OUR GOALS FOR TODAY

1. 2021 Audit Results
2. NCAA Agreed-Upon Procedures Results
3. 2022 External Audit Scope
AUDIT APPROACH

Financial reporting
  › U.S. Generally Accepted Accounting Principles

Auditing standards
  › Auditing standards generally accepted in the United States of America
  › Government Auditing Standards

Compliance
  › Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)
AUDIT APPROACH
FINANCIAL STATEMENT AUDIT

• Audit of financial statements of
  › University of Missouri System
  › Capital Region Medical Center

• Objective
  › Express opinion on conformity of financial statements, in all material respects, with accounting principles generally accepted in the United States of America
AREAS OF AUDIT EMPHASIS

Communicated during planning

<table>
<thead>
<tr>
<th>Risk Area</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management override of controls</td>
<td>No matters are reportable.</td>
</tr>
<tr>
<td>Revenue recognition</td>
<td>No matters are reportable.</td>
</tr>
<tr>
<td>Revenue recognition (health system)</td>
<td>No matters are reportable.</td>
</tr>
<tr>
<td>Valuation of investments</td>
<td>No matters are reportable.</td>
</tr>
<tr>
<td>Net position classifications</td>
<td>No matters are reportable.</td>
</tr>
<tr>
<td>Stimulus funding</td>
<td>No matters are reportable.</td>
</tr>
</tbody>
</table>
 Significant Estimates

• Third-party Reimbursement
• Allowance for Doubtful Accounts
• Valuation of Investment Securities
• Accruals
  › Malpractice Claims
  › General Liability Claims
  › Health Claims
  › Workers’ Compensation Claims
• Defined Benefit Pension & Other Postemployment Benefit Plan Assumptions
AUDIT APPROACH
COMPLIANCE AUDIT

• Audit the compliance of certain major federal programs:
  › Research & Development Federal Awards
  › Supplemental Nutrition Assistance Program (SNAP) Awards
  › Special Education Awards (IDEA)
  › Small Business Administration (SBA) Awards
  › Covid-19 Education Stabilization Awards (HEERF)
  › Substance Abuse & Mental Health Services Awards
  › Provider Relief Fund (PRF)

• Objective
  › Express opinion on compliance for certain major federal programs based on requirements described in the *OMB Compliance Supplement*
REQUIRED COMMUNICATIONS

- Communicated during planning

<table>
<thead>
<tr>
<th>Area</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Significant Accounting Policies</td>
<td>Described in Note 1 of the financial statements. GASB 89 was adopted during fiscal year 2021.</td>
</tr>
<tr>
<td>Alternative Accounting Treatments</td>
<td>No matters are reportable.</td>
</tr>
<tr>
<td>Financial Statement Disclosures</td>
<td>• Fair Value of Assets and Liabilities</td>
</tr>
<tr>
<td></td>
<td>• Retirement, Disability &amp; Death Benefit Plan</td>
</tr>
<tr>
<td></td>
<td>• Other Postemployment Benefits</td>
</tr>
<tr>
<td>Auditor’s Judgments About the Quality of the System’s Accounting Policies</td>
<td>No matters are reportable.</td>
</tr>
</tbody>
</table>
### Audit Adjustments

<table>
<thead>
<tr>
<th>Area</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed audit adjustments recorded:</td>
<td>• None</td>
</tr>
</tbody>
</table>

Proposed audit adjustments not recorded:

**System:**
• Increase allowance on University Physicians receivables
• Reclassify patient refunds and third party settlements
• Aggregate of other immaterial items

**Pension Trust Funds** (Aggregate Remaining Fund opinion unit):
• None
OTHER DELIVERABLES

Issued
› Financial Statements of Capital Region Medical Center
› Report on Debt Compliance of Capital Region Medical Center
› NCAA Agreed-Upon Procedures

To be Issued
› Single Audit report in accordance with Uniform Guidance
Independent Auditor’s Report – Unmodified Opinions

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards
### NCAA AGREED-UPON PROCEDURES RESULTS

<table>
<thead>
<tr>
<th>Division I Institutions</th>
<th>Division II Institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Required annually</td>
<td>• Required every three years</td>
</tr>
</tbody>
</table>

Performed for all campuses in 2021
2022 EXTERNAL AUDIT SCOPE

1. Engagements
2. Audit Timeline
3. Audit Approach
4. Appendix: Personnel
5. Questions
Engagements

• Audit of financial statements of
  › University of Missouri System
  › Capital Region Medical Center

• Single Audit in accordance with OMB Uniform Guidance

• Minimum Agreed-Upon Procedures required by NCAA for
  › Columbia
  › Kansas City
AUDIT TIMELINE

Preliminary audit work
› Pre-audit planning meeting – Spring 2022
› Interim procedures, risk assessment & other planning – May 2022
› Student financial aid testing – July 2022

Final audit work
› Fieldwork procedures – August/September/October 2022
› Issuance of financial statement audits – October 2022
› Additional federal program testing – October 2022 – January 2023

NCAA procedures – November/December 2022
## AUDIT APPROACH – APPLICABLE FRAMEWORK

<table>
<thead>
<tr>
<th>Financial Reporting</th>
<th>Auditing Standards</th>
<th>Compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>• U.S. Generally Accepted Accounting Principles</td>
<td>• Auditing standards generally accepted in the United States of America&lt;br&gt;• Government Auditing Standards</td>
<td>• Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)</td>
</tr>
</tbody>
</table>
Risk assessment

› Obtain an understanding of business & business environment
  • Interviews with management
  • Review of Board minutes & presentations
› Evaluate where financial statements might be susceptible to material misstatement or fraud
› Consider internal controls over financial reporting & whether they have been implemented
  • Perform walkthrough tests of controls
  • Review duties of employees for issues in control structure
› Assess risk of material misstatement for significant financial statement amounts and disclosures
AUDIT APPROACH – PRELIMINARY RISK ASSESSMENT

Financial Statement
› Valuation of investments
› Revenue recognition
› Valuation of receivables & third-party payors
› Presentation of net position
› Leases

Other
› Compliance
› Risk management

Risk assessment procedures may identify others
AUDIT APPROACH – NEW STANDARDS

- Most leases previously classified as operating leases will recognize lease assets and liabilities.

GASB No. 87, Leases

- The System is in the process of evaluating any potential impact

GASB No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans
# APPENDIX – BKD AUDIT PERSONNEL & ROLES

<table>
<thead>
<tr>
<th>Name</th>
<th>Role</th>
<th>Contact Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rachel Dwiggins</td>
<td>Lead Engagement Partner</td>
<td>Phone: 816.489.4033&lt;br&gt;E-mail: <a href="mailto:rdwiggins@bkd.com">rdwiggins@bkd.com</a></td>
</tr>
<tr>
<td>Fred Helfrich</td>
<td>Healthcare Engagement Partner</td>
<td>Phone: 314.802.0127&lt;br&gt;E-mail: <a href="mailto:fhelfrich@bkd.com">fhelfrich@bkd.com</a></td>
</tr>
<tr>
<td>Mary McKinley</td>
<td>Concurring Review Partner</td>
<td>Phone: 502.963.0854&lt;br&gt;E-mail: <a href="mailto:mmckinley@bkd.com">mmckinley@bkd.com</a></td>
</tr>
<tr>
<td>Jean Nyberg</td>
<td>Engagement Partner for CRMC</td>
<td>Phone: 417.865.8701&lt;br&gt;E-mail: <a href="mailto:jnyberg@bkd.com">jnyberg@bkd.com</a></td>
</tr>
<tr>
<td>Michael Flaxbeard</td>
<td>Engagement Director for the System</td>
<td>Phone: 816.221.6300&lt;br&gt;E-mail: <a href="mailto:mflaxbeard@bkd.com">mflaxbeard@bkd.com</a></td>
</tr>
<tr>
<td>Allison Swaters</td>
<td>Engagement Director for the Single Audit</td>
<td>Phone: 816.221.6300&lt;br&gt;E-mail: <a href="mailto:aswaters@bkd.com">aswaters@bkd.com</a></td>
</tr>
</tbody>
</table>
Questions?
Thank You!