

## Memo

To: The files of Roswell Park Cancer Institute Corporation (RPCIC)

From: Freed Maxick Engagement Team

Date: April 23, 2018

Re: Response to PARIS system request for Investment Exam management letter

RPCIC, being a public benefit corporation of NYS, is required to submit certain components of its CAFR (comprehensive annual financial report) into the NYS ABO PARIS system. One of the fields in the PARIS system requiring input – namely the question as to whether RPCIC’s independent auditor (FM) issued a “management letter” associated with the annual ‘investment audit’ – prompted management to question whether a management letter was required to be issued in connection with FM’s examination of RPCIC’s compliance with the NYS Public Authorities Law (PAL) section 2925(3)(f)<sup>1</sup> (referred to hereinafter as the “PAL”).

Professional standards pertaining to attestation engagements, including those published by the AICPA (Attestation Standards), as well as those promulgated by *Government Auditing Standards* (specifically chapters 6 & 7 of the 2011 Yellowbook), discusses the requirements for performing and reporting on an examination engagement<sup>2</sup>. Paragraphs 7.14 through 7.26 of the Yellowbook, inclusive, discuss the reporting requirements pertaining to the findings of an examination engagement. In all cases, the independent auditor is required to report findings that arise, such as internal control deficiencies, findings of fraud or abuse, instances of noncompliance and other such matters. However, if no such findings are uncovered, then there is no required reporting other than the standard report on the examination itself.

In addition, the AICPA’s attestation standards would preclude the auditor from reporting that no findings were identified (such as internal control deficiencies, instance of fraud or abuse, etc.), as that is not the objective of the examination engagement.

Accordingly, no management letter has been issued as part of our investment examination engagement, and we believe RPCIC has appropriately responded “No” in response to the question in PARIS as to whether a management letter has been issued as part of the annual investment examination for fiscal year 2018.

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<sup>1</sup> PAL section 2925(3)(f) requires an examination be performed on an annual basis of RPCIC’s compliance therewith. It is worth noting that the PAL section specifically refers to an investment “audit” – however, pursuant to professional standards, including both AICPA and Government Auditing Standards, the true form of report is an examination pursuant to attestation engagement standards.

<sup>2</sup> An examination “consists of obtaining sufficient, appropriate evidence to express an opinion on whether the subject matter is based on (or in conformity with) the criteria in all material respects or the assertion is presented (or fairly stated), in all material respects, based on the criteria.” (Yellowbook Ch. 1, para 1.23(a)).