

September 6, 2017

Mr. Sean T. Fitzpatrick
Finance, Audit and Infrastructure Committee Chair
Wright State University
3640 Colonel Glenn Hwy.
Dayton, Ohio 45435

The purpose of this communication is to summarize various matters related to the planned scope and timing for the June 30, 2017, audit of the financial statements of Wright State University and of its compliance with specified requirements applicable to its major federal award programs.

Please refer to our engagement letter dated May 18, 2017, for additional information and the terms of our engagement.

OVERVIEW

We will conduct our audits in accordance with auditing standards generally accepted in the United States of America, the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards require that we plan and perform:

- The audit of the financial statements to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. 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.
- The audit of compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget Compliance Supplement* that are applicable to each major federal award program to obtain reasonable rather than absolute assurance about whether noncompliance having a direct and material effect on a major federal award program occurred.

PLANNED SCOPE & TIMING

We have preliminarily identified the following areas of significant risks of material misstatement due to error or fraud and of material noncompliance and propose to address these areas as described:

Risk Area	Audit Approach
Risk of management override of controls	Review accounting estimates for bias, review of journal entries, evaluate business rationale for unusual transactions.
Improper revenue recognition	Perform tuition reasonableness test and vouch significant grant revenue to agreements and/or cash receipts.
Valuation of accounts receivable	Review subsequent collections on various receivables and grants. Detail test a selection of receivables for reasonableness. Analyze allowance for doubtful accounts.
Valuation of net pension liability	Test assumptions, inputs and calculations for accuracy and reasonableness.
Student financial aid compliance	Perform detailed testing in connection with required Uniform Guidance standards
Related parties	Review board and committee minutes and interview personnel to identify all related parties Obtain and review management's analysis of component unit determination

We welcome any input you may have regarding the risk areas identified above, any other significant risk areas in your opinion or other matters you believe warrant particular attention.

We propose the following timeline:

- Drafts of the financial statements and management letter, together with our letter regarding auditor responsibilities, will be prepared in September 2017.
- Final reports will be issued in October 2017.

CONTACTS

We understand the appropriate person in the governance structure with whom to communicate is Mr. Sean T. Fitzpatrick.

If for any reason any member of the Board of Trustees would need to contact us, please call Jim Creeden, at 513.621.8300.

ACCOUNTING & AUDITING MATTERS

The following matters are, in our judgment, relevant to the planned scope of the audit as well as your responsibilities in overseeing the financial reporting process.

- New Accounting Pronouncements – Effective in 2017
 - GASB No. 80, *Blending Requirements for Certain Component Units*
 - GASB No. 82, *Pension Issues*
- New Accounting Pronouncements – Effective in Future Years
 - GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – Effective June 30, 2018
 - GASB No. 81, *Irrevocable Split-Interest Agreements* – Effective June 30, 2018
 - GASB No. 83, *Certain Asset Retirement Obligations* – Effective June 30, 2019

CONSIDERATION OF ERROR OR FRAUD

One of the most common questions we receive from audit committees is, “How do you address fraud in a financial statement audit?” Our responsibility, as it relates to fraud, in an audit of financial statements is addressed in auditing standards generally accepted in the United States of America.

Our audit approach includes such procedures as:

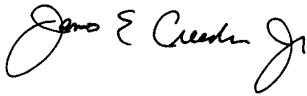
- Engagement Team Brainstorming
 - Discussions include how and where we believe the entity’s financial statements might be susceptible to material misstatement due to error or fraud, how management could perpetrate and conceal fraudulent financial reporting and how assets of the entity could be misappropriated

- An emphasis is placed on the importance of maintaining the proper state of mind throughout the audit regarding the potential for material misstatement due to error or fraud
- Inquiries of Management and Others
 - Personnel interviewed include the Compliance and Audit Committee chair, the President, the VP for Business and Finance and CFO, the Provost, the Controller and others
 - Inquiries are directed towards the risks of error or fraud and whether personnel have knowledge of any fraud or suspected fraud affecting the entity
- Reviewing Accounting Estimates for Bias
- Evaluating Business Rationale for Significant Unusual Transactions
- Incorporating an Element of Unpredictability Into the Audit Each Year

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This communication is intended solely for the information and use of those charged with governance, Board of Trustees and management and is not intended to be and should not be used by anyone other than these parties.

Sincerely,

A handwritten signature in black ink that reads "James E. Creeden, Jr." in a cursive style.

James E. Creeden, Jr., CPA
Partner