



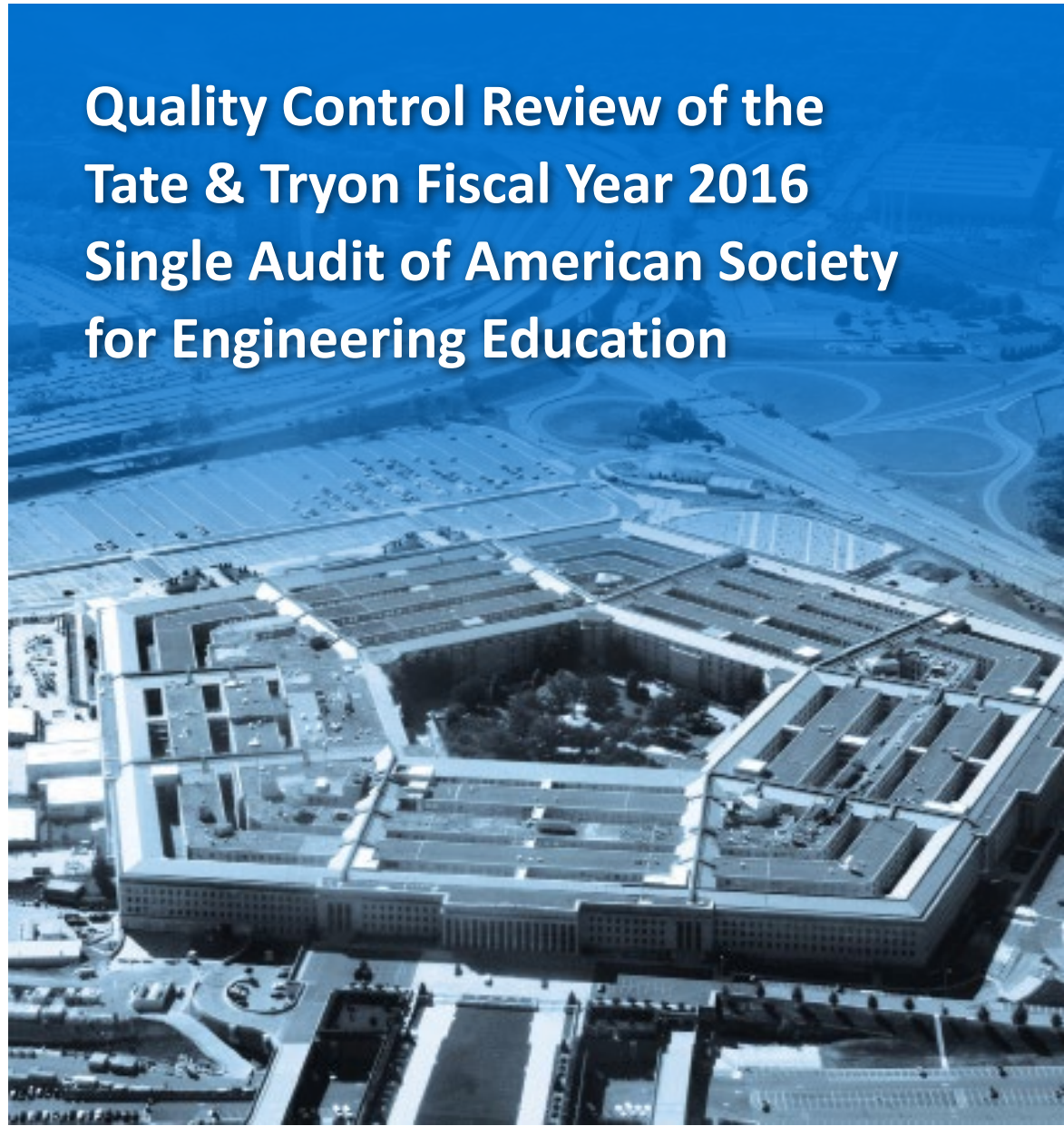
INSPECTOR GENERAL

U.S. Department of Defense

JULY 2, 2020



Quality Control Review of the Tate & Tryon Fiscal Year 2016 Single Audit of American Society for Engineering Education



INTEGRITY ★ INDEPENDENCE ★ EXCELLENCE





Results in Brief

Quality Control Review of the Tate & Tryon Fiscal Year 2016 Single Audit of American Society for Engineering Education

July 2, 2020

Objective

The objective of this quality control review was to determine whether Tate & Tryon, P.C. (Tate & Tryon) performed the FY 2016 single audit of the American Society for Engineering Education (ASEE) in accordance with auditing standards and Federal requirements.

Background

Public Law 104-156 (the Single Audit Act) was enacted to promote sound financial management of Federal awards administered by non-Federal entities and to establish uniform requirements for audits of Federal awards. The Uniform Guidance in the Code of Federal Regulations sets forth the standards for obtaining consistency and uniformity among Federal agencies for the audit of non-Federal entities expending Federal awards.

The ASEE was founded in 1893 for the purpose of expanding and improving education in engineering and engineering technology. The ASEE spent \$71.6 million on four major programs in FY 2016, including \$66.2 million in DoD awards. The four major programs consist of the Air Force National Defense Science and Engineering Graduate Fellowship Program; the Science, Mathematics and Research for Transformation Defense Scholarship Program; the Basic and Applied Scientific Research Program; and the Research and Development Cluster. The ASEE engaged Tate & Tryon to perform the ASEE's FY 2016 single audit.

Background (cont'd)

On January 1, 2020, RSM US LLP (RSM) acquired Tate & Tryon. Tate & Tryon's clients continue to work with the same staff; however, the Tate & Tryon staff are now part of RSM. As a result, although our report focuses on the work the Tate & Tryon auditors performed, we addressed our recommendations to RSM.

Findings

The Tate & Tryon auditors did not comply with auditing standards in performing the FY 2016 single audit of ASEE because Tate & Tryon auditors did not:

- perform sufficient procedures to form a conclusion on ASEE's compliance with the Program Income, Eligibility, and Allowable Cost compliance requirements;
- document the basis for determining which compliance requirements were not direct and material to the major programs being audited; and
- report audit findings consistent with the audit documentation.

As a result, additional audit procedures need to be performed before Federal agencies can rely on the FY 2016 ASEE single audit report. Furthermore, we obtained additional information and concluded that the ASEE did not comply with the Program Income compliance requirement on one major program because it did not use the income generated by the program to reduce the allowable expenses before requesting reimbursement from the Government.

Finally, as required by auditing standards, Tate & Tryon also did not adequately document:

- the audit sampling methodology for testing the internal controls over, and compliance with, Federal requirements; and
- the audit procedures planned and performed when testing the operating effectiveness of ASEE's internal control over compliance with Federal requirements.



Results in Brief

Quality Control Review of the Tate & Tryon Fiscal Year 2016 Single Audit of American Society for Engineering Education

Findings (cont'd)

We had to obtain additional explanations from the Tate & Tryon auditors and perform further analyses to verify that the audit sampling and audit procedures on internal control testing resulted in sufficient evidence to support the audit conclusions.

- the planned internal control testing and the audit procedures performed, including evidence reviewed, to form a conclusion on the operating effectiveness of internal controls over compliance with Federal requirements.

Recommendations

For the FY 2016 single audit, we recommend that the RSM Partner:

- perform and document additional audit procedures for the review of the Program Income, Eligibility, and Allowable Cost compliance requirements;
- perform and document audit procedures to determine whether those compliance requirements that were identified as not direct and material in the FY 2016 single audit were properly excluded, and perform any additional audit work necessary; and
- review and update the FY 2016 single audit report to include all reportable conditions that are supported by the audit documentation and to reflect additional audit procedures performed.

We recommend that the ASEE Chief Financial Officer coordinate with the National Science Foundation for instructions on how to proceed with any remaining program income.

For future single audits, we recommend that the RSM Partner prepare audit documentation that clearly describes:

- the sampling methodology, including the definition of the population, the sampling unit, the consideration of completeness of the population, and the levels of risk associated with the sample size; and

Management Comments and Our Response

The RSM Partner agreed with our recommendations and stated that RSM will perform the additional audit procedures for the FY 2016 single audit and make the necessary updates to the FY 2016 single audit report. In addition, for the next single audit of ASEE, the RSM Partner agreed to enhance audit documentation in the areas noted in our finding and recommendations. Comments from the RSM Partner addressed the specifics of the recommendations; therefore, the recommendations are resolved but remain open. We will close the recommendations once we perform followup procedures to verify that RSM's corrective actions fully address our recommendations.

The ASEE Chief Financial Officer agreed with our recommendation and stated that ASEE has either refunded the remaining program income to the National Science Foundation or immediately used the program income against program expenses. Comments from the ASEE Chief Financial Officer addressed the specifics of the recommendation. We verified that ASEE used program income or refunded the Government for the program income that was not used against program expenses. As a result, we closed this recommendation.

Please see the Recommendations Table on the next page for the status of recommendations.

Recommendations Table

Management	Recommendations Unresolved	Recommendations Resolved	Recommendations Closed
RSM US LLP Partner	None	A.1, B	None
American Society for Engineering Education Chief Financial Officer	None	None	A.2

Note: The following categories are used to describe agency management’s comments to individual recommendations.

- **Unresolved** – Management has not agreed to implement the recommendation or has not proposed actions that will address the recommendation.
- **Resolved** – Management agreed to implement the recommendation or has proposed actions that will address the underlying finding that generated the recommendation.
- **Closed** – OIG verified that the agreed upon corrective actions were implemented.





**INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
ALEXANDRIA, VIRGINIA 22350-1500**

July 2, 2020

Board of Directors
American Society for Engineering Education

Chief Financial Officer
American Society for Engineering Education

Partner
RSM US LLP

SUBJECT: Quality Control Review of the Tate & Tryon Fiscal Year 2016 Single Audit of the American Society for Engineering Education (Report No. DODIG-2020-102)

This final report provides the results of the DoD Office of Inspector General's quality control review. We previously provided copies of the draft report and requested written comments on the recommendations. We considered management's comments on the draft report when preparing the final report. These comments are included in the report.

The American Society for Engineering Education (ASEE) management comments and associated actions addressed the recommendation in this report and we consider the recommendation for ASEE to be closed. The RSM US LLP Partner agreed to address all the recommendations for RSM US LLP in this report; therefore, the recommendations are considered resolved and open. As described in the Recommendations, Management Comments, and Our Response section of this report, the recommendations may be closed when we receive adequate documentation showing that all agreed-upon actions to implement the recommendations have been completed. Therefore, upon completion of the procedures for the FY 2016 single audit and the FY 2018 single audit of the ASEE, please provide us your response concerning specific actions completed on the recommendations. Your response should be sent to aponet@dodig.mil.

If you have any questions, please contact [REDACTED]
[REDACTED]

A handwritten signature in blue ink, appearing to read "Randolph R. Stone", is located above the printed name.

Randolph R. Stone
Assistant Inspector General for Evaluations
Space, Intelligence, Engineering, and Oversight

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Introduction

Objective

The objective of this quality control review was to determine whether Tate & Tryon, P.C. (Tate & Tryon) performed the FY 2016 single audit of the American Society for Engineering Education (ASEE) in accordance with auditing standards and Federal requirements.¹ Appendix A contains our scope and methodology. Appendix B lists the compliance requirements that Tate & Tryon identified as direct and material to ASEE's fiscal year ended September 30, 2016.

Background

Public Law 104-156, "Single Audit Act Amendments of 1996," (the Single Audit Act) was enacted to promote sound financial management of Federal awards administered by non-Federal entities and to establish uniform requirements for audits of Federal awards.² Title 2 Code of Federal Regulations (CFR) part 200 (the Uniform Guidance) sets forth the standards for obtaining consistency and uniformity among Federal agencies for the audit of non-Federal entities expending Federal awards.³ The audit requirements in the Uniform Guidance became effective for non-Federal entity fiscal years beginning on or after December 26, 2014.⁴

Non-Federal entities that expend Federal funds of \$750,000 or more in a year are subject to the Single Audit Act and the Uniform Guidance requirements. Therefore, these entities must have an annual single or program-specific audit performed in accordance with Government Auditing Standards and must submit a complete reporting package to the Federal Audit Clearinghouse.⁵ The single audit includes an audit of the non-Federal entity's financial statements and Federal awards. The auditors performing the single audit determine whether the financial statements are presented fairly in all material respects in accordance with generally accepted accounting principles (financial statement audit). In addition, the auditors perform procedures on the non-Federal entity's internal controls over Federal programs and determine whether the non-Federal entity complied with

¹ Auditing standards include both the Government Accountability Office's "Government Auditing Standards" and the American Institute for Certified Public Accountants' "Codification of Statements on Auditing Standards" (AU-C).

² Public Law 104-156, "Single Audit Act Amendments of 1996."

³ Office of Management and Budget, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards," commonly referred to as the Uniform Guidance, implemented in 2 CFR part 200 (2019).

⁴ The effective date for the Uniform Guidance audit requirements is identified in 2 CFR sec. 200.110(b).

⁵ The reporting package includes the auditor's reports, the financial statements, the schedule of expenditures of Federal awards, the summary schedule of prior audit findings, and a corrective action plan. The Federal Audit Clearinghouse is designated by the Office of Management and Budget as the repository of record for single audit reports and maintains a database of completed audits, provides appropriate information to Federal agencies, and performs followup with auditees that have not submitted the required information.

Federal statutes, regulations, and the terms and conditions of Federal awards that may have a direct and material effect on each of the non-Federal entity's major programs (Federal program audit).

The American Society for Engineering Education Promotes Education in Engineering and Engineering Technology

The ASEE was founded in 1893 for the purpose of expanding and improving education in engineering and engineering technology. ASEE serves its members through publications, projects, awards, conferences, and education assistance. In FY 2016, the ASEE spent \$71.9 million in Federal funds, of which \$71.6 million was spent on four major programs: the Air Force National Defense Science and Engineering Graduate Fellowship Program; the Science, Mathematics and Research for Transformation Defense Scholarship Program; the Basic and Applied Scientific Research Program; and the Research and Development Cluster.⁶ The \$71.6 million that the ASEE spent on the four major programs included \$66.2 million in DoD awards. ASEE engaged Tate & Tryon to perform ASEE's FY 2016 single audit.

Tate & Tryon Performed the Single Audit

The Tate & Tryon office in Washington, D.C., performed ASEE's single audit. Tate & Tryon was a public accounting firm specializing in nonprofit organizations and offering audit, assurance, tax, accounting, advisory, and technology services. As required by auditing standards, Tate & Tryon was responsible for maintaining its own system of internal quality control over its accounting and auditing practice that is designed to provide reasonable assurance that Tate & Tryon and its staff comply with professional standards and legal and regulatory requirements. Tate & Tryon's peer review report concluded that its system of internal quality control was suitably designed to provide Tate & Tryon with reasonable assurance that the organization and its staff comply with professional standards and applicable legal and regulatory requirements.⁷

On January 1, 2020, RSM US LLP (RSM) acquired Tate & Tryon. Tate & Tryon's clients continue to work with the same staff; however, the Tate & Tryon staff are now part of RSM. As a result, although our report focuses on the work the Tate & Tryon auditors performed, we addressed our recommendations to RSM.

⁶ The Basic and Applied Scientific Research Program identified by Tate & Tryon includes research fellowships and intern programs under various Navy awards. The Research and Development Cluster is made up of a variety of research and development activities performed under different types of funding agreements, such as grants, cooperative agreements, and contracts that have similar requirements.

⁷ The Tate & Tryon peer review report, dated November 9, 2016, was completed by Briscoe, Burke, & Grigsby LLP.

Review Results

Tate & Tryon did not comply with auditing standards and Uniform Guidance requirements when performing the FY 2016 single audit of ASEE because the Tate & Tryon auditors did not perform sufficient audit procedures over the Program Income, Eligibility, Activities Allowed or Unallowed and the Allowable Costs/Cost Principles (Allowable Cost) compliance requirements. In addition, the Tate & Tryon auditors did not properly report findings for the Federal program audit. Furthermore, the Tate & Tryon auditors did not adequately document their sampling methodology and did not clearly document the audit procedures they performed to test the ASEE's internal controls over compliance with Federal requirements.

Finding A

Tate & Tryon Did Not Perform Sufficient Audit Procedures and Properly Report Findings for the ASEE Federal Program Audit

Tate & Tryon did not perform sufficient audit procedures and properly report findings for the FY 2016 Federal program audit of the ASEE. Specifically, the Tate & Tryon auditors did not include sufficient evidence in their audit documentation of procedures they performed and evidence they obtained for the review of the Program Income, Eligibility, and Activities Allowed or Unallowed and the Allowable Costs/Cost Principles (Allowable Cost) compliance requirements. In addition, the Tate & Tryon auditors did not document their basis for determining which compliance requirements identified in the Compliance Supplement were not direct and material for the major programs being audited.⁸ Finally, the Tate & Tryon auditors did not include all the reportable conditions and included unsupported conditions in the Federal award audit findings.

As a result, Federal agencies cannot rely on the FY 2016 single audit because the audit documentation did not provide sufficient appropriate evidence to support the audit conclusions and the audit opinion on ASEE's compliance with Federal requirements. In addition, the reported audit findings did not have the necessary information for Federal agencies to properly issue the required written decision to ASEE on the findings and corrective actions taken or planned.

Tate & Tryon Did Not Perform Sufficient Procedures for the Program Income, Eligibility, and Allowable Cost Compliance Requirements

The Tate & Tryon auditors did not include sufficient evidence in their audit documentation of procedures they performed and evidence they obtained for the review of the Program Income, Eligibility, and Allowable Cost compliance requirements. Auditing standards require the auditor to design and perform audit procedures that are appropriate for the purpose of obtaining sufficient appropriate audit evidence to be able to draw reasonable conclusions.⁹ Auditors

⁸ 2 CFR Part 200, Appendix XI, "Compliance Supplement," June 2016. The Compliance Supplement is issued annually by the Office of Management and Budget and provides guidance to assist auditors in determining compliance requirements relevant to the audit, audit objectives, and suggested audit procedures.

⁹ AU-C, Section 500, "Audit Evidence," paragraph .06, "Sufficient Appropriate Audit Evidence."

are also required to use the Compliance Supplement when performing a single audit in accordance with the Uniform Guidance requirements. The Compliance Supplement identifies the audit objective for each compliance requirement that auditors are reviewing as part of the single audit. See Appendix B for Compliance Supplement details.

Tate & Tryon Did Not Perform Sufficient Audit Procedures for the Program Income Compliance Requirement

The Tate & Tryon audit documentation did not include sufficient evidence on how the Tate & Tryon auditors verified that ASEE properly identified, recorded, and used program income.¹⁰ The Compliance Supplement states that the audit objective for the Program Income compliance requirement is to determine whether the non-Federal entity properly identified, recorded, and used program income in accordance with applicable governing requirements.¹¹

The Tate & Tryon auditors identified the Program Income compliance requirement as direct and material to the Research and Development Cluster major program. Furthermore, the Tate & Tryon auditors identified that the ASEE should use program income to reduce allowable expenses prior to requesting reimbursement. However, the Tate & Tryon audit documentation did not provide any detailed information on how the Tate & Tryon auditors verified that the ASEE's internal controls were operating effectively or that the ASEE properly identified, recorded, and used the program income to reduce allowable expenses prior to requesting reimbursement from the Government.

The audit documentation indicated ASEE's internal control was that program income is used to reduce the cost reimbursement request. This is a restatement of the Federal requirement and not an internal control because it is not a process that the ASEE implemented to provide reasonable assurance that the ASEE was in compliance with the Program Income compliance requirement.¹² In addition, the audit documentation stated that program income consisted of registration revenue from two events and that Tate & Tryon auditors verified that the revenue was used to reduce the amount of expenses. However, the audit documentation did not

¹⁰ Program income is income earned by the non-Federal entity that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance.

¹¹ 2 CFR Part 200, Appendix XI, "Compliance Supplement," Part 3, "Compliance Requirements," June 2016.

¹² As defined in 2 CFR sec. 200.62, internal control over compliance requirements for Federal awards means a process, implemented by a non-Federal entity, designed to provide reasonable assurance regarding the achievement of objectives, such as demonstrating compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

include any details on how the Tate & Tryon auditors verified ASEE compliance, such as the amount of program income or the identification of when program income was earned and used to reduce allowable expenses.

Due to the lack of audit documentation, we requested that the ASEE provide us with original source documentation on program income. The ASEE provided this documentation and confirmed to us that they had excess program income at the end of FY 2016.¹³ Therefore, Tate & Tryon auditors should not have concluded that the ASEE was in compliance with the Federal requirements for program income because the ASEE had excess program income that it did not use to reduce allowable costs.

Tate & Tryon Did Not Clearly Identify the Audit Procedures Performed or the Evidence Reviewed for the Eligibility and Allowable Cost Compliance Requirements

The Tate & Tryon auditors did not clearly document the audit procedures they performed or the evidence they reviewed to support audit conclusions on the Eligibility and Allowable Cost compliance requirements. The Compliance Supplement states that the audit objective for the Eligibility compliance requirement is to determine that:

- the required eligibility determinations (including obtaining any required documentation and verifications) were made and that only eligible individuals participated in the program; and
- the benefits paid to or on behalf of the individuals were calculated in accordance with program requirements.¹⁴

The Tate & Tryon auditors identified the Eligibility compliance requirement as direct and material to the Basic and Applied Scientific Research major program. The audit documentation stated that the Tate & Tryon auditors planned to test eligibility determinations and the benefits paid, as described in the Compliance Supplement, to determine ASEE's compliance. However, the audit documentation did not identify what documents the Tate & Tryon auditors reviewed to determine that the Federal program participants were eligible to participate or that the benefits paid were calculated in accordance with program requirements. We requested additional documentation from ASEE, but ASEE officials were not able to provide us with adequate source documents to support the Tate & Tryon

¹³ The requirements for the non-Federal entity's use of program income are identified in 2 CFR, section 200.307(e).

¹⁴ 2 CFR Part 200, Appendix XI, "Compliance Supplement," Part 3, "Compliance Requirements," June 2016.

audit conclusions on the Eligibility compliance requirement in FY 2016. Therefore, we are unable to determine what evidence Tate & Tryon reviewed to support conclusions on eligibility.

The Compliance Supplement states that the audit objective for the Allowable Cost compliance requirements includes determining whether the charges to Federal awards are for allowable costs.¹⁵ The Uniform Guidance states that costs must meet general criteria to be allowable costs under Federal awards, including that the cost must be adequately documented.¹⁶

The Tate & Tryon auditors identified the Allowable Cost compliance requirements as direct and material to all four major programs. However, the Tate & Tryon auditors did not document the evidence they reviewed to support audit conclusions. Across all four major programs, the Tate & Tryon auditors tested a total of 312 transactions to test internal controls over, and compliance with, the Allowable Cost compliance requirements. Of the 312 transactions tested, 246 transactions were for benefits paid to individuals that are being supported by ASEE's major programs. As noted during our review of the Eligibility compliance requirement, we were not able to obtain adequate source documentation to support that the individuals were eligible to participate in the programs and were properly paid. Therefore, we are unable to determine what evidence Tate & Tryon reviewed to support its conclusions on allowable costs.

Tate & Tryon Did Not Document Why Specific Compliance Requirements Were Not Direct and Material

The Tate & Tryon auditors did not document the procedures they performed to determine which compliance requirements, identified in the Compliance Supplement, were not direct and material for the four major programs being audited. Auditing standards require that the documentation and audit evidence include sufficient detail to enable an experienced auditor with no previous connection to the audit to understand the nature, timing, and extent of audit procedures performed; the results of those audit procedures; the audit evidence obtained; significant professional judgments made; and the conclusions reached.¹⁷ The Uniform Guidance states that the auditors must determine whether the auditee complied with Federal statutes, regulations, and the terms and conditions

¹⁵ 2 CFR Part 200, Appendix XI, "Compliance Supplement," Part 3, "Compliance Requirements," June 2016.

¹⁶ This requirement is included in 2 CFR, section 200.403(g).

¹⁷ This auditing standard is in AU-C Section 230, "Audit Documentation," paragraph .08, "Form, Content, and Extent of Audit Documentation."

of Federal awards that may have a direct and material effect on each of its major programs.¹⁸ The Compliance Supplement requires that the auditor exercise professional judgment when determining which of the 12 compliance requirements are direct and material to each major program.¹⁹ Furthermore, the American Institute of Certified Public Accountants Audit Guide (the Audit Guide) emphasizes that the auditor should document the basis for determining that certain compliance requirements were not applicable to a major program.²⁰

The Tate & Tryon auditors identified the compliance requirements that were direct and material to each of the four major programs. However, for those compliance requirements that the Tate & Tryon auditors determined were not direct and material, they did not document how they reached those determinations. Table 1 identifies the compliance requirements that Tate & Tryon determined were not direct and material for each of the four major programs audited.

Table 1. Compliance Requirements That Tate & Tryon Determined Were Not Direct and Material to Each Major Program

Uniform Guidance Compliance Requirements	Major Programs			
	AFNDSE	SMART	BASRP	R&D
Eligibility	X	X		X
Equipment and Real Property Management	X	X	X	X
Matching, Level of Effort, Earmarking	X	X	X	X
Program Income	X	X	X	
Subrecipient Monitoring	X	X	X	
Special Tests and Provisions	X	X	X	X

LEGEND

AFNDSE Air Force National Defense Science and Engineering Graduate Fellowship Program

SMART Science, Mathematics and Research for Transformation Defense Scholarship Program

BASRP Basic and Applied Scientific Research Program

R&D Research and Development Cluster

Note: Tate & Tryon determined that the remaining six compliance requirements were direct and material to all four major programs. See Appendix B for a listing of all 12 compliance requirements.

Source: DoD OIG prepared based on the Tate & Tryon audit documentation.

¹⁸ This requirement is included in 2 CFR, section 200.514(d).

¹⁹ 2 CFR Part 200, Appendix XI, "Compliance Supplement," Part 2, "Matrix of Compliance Requirements," and Part 7, "Programs Not Included in this Supplement," June 2016.

²⁰ American Institute of Certified Public Accountants Audit Guide, "Government Auditing Standards and Single Audits," chapter 10, paragraph 10.72, April 1, 2016.

The Tate & Tryon auditors did not document the procedures they performed or their basis for determining why the compliance requirements identified in Table 1 were not direct and material to each major program. Furthermore, we identified Federal awards to ASEE that included clauses on eligibility requirements, which contradicts the Tate & Tryon auditors' determination that the Eligibility compliance requirement was not direct and material on two major programs: the Air Force National Defense Science and Engineering Graduate Fellowship Program and the Science, Mathematics and Research for Transformation Defense Scholarship Program.²¹ We concluded that the Tate & Tryon auditors improperly excluded the Eligibility compliance requirement from testing on two major programs.

Tate & Tryon Did Not Properly Report Federal Award Audit Findings

The Tate & Tryon auditors did not include all the reportable conditions and included unsupported conditions in the Federal award audit findings. The auditing standards state that the objective of the auditor is to prepare documentation that provides a sufficient and appropriate record of the basis for the auditor's conclusions.²² This requires the auditors to prepare audit documentation in sufficient detail to enable an experienced auditor, having no previous connection to the audit, to understand from the audit documentation the conclusions and professional judgments they made in reaching those conclusions.²³ The auditing standards further require that the auditor report the conditions documented during the audit.²⁴ The Uniform Guidance requires the auditor to report audit findings on material noncompliances and significant deficiencies or material weaknesses in internal control over compliance.²⁵

Tate & Tryon Did Not Include All Reportable Conditions in Two Federal Award Audit Findings

The Tate & Tryon auditors did not include all reportable conditions in two Federal award audit findings on the Procurement, Suspension, and Debarment compliance requirement and the Subrecipient Monitoring compliance requirement.

²¹ As described in 2 CFR Part 200, Appendix XI, "Compliance Supplement," Part 2, June 2016, the Eligibility compliance requirement is generally not considered direct and material to the Research and Development Cluster. As a result, we did not verify whether the Eligibility compliance requirement was direct and material to the awards within the Research and Development Cluster.

²² This auditing standard is in AU-C Section 230, "Audit Documentation," paragraph .05, "Objective."

²³ This auditing standard is in AU-C Section 230, "Audit Documentation," paragraph .08, "Form, Content, and Extent of Audit Documentation."

²⁴ This auditing standard is the Government Auditing Standards, sections 4.12 and 4.28.

²⁵ This requirement is included in 2 CFR, section 200.516(a).

The Tate & Tryon auditors reported a material noncompliance and a material weakness in internal control over ASEE's procurement process for all four major programs. The condition of the audit finding stated that the ASEE did not perform full and open competition, document the bidding process, have complete contractual information, and have written procurement procedures. The Tate & Tryon auditors documented these deficiencies in their audit documentation, but also documented that the ASEE did not verify whether ASEE vendors were suspended or debarred, as required by Federal requirements. The Tate & Tryon auditors stated that they believed the finding description included the lack of suspension and debarment verification. However, the Tate & Tryon auditors did not include this lack of verification in the condition of the finding.

The Tate & Tryon auditors also reported a material noncompliance and a material weakness in the internal control over the ASEE monitoring of subrecipients. The condition of the finding stated that the ASEE did not perform the required monitoring, which included site visits, inquiries about the subrecipients' single audits, and inclusion of all relevant information in the subrecipient agreements. The Tate & Tryon audit documentation also indicated that the ASEE did not possess the required policy on subrecipient monitoring during FY 2016. However, the finding does not address the lack of a subrecipient monitoring policy.

Tate & Tryon Included Unsupported Conditions in Two Federal Award Audit Findings

The Tate & Tryon auditors identified conditions that were not supported by the audit documentation of two Federal award audit findings, one involving the Allowable Cost compliance requirements and one involving the Eligibility compliance requirement.

The Tate & Tryon auditors reported a material noncompliance and a significant deficiency in internal control over the Allowable Cost compliance requirements. However, the audit documentation indicated that the auditors had obtained additional information that mitigated the exceptions, and these exceptions were not considered an audit finding.

The Tate & Tryon auditors also reported a material noncompliance and a significant deficiency in internal control over the Eligibility compliance requirement because ASEE had made incorrect benefit payments to, or on behalf of, participants. The Tate & Tryon auditors stated that they believed they documented enough information in their audit documentation. However, the Tate & Tryon audit documentation did not identify this deficiency in the testing they performed or provide any evidence to support the condition identified in the audit finding.

Federal Agencies Cannot Rely on the ASEE Single Audit Report Because the Audit Documentation Did Not Support the Reported Audit Opinion

Federal agencies cannot rely on the ASEE single audit because the Tate & Tryon audit documentation did not provide sufficient appropriate evidence to support audit conclusions and the reported audit opinion on ASEE's compliance with Federal requirements. In addition, the reported findings cannot be relied upon because they were missing critical information necessary to allow Federal agencies to properly issue the required written management decision to the ASEE on the audit findings and corrective actions the ASEE has taken or planned.

Tate & Tryon Auditors Need to Perform Additional Procedures on the Program Income Compliance Requirement

As a result of the Tate & Tryon auditors not supporting their conclusion on the Program Income compliance requirement, the Tate & Tryon auditors need to perform and document additional audit procedures on the FY 2016 single audit. In addition, because the audit documentation did not support how the Tate & Tryon auditors tested the Program Income compliance requirement, we performed retesting procedures over ASEE's program income to determine whether the ASEE reduced reimbursement requests by the program income. We reviewed all requests for reimbursement for the two Federal awards that Tate & Tryon identified as having program income during FY 2016. We determined that the ASEE requested reimbursement for expenses while retaining a balance of excess program income. We calculated that, at the end of FY 2016, the ASEE had a balance of \$171,107 in excess program income that the ASEE did not use to reduce allowable expenses. We discussed the excess program income with the ASEE's Director of Compliance, Internal Audit, and Sponsored Programs, who agreed that program income was not used properly prior to requesting reimbursement during FY 2016.

Based on our retesting, we determined that the ASEE did not properly use program income generated during FY 2016 to reduce allowable expenses before requesting reimbursement. Therefore, RSM (formerly Tate & Tryon) should perform and document additional audit procedures on the American Society for Engineering Education FY 2016 single audit for the review of the Program Income compliance requirement. The ASEE should coordinate with the National Science Foundation to obtain instructions on how to proceed with any program income that the ASEE has retained and not used to reduce allowable costs.

Additional Audit Procedures Should be Performed for the Review of the Eligibility and Allowable Cost Compliance Requirements

The Tate & Tryon auditors need to perform and document additional procedures on the Eligibility and Allowable Cost compliance requirements because the audit documentation was not sufficient to support audit conclusions. We requested that the Tate & Tryon auditors provide additional explanation and documents on the information they reviewed because the audit documentation was not clear. In response, the Tate & Tryon auditors stated that they believed they reviewed information on eligible participants during their testing for the Eligibility and Allowable Cost compliance requirements. However, the Tate & Tryon auditors did not retain any of this information or identify it in the audit documentation. We requested additional documentation from the ASEE but it was also unable to provide us with sufficient documentation to support eligibility determinations or payments made to participants during FY 2016. ASEE officials explained that the documentation would be difficult to locate in a timely manner. Therefore, RSM should perform and document additional audit procedures on the American Society for Engineering Education FY 2016 single audit for the review of the Eligibility and Allowable Cost compliance requirements.

Audit Documentation Was Not Sufficient to Determine Whether the Auditors Properly Excluded Specific Compliance Requirements From Testing

As a result of the Tate and Tryon auditors not sufficiently documenting why specific compliance requirements were not direct and material, the audit documentation does not demonstrate whether the auditors properly excluded the requirements from testing on the major programs. We requested additional information from the Tate & Tryon auditors to identify the procedures performed and the basis for determining why certain compliance requirements were not direct and material. However, the additional information still did not provide a sufficient basis for concluding that specific compliance requirements were not direct and material.

For example, the Tate & Tryon auditors told us that the Eligibility compliance requirement was not direct and material for two major programs because the requirements were administrative in nature.²⁶ However, this does not address the applicability of the Eligibility compliance requirement and is not consistent with the language included in the awards. In another example, the Tate & Tryon auditors told us that they reviewed awards and did not identify any Special Tests

²⁶ As described in 2 CFR Part 200, Appendix XI, "Compliance Supplement," Part 2, "Matrix of Compliance Requirements," June 2016, the Eligibility compliance requirement as generally not applicable to the Research and Development cluster. As a result, there is generally no need for an explanation for not identifying this requirement as direct and material to the Research and Development Cluster.

and Provisions. However, the auditors did not provide any detail of which awards were reviewed or any explanation for why the remaining compliance requirements were not determined to be direct and material to the major programs.

During our review, we identified that awards for two major programs contained clauses that required the ASEE to determine whether the individuals applying for the programs were eligible to participate. Furthermore, the ASEE was responsible for making payments only to those participants who were selected for the program. Therefore, we concluded that the Tate & Tryon auditors improperly excluded the Eligibility compliance requirement from testing on two major programs. In addition, we could not determine whether the Tate & Tryon conclusions on the other compliance requirements were supported because we were unable to substantiate the procedures the Tate & Tryon auditors performed. Therefore, RSM should perform and document audit procedures to determine whether those compliance requirements that were not tested in the FY 2016 single audit were properly excluded from testing and perform any additional audit work necessary for those compliance requirements determined to be direct and material.

Federal Agencies Cannot Rely on the FY 2016 Single Audit Reported Federal Award Audit Findings

As a result of reported audit findings not being adequately supported by the audit documentation and the additional audit procedures that need to be performed on the FY 2016 single audit, Federal agencies cannot rely on the single audit report or properly issue the required written management decision on the reported Federal award findings and corrective action plan. The Uniform Guidance requires Federal agencies to issue a management decision to the non-Federal entity on the Federal agency's evaluation of the audit finding and corrective action plan.²⁷ In addition, the Uniform Guidance requires the auditor to prepare audit findings with sufficient detail and clarity for the Federal agency to arrive at a management decision.²⁸ The Tate & Tryon audit documentation did not support the audit conclusions and the audit findings were inconsistent with information included in the audit documentation. Therefore, RSM should review and update the FY 2016 single audit report, as required by auditing standards, to include all reportable conditions that are supported by the audit documentation and to reflect the additional audit procedures performed.

²⁷ This requirement is included in 2 CFR, sections 200.66 and 200.513(c)(3)(i).

²⁸ This requirement is included in 2 CFR, section 200.516(b).

Recommendations, Management Comments, and Our Response

Recommendation A.1

We recommend that the RSM US LLP Partner:

- a. Perform and document additional audit procedures on the American Society for Engineering Education FY 2016 single audit for the review of the Program Income, Eligibility, and Allowable Cost compliance requirements.
- b. Perform and document audit procedures to determine whether those compliance requirements that were determined not direct and material in the FY 2016 single audit were properly excluded from testing and perform any additional audit work necessary for those compliance requirements that Tate & Tryon subsequently determines to be direct and material.
- c. Review and update the FY 2016 single audit report, as required by auditing standards, to include all reportable conditions that are supported by the audit documentation and to reflect the additional audit procedures performed.

RSM US LLP Partner Comments

The RSM Partner agreed and stated that RSM will perform the additional audit procedures for the FY 2016 single audit and make the necessary updates to the FY 2016 single audit report.

Our Response

Comments from the RSM Partner addressed the specifics of the recommendations; therefore, the recommendations are resolved but remain open. We will close the recommendations once we perform followup procedures on the FY 2016 single audit of the ASEE to verify that the corrective actions were completed.

Recommendation A.2

We recommend that the American Society for Engineering Education Chief Financial Officer coordinate with the National Science Foundation to obtain instructions on how to proceed with any remaining program income that the American Society for Engineering Education has retained and not used to reduce allowable costs.

American Society for Engineering Education Chief Financial Officer Comment

The ASEE Chief Financial Officer agreed and stated that ASEE has either refunded the remaining program income to the National Science Foundation or used the program income against program expenses.

Our Response

Comments from the ASEE Chief Financial Officer addressed the specifics of the recommendation. We verified that ASEE used program income or refunded the Government for the program income that ASEE did not use against program expenses. As a result, we closed the recommendation.

Finding B

Tate & Tryon Audit Documentation for Testing Compliance Requirements Needs Improvement

The Tate & Tryon auditors did not adequately document their methodology used to select samples for the testing of internal controls over, and compliance with, Federal requirements. Furthermore, the Tate & Tryon auditors did not clearly document the audit procedures they planned and performed when they tested the operating effectiveness of the ASEE's internal controls over compliance with Federal requirements.

As a result, the Tate & Tryon audit documentation was not sufficient to allow an experienced auditor with no ties to the audit to understand the work performed and reach the same conclusions, as required by auditing standards. We had to obtain additional explanations from the Tate & Tryon auditors and perform further analysis to verify that the audit sampling and audit procedures on internal control testing resulted in sufficient evidence to support the audit conclusions.

Tate & Tryon Auditors Did Not Adequately Document the Sample Methodology to Test Federal Requirements

The Tate & Tryon auditors did not adequately document the sampling methodology to test the internal controls over, and compliance with, Federal requirements. Auditing standards require that audit documentation be appropriately detailed to provide a clear understanding of the work performed, the evidence obtained, and the conclusions reached. The documentation and audit evidence should include sufficient detail to enable an experienced auditor with no previous connection to the audit to understand the nature, timing, and extent of audit procedures performed, including significant professional judgments made.²⁹ Although auditing standards and the Audit Guide do not contain a list of specific requirements for audit sampling applications, the Audit Guide includes examples of items that the auditor typically documents, which include:

- a definition of the population and the sampling unit;
- how the auditor considered the completeness of the population;
- a definition of the deviation or exception condition;

²⁹ This auditing standard is in AU-C Section 230, "Audit Documentation," paragraph .08, "Form, Content, and Extent of Audit Documentation."

- the risk associated with the sample size;
- the chosen sample size; and
- the sample selection method.³⁰

The Tate & Tryon auditors did not adequately document the audit sampling used for the audit of compliance requirements. For example, for the Procurement and Suspension and Debarment compliance requirement, the Tate & Tryon auditors selected three vendors for testing all four major programs. However, the Tate & Tryon auditors did not document the population or how they determined that the sample size they selected was sufficient to support their conclusions on compliance for each of the four major programs being reviewed.

In another example, for the Cash Management compliance requirement, the Tate & Tryon auditors stated that they would select two to four transactions for each program tab in a testing spreadsheet. The testing spreadsheet had 29 program tabs, but the Tate & Tryon auditors selected only 16 sample items. Using the auditors' sampling methodology, the Tate & Tryon auditors should have selected 58 to 116 sample transactions. Therefore, as documented, the audit sampling methodology did not support that Tate & Tryon auditors obtained sufficient evidence to support their audit conclusions.

Tate & Tryon Auditors Did Not Clearly Document the Internal Control Testing

The Tate & Tryon auditors did not clearly document the audit procedures they planned and performed when testing the operating effectiveness of the ASEE's internal controls over compliance with Federal requirements. Auditing standards require that the documentation and audit evidence include sufficient detail to enable an experienced auditor with no previous connection to the audit to understand the nature, timing, and extent of audit procedures performed; the results of those audit procedures; the audit evidence obtained; significant professional judgments made; and the conclusions reached.³¹ The Uniform Guidance states that the auditor must perform procedures to obtain an understanding of internal controls over Federal programs, plan the testing of internal controls over compliance, and perform testing of internal controls as planned.³²

³⁰ American Institute of Certified Public Accountants Audit Guide, "Government Auditing Standards and Single Audits," chapter 11, paragraph 11.135, April 1, 2016. The level of risk associated with the sample size include the desired confidence of the sample, tolerable deviation, and exception rate.

³¹ This auditing standard is in AU-C Section 230, "Audit Documentation," paragraph .08, "Form, Content, and Extent of Audit Documentation."

³² This requirement is included in 2 CFR, section 200.514.

The Tate & Tryon auditors documented their understanding of the ASEE's internal controls over compliance requirements identified as direct and material to each major program. However, the Tate & Tryon auditors did not consistently identify the relevant controls that they planned to test. In addition, the internal controls that the Tate & Tryon auditors did test were not always identified in the understanding of internal controls or were not relevant internal controls for the compliance requirement being reviewed. For example, on the Cash Management compliance requirement, the Tate & Tryon auditors documented that the ASEE billed the Government after the payments were processed and that the amounts billed matched the amounts received from the Government. We do not consider these to be internal controls relevant to the Cash Management compliance requirement. Specifically, billing the Government after payments are processed is one of the Federal requirements and not an internal control. In addition, the agreement of the amounts billed to the amounts received is a validation procedure and not an internal control.

Tate & Tryon Audit Documentation Was Not Sufficient to Allow an Experienced Auditor to Reach the Same Conclusions Without Additional Explanations

As a result of the unclear documentation and testing procedures, the Tate & Tryon audit documentation was not sufficient to allow an experienced auditor with no ties to the audit to understand the work performed and reach the same conclusions. We had to obtain additional explanations from the Tate & Tryon auditors and perform further analyses to verify that the audit sampling and audit procedures on internal control testing resulted in sufficient evidence to support the audit conclusions.

For the audit sampling performed on the Procurement, Suspension, and Debarment compliance requirement, we held additional discussions with the Tate & Tryon auditors to understand that the population of transactions consisted of 29 vendors providing services covering all four major programs. For the audit sampling performed on the Cash Management compliance requirement, we used the audit documentation to calculate the population of transactions by major program. We verified that the number of sample items selected provided sufficient appropriate evidence using the sample size guidance identified in the Audit Guide. As a result, we determined that audit samples were sufficient to support conclusions. However, for future single audits, RSM must prepare audit documentation that clearly describes the sampling methodology, including the definition of the population, the sampling unit, the consideration of completeness of the population, and the levels of risk associated with the sample size.

For the internal control testing on the Cash Management compliance requirement, we determined that the Tate & Tryon auditors identified and tested that the ASEE reviewed the requests for reimbursements. Based on this testing, we determined that the Tate & Tryon auditors obtained sufficient evidence to support their conclusion that the ASEE's internal controls were operating effectively. As a result, the Tate & Tryon auditors do not need to perform additional audit procedures due to the documentation deficiency we identified in the internal control testing for the FY 2016 single audit. However, for future single audits, RSM must prepare audit documentation that clearly describes the planned internal control testing and the audit procedures performed, including evidence reviewed, to form a conclusion on the operating effectiveness of internal controls over compliance with Federal requirements.

Recommendation, Management Comments, and Our Response

Recommendation B

For future single audits, we recommend that the RSM US LLP Partner:

- 1. Prepare audit documentation that clearly describes the sampling methodology, including the definition of the population, the sampling unit, the consideration of completeness of the population, and the levels of risk associated with the sample size.**
- 2. Prepare audit documentation that clearly describes the planned internal control testing and the audit procedures performed, including evidence reviewed, to form a conclusion on the operating effectiveness of internal controls over compliance with Federal requirements.**

RSM US LLP Partner Comments

The RSM Partner agreed and stated that RSM will enhance audit documentation in the areas noted in our finding and recommendations for the next single audit of ASEE.

Our Response

Comments from the RSM Partner addressed the specifics of the recommendations; therefore, the recommendations are resolved but remain open. We will close the recommendations once we perform followup procedures on the FY 2018 single audit of the ASEE to verify that the corrective actions were taken to improve the audit documentation.

Appendix A

Scope and Methodology

We conducted our quality control review from October 2019 through May 2020 in accordance with the “Quality Standards for Inspection and Evaluation,” published in January 2012 by the Council of the Inspectors General on Integrity and Efficiency (CIGIE). Those standards require that we adequately plan the quality control review to ensure that objectives are met and that we perform the review to obtain sufficient, competent, and relevant evidence to support the findings, conclusions, and recommendations. We believe that the evidence we obtained was sufficient, competent, and relevant to lead a reasonable person to sustain the findings, conclusions, and recommendations.

We evaluated the FY 2016 single audit of the ASEE performed by Tate & Tryon using the 2016 edition of the CIGIE “Guide for Quality Control Reviews of Single Audits.” The Federal Audit Clearinghouse received the ASEE single audit report on April 9, 2019. The report identified four major programs at the ASEE: the Air Force National Defense Science and Engineering Graduate Fellowship Program; the Science, Mathematics and Research for Transformation Defense Scholarship Program; the Basic and Applied Scientific Research Program; and the Research and Development Cluster. We focused our review on the following aspects of the single audit.

- Qualification of auditors
- Auditor independence
- Due professional care
- Planning and supervision
- Audit followup
- Internal control and compliance testing
- Schedule of expenditures of Federal awards
- Reporting

We visited the Tate & Tryon office located in Washington, D.C.; interviewed the Tate & Tryon auditors; and reviewed the audit files that Tate & Tryon prepared for the FY 2016 ASEE single audit to assess whether the audit was conducted in accordance with auditing standards and Uniform Guidance requirements. Auditing standards include both the Government Accountability Office’s “Government Auditing Standards” and the American Institute for Certified Public Accountants’ “Codification of Statements on Auditing Standards.” Uniform Guidance requirements for the single audit are identified in 2 CFR part 200.

Our review included evaluating evidence of the Tate & Tryon auditor qualifications, independence, and quality assurance. We also reviewed all audit documentation that Tate & Tryon prepared to support the audit opinions on the ASEE's financial statements, the schedule of expenditures of Federal awards, and compliance with the compliance requirements applicable to the four major programs. We reviewed the documented audit procedures that the Tate & Tryon auditors performed to test both the ASEE's internal controls over, and compliance with, each compliance requirement. We discussed the audit procedures performed with the Tate & Tryon auditors as necessary to understand the audit work performed and analyzed additional information they provided as support to their responses. Furthermore, we held discussions with ASEE officials on internal controls and compliance with the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, and Program Income compliance requirements and requested source documentation for transactions reviewed by Tate & Tryon. We reviewed additional documents provided by ASEE officials to better understand the audit procedures performed by Tate & Tryon.

Use of Computer-Processed Data

We did not use computer-processed data to perform this quality control review.

Prior Coverage

No prior coverage has been conducted on Tate & Tryon or ASEE during the last 5 years.

Appendix B

Compliance Requirements

The Compliance Supplement provides guidance to assist auditors in determining compliance requirements applicable to the audit.³³ The Compliance Supplement summarizes Federal requirements into 12 compliance requirements. For the Research and Development Cluster, the Compliance Supplement states that all compliance requirements are applicable, with the exception of the Eligibility compliance requirement. The remaining major programs are not specifically identified in the Compliance Supplement. The Uniform Guidance states that auditors must follow the Compliance Supplement's guidance for programs not included in the Supplement.³⁴ The Compliance Supplement provides the auditors guidance for identifying the applicable compliance requirements for programs not identified separately in the Supplement.

The auditors are required to test those compliance requirements that are direct and material to each major program. See the following table for the compliance requirements that the Tate & Tryon auditors determined were direct and material to each major program.

³³ 2 CFR Part 200, Appendix XI, "Compliance Supplement," June 2016.

³⁴ This requirement is included in 2 CFR, section 200.514(d)(3).

Table 2. Uniform Guidance Compliance Requirements Identified As Direct and Material to Each Major Program

Uniform Guidance Compliance Requirements	Major Programs			
	AFNDSE	SMART	BASRP	R&D
Activities Allowed or Unallowed	X	X	X	X
Allowable Costs/Cost Principles	X	X	X	X
Cash Management	X	X	X	X
Eligibility			X	
Equipment and Real Property Management				
Matching, Level of Effort, Earmarking				
Period of Performance	X	X	X	X
Procurement, Suspension, and Debarment	X	X	X	X
Program Income				X
Reporting	X	X	X	X
Subrecipient Monitoring				X
Special Tests and Provisions				

LEGEND

AFNDSE Air Force National Defense Science and Engineering Graduate Fellowship Program

SMART Science, Mathematics and Research for Transformation Defense Scholarship Program

BASRP Basic and Applied Scientific Research Program

R&D Research and Development Cluster

Source: DoD OIG prepared based on the Tate & Tryon audit documentation.

Management Comments

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June 11, 2020

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Auditor, Single Audits
DoD Office of Inspector General, Evaluations
Audit Oversight Directorate

Quality Control Review of the Tate & Tryon Fiscal Years 2016 Single Audit of the American Society for Engineering Education (Project No. D2020-DEV0SO-0018.000)

Recommendation A.1

We recommend that the RSM US LLP Partner:

- a. Perform and document additional audit procedures on the American Society of Engineering Education FY 2016 Single Audit for the review of the Program Income, Eligibility, and Allowable Cost compliance requirements.

RSM response: We concur with this recommendation and will coordinate with ASEE to perform the necessary procedures as soon as administratively feasible. While RSM will begin the process in June 2020, due to the COVID pandemic ASEE employees are not due back to their office until September 8, 2020. However, every effort will be made to obtain necessary documentation remotely.

- b. Perform and document audit procedures to determine whether those compliance requirement that were determined not direct and material in FY 2016 single audit were properly excluded from testing and perform any additional audit work necessary for those compliance requirements that Tate & Tryon subsequently determines to be direct and material.

RSM response: We concur with this recommendation. Beginning in June 2020, RSM will reassess the direct and material compliance requirements. If necessary, addition audit fieldwork will be completed as soon as possible. While RSM will begin the process in June 2020, due to the COVID pandemic ASEE employees are not due back to their office until September 8, 2020. However, every effort will be made to obtain necessary documentation remotely.

- c. Review and update the FY 2016 single audit report, as required by auditing standards, to include all reportable conditions that are supported by the audit documentation and to reflect the additional audit procedures performed.

RSM response: We concur with this recommendation. RSM will review the single audit report and make any necessary updates based upon audit documentation including additional audit procedures performed.

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RSM US LLP (Cont'd)

██████████ CPA, CFE
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Recommendation B

For future single audits, we recommend that the RSM US LLP Partner:

1. Prepare audit documentation that clearly describes the sampling methodology, including the definition of the population, the sampling unit, the consideration of completeness of the population, and the levels of risk associated with the sample size.

RSM response: We concur with this recommendation. Through its rigorous single audit methodology, and quality control processes RSM will ensure the points noted will be properly documented and executed. This recommendation will be implemented during the next audit performed, scheduled to begin June 2020.

2. Prepare audit documentation that clearly describes the planned internal control testing and the audit procedures performed, including evidence reviewed, to form a conclusion on the operating effectiveness of internal controls over compliance with Federal requirements.

RSM response: We concur with this recommendation. Through its rigorous single audit methodology and quality control processes, RSM will ensure the points noted will be properly documented and executed. This recommendation will be implemented during the next audit performed, scheduled to begin June 2020.

RSM US LLP


Jeffrey D. Quigley, CPA, Partner

American Society for Engineering Education



June 18, 2018

ASEE Management Response:

ASEE has read the recommendation on the Quality Control Review of the Tate & Tryon Fiscal Year 2016 Single Audit of the American Society for Engineering Education Report (Project No. D2020-DEV0SO-0018.000), and as the CFO of the association with the help of the Director of Compliance and Controller, we have taken initiative to either refund the remaining program income to National Science Foundation (NSF) or immediately use the project income against incurred grant expenses. ASEE prefers the second option of deducting the project income against grant expenses as soon as possible and before billing NSF; this approach will start FY20 and going forward.

Best,

Joseph Dillon,
Chief Financial Officer

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Acronyms and Abbreviations

ASEE American Society for Engineering Education

AU-C The American Institute for Certified Public Accountants Codification of Statements on Auditing Standards

CFR Code of Federal Regulations



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