

Attachment B
Fitchburg State University
Governance Letter

October __, 2023

The Board of Trustees
Fitchburg State University
Fitchburg, Massachusetts

This letter is to inform the Board of Trustees of Fitchburg State University (the "University") about significant matters related to the conduct of our audit as of and for the year ended June 30, 2023, so that it can appropriately discharge its oversight responsibility and we comply with our professional responsibilities.

Auditing standards generally accepted in the United States of America (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities with Regard to the Financial Statement Audit

Our responsibility under auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States have been described to you in our engagement letter dated June 19, 2023. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated June 19, 2023, regarding the planned scope and timing of our audit and identified significant risks.

Significant Accounting Practices, Including Policies, Estimates and Disclosures

In our meeting with you, we will discuss our views about the qualitative aspects of the University's significant accounting practices, including significant accounting policies, significant unusual transactions, accounting estimates and financial statement disclosures. The following is a list of the matters that will be discussed, including the significant estimates, which you may wish to monitor for your oversight responsibilities of the financial reporting process:

- *Financial Statement Disclosures* - We will discuss with you items as they relate to the neutrality, consistency, and clarity of the disclosures in the financial statements.
- *Adoption of, or Change in, Accounting Policies* - Management has the ultimate responsibility for the appropriateness of the accounting policies used by the University. During the year ended June 30, 2023, the University adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. Under the provisions of this statement, the University was required to recognize right of use assets and the related liabilities on the statement of net position and provide certain quantitative and qualitative disclosures about long-term subscription-based IT arrangements.
- *Alternative Treatments within Generally Accepted Accounting Principles Discussed with Management* - We did not discuss with management any alternative treatments within generally accepted accounting principles for accounting policies and practices during the current audit period.
- *Significant or Unusual Transactions* - We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Practices, Including Policies, Estimates and Disclosures (continued)

- *Management's Judgments and Accounting Estimates* - Accounting estimates are an integral part of preparing financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. Management has informed us that they used all the relevant facts available to them at the time to make the best judgments about accounting estimates, and we considered this information in the scope of our audit. Estimates significant to the financial statements include the allowance for uncollectible accounts receivable, pension and other post-employment benefit liabilities required by GASB 68 and 75, valuation of leased assets and the related liabilities, valuation of subscription-based IT assets and the related liabilities, and accumulated depreciation allowances for capital assets. The Board of Trustees may wish to monitor throughout the year the process used to compute and record these accounting estimates.

Audit Adjustments and Uncorrected Misstatements

There were no audit adjustments made to the original trial balances presented to us to begin our audit.

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.

Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Other Information in Documents Containing Audited Financial Statements

We are not aware of any other documents that contain the audited financial statements. If such documents were to be published, we would have a responsibility to determine that such financial information was not materially inconsistent with the audited statements of the University.

Other Matters - New Accounting Pronouncements

GASB Statement No. 101, *Compensated Absences* is effective for reporting periods beginning after December 15, 2023. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences, aligning such guidance under a unified model and by amending certain previously required disclosures. Management has not completed its review of the requirements of this Standard and its applicability.

Management Representations

A management representation letter has been drafted and will be presented to management for signature. A copy of the executed letter will be available upon request when signed.

Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to Fitchburg State University.

This report is intended solely for the information and use of the Board of Trustees and management, and is not intended to be, and should not be, used by anyone other than these specified parties.