

Office of the Secretary of State

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Audits Division

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COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To Higher Education Coordinating Commission and department management

We have performed audit work of selected financial accounts at the Higher Education Coordinating Commission (department) as of and for the year ended June 30, 2015. This audit work was not a comprehensive financial audit of the department, but was performed as part of our annual audit of the State of Oregon's financial statements. Professional standards require that we provide you with the following information related to our audit.

**Our Responsibility under Auditing Standards
Generally Accepted in the United States of America**

As stated in our engagement letter dated July 9, 2015, our responsibility, as described by professional standards, is to form and express an opinion about whether the State of Oregon's financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States. Our audit work at the department will, in part, allow us to achieve this objective. Our audit of the State of Oregon's financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits in *Government Auditing Standards*, and to design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements 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 department's internal control over financial reporting. Accordingly, we considered internal control solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated via our engagement letter and discussion with management during our audit.

Significant Findings or Issues

We did not identify any significant findings as a result of our audit.

Qualitative Aspects of Accounting Practices

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies and following state policy. No new accounting policies were adopted and there were no changes in the application of existing policies during the fiscal year. For the accounts audited, we are not aware of any significant concerns about the application of accounting policies.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements/information prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The selected account audited at the department involved some estimating for year-end financial reporting purposes. However, these estimates are not complex and do not involve a high degree of estimation uncertainty.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all factual, projected, and judgmental misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We did not identify any misstatements during our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Other Findings or Issues

No other findings or issues came to our attention that are significant and relevant to those charged with governance regarding their responsibility to oversee the financial reporting process.

Management Representations

We will request management provide us certain written representations.

Management Consultation with Other Independent Auditors

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. To our knowledge, there were no such consultations with other accountants.

This communication is intended solely for the information and use of Higher Education Coordinating Commission and management of the department and is not intended to be and should not be used by anyone other than these specified parties.

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STATE OF OREGON
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