-alone basis. We expect to focus our audit procedures on rental revenue recognition and capital expenditures.

Fairmont Olympic Hotel

The financial results from the Fairmont Olympic Hotel are included in the Metropolitan Tract financial statements. We also audit the financial results related to the revenue and percentage rentals on a stand-alone basis. We focus our audit procedures on Fairmont revenue as this is the driver as to amounts owed to the Metro Tract. We test revenue recognition, completeness of reported revenue, and proper classification and presentation of revenue. In addition, we perform certain agreed-upon procedures related to the Fairmont activity. These procedures include, but not limited to, testing to ensure that the Fairmont classifies revenue properly in accordance with the lease.

Unico Properties, Inc.

The financial results from the Unico Properties are included in the Metropolitan Tract financial statements. We audit this activity and also audit the financial results related to the gross rental income and percentage rentals on a stand-alone basis. We focus our audit procedures on revenue recognition and revenue classification between commercial space and office space. We will also select applicable tenants and test the calculation of percentage rents. In addition, we will perform certain agreed-upon procedures related to lease compliance. These procedures include, but are not limited to, lease compliance with the Cobb lease and the allocation of parking revenue.

AUDIT TIMELINE

Our audit procedures are expected to take place as follows:

- Agreed-upon procedures (Fairmont, Unico, Cobb) begins mid June 2010
- Metropolitan Tract audit begins late August 2010
- Rainier Tower audit also begins late August 2010
- Reports for Fairmont and Unico are prepared for the year ended December 31, 2009, and will be issued within the next two or three months.
- Reports for the Metropolitan Tract and Rainier Tower are prepared for the year ending June 30, 2010, and will be issued by October 31, 2010, or sooner.

Peterson Sullivan LLP
University of Washington
Audits of Housing and Dining System and
Retail and Remote Food Services
For the Year Ending June 30, 2010

Peterson Sullivan LLP has been providing audit services to the Housing and Dining System and Retail and Remote Food Services (divisions of the University of Washington Housing and Food Services) for many years. We value our relationship with the University and welcome the opportunity to communicate with the Regents about our audit plan.

SUMMARY OF AUDIT PLANS

We focus our audit procedures in the areas deemed to be the highest risk. For both of these audits, we have determined that cash, capital assets, accounts payable, accrued expenses, deferred revenue, and residence hall or food/catering revenue represent the largest dollar value and the highest volume of activity and, therefore, the highest audit risk.

In addition, Management of these divisions implemented Governmental Accounting Standards Board Statement ("GASB") 34/35 during the 2009 fiscal year. This implementation significantly changed the format of the financial statements and the Management faced some challenges. We believe that the implementation issues have been properly resolved and will follow up during the 2010 audit.

AUDIT TIMELINE

Our audit procedures are expected to take place as follows:

- Inventory Observation on June 30, 2010
- Audits begin in late September 2010
- Audit reports are prepared for the year ending June 30, 2010, and will be issued by November 30, 2010.

Peterson Sullivan LLP
University of Washington
Internal Control Reviews and Audit of Departments in the Student Life
For the Year Ending June 30, 2010

Peterson Sullivan LLP has extensive experience in the educational institution environment. We value our relationship with the University and welcome the opportunity to communicate with the Regents about our audit plan.

SUMMARY OF SERVICES PROVIDED

We perform audits for these departments in every other year and perform internal control reviews in years when audits are not performed. When performing audits, they are for a two-year period. For the fiscal year ending June 30, 2010, we will perform the following internal control reviews and one audit:

Internal control reviews:

- *Student Activities and Union Facilities ("SAUF")*
- *Associated Students of the University of Washington ("ASUW")*
- *Graduate and Professional Student Senate ("GPSS")*
- *Student Publications*

Audit:

- *Student Facilities Fees – Seattle Campus*

SUMMARY OF INTERNAL CONTROL REVIEW PLANS

We will examine the effectiveness of the internal control over reporting maintained by the above departments based on the criteria established in *Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of Treadway Commission*.

SAUF, ASUW, and GPSS

We will issue one combined report for our reviews for *SAUF, ASUW, and GPSS* because all of the departments operate within the same computerized accounting system. We focus on the significant processes, which are cash receipts, cash disbursements, and payroll. For the internal control reviews conducted for the year ended June 30, 2008, we reported a material weakness due to a lack of proper cash reconciliations and maintenance of the related supporting documentation. We will examine these areas to determine if these deficiencies have been corrected. The financial statement audits for these departments for the year ended June 30, 2009, have been delayed until June or July 2010. If we note any material weakness during these audits, we will again address the issues during our internal control reviews to ensure that necessary steps are taken to correct the issues.

Student Publications

We will issue a stand-alone report for our review for Student Publications because it operates with its own accounting system. We focus on the significant processes, which are cash receipts, cash disbursements, and payroll. We did not note material weakness during our review for the year ended June 30, 2008. We also did not note any material weakness during our financial statement audit for the year ended June 30, 2009.

SUMMARY OF AUDIT PLAN

Student Facilities Fees – Seattle Campus

We focus our audit procedures in the areas deemed to be the highest risk. We have determined that student facilities fees receipts, debt service payments, and cash disbursements made to various entities in the University of Washington represent the largest dollar value and the highest volume of activity and, therefore, the highest audit risk. We did not note any material weakness during our audit for the year ended June 30, 2009.

INTERNAL CONTROL REVIEW AND AUDIT TIMELINE

Our review procedures are expected to take place as follows:

- Reviews begin in the mid September 2010
- Internal control review reports are prepared for the year ending June 30, 2010, and will be issued by December 15, 2010.

Our audit procedures are expected to take place as follows:

- Audit begins in the mid October 2010
- Audit report is prepared for the year ending June 30, 2010, and will be issued by December 15, 2010.