



UNIVERSITY OF ALASKA  
(A Component Unit of the State of Alaska)

UNIVERSITY OF ALASKA  
(A Component Unit of the State of Alaska)  
Audit in Accordance with OMB A-133



**KPMG LLP**  
Suite 600  
701 West Eighth Avenue  
Anchorage, AK 99501

**Independent Auditors' Report on Compliance With Requirements That Could Have A Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133**

The Board of Regents  
The University of Alaska:

**Compliance**

We have audited the University of Alaska's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The University of Alaska's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the University of Alaska's management. Our responsibility is to express an opinion on the University of Alaska's compliance based on our audit.



over compliance. Accordingly, we do not express an opinion on the effectiveness of the University of Alaska's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

### **Schedule of Expenditures of Federal Awards**

We have audited the basic financial statements of the University of Alaska and its discretely presented component unit as of and for the year ended June 30, 2011, and have issued our report thereon dated October 19, 2011. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the Board of Regents, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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December 7, 2011,  
except as to the paragraph relating to the  
schedule of expenditures of federal awards,  
which is as of October 19, 2011

University of Alaska  
Schedule of Expenditures for Federal Awards  
Year Ended June 30, 2011

CFDA

FEDERAL PROGRAM TITLE

PASS-THROUGH ID#

University of Alaska  
Schedule of Expenditures for Federal Awards  
Year Ended June 30, 2011

CFDA

FEDERAL PROGRAM TITLE

University of Alaska  
Schedule of Expenditures for Federal Awards  
Year Ended June 30, 2011

CFDA NUMBER	FEDERAL PROGRAM TITLE	PASS-THROUGH ID#	EXPENDITURES
11.472	Unallied Science Program-Continued Pass-throug		

University of Alaska  
 Schedule of Expenditures for Federal Awards  
 Year Ended June 30, 2011

CFDA NUMBER	FEDERAL PROGRAM TITLE	PASS-THROUGH ID#	EXPENDITURES
Office of the Secretary of Defense			
12.630	Basic, Applied, and Advanced Research in Science and Engineering		92,719
Department of the Air Force, Material Command			
12.800	Air Force Defense Research Sciences Program		452,298
Advanced Research Projects Agency			
12.910	Research and Technology Development		671,040
	Pass-through University of Florida	1005018/1905-1100068429	13,461
Total Department of Defense			7,576,947
Department of the Interior			
15.000	Miscellaneous		1,165,201
	Pass-through Hoonah Indian Association	MOA DATED 02/01/10	912
	Pass-through National Fish & Wildlife Foundation	PO S953776 0000326714-21833	33,744
	Pass-through Rutgers	419914-32767	815
	Pass-through University of Vermont	20118 INITIAL 2002	1,175
Bureau of Land Management			
15.224	Cultural Resource Management		84,047
15.225	Recreation Resource Management		78,081
15.230	Invasive and Noxious Plant Management		55,986
15.231	Fish, Wildlife and Plant Conservation Resource Management		30,712
	ARRA - Pass-through National Fish & Wildlife Foundation	2009-0035-010	24,362
	Pass-through National Fish & Wildlife Foundation		4,829
	ARRA - Pass-through NatureServe	BLM0F021-BLM0F025 TO 1	289,009
15.232	Wildland Fire Research and Studies Program		
	Pass-through University of Nevada, Reno	UNR-11-75 / PO 111GC000031	5,792
15.236	Environmental Quality and Protection Resource Management		132,243
15.237	Rangeland Resource Management		81,619
Bureau of Ocean Energy Management, Regulation, and Enforcement			



University of Alaska  
 Schedule of Expenditures for Federal Awards  
 Year Ended June 30, 2011

CFDA NUMBER	FEDERAL PROGRAM TITLE	PASS-THROUGH ID#	EXPENDITURES
15.812	Cooperative Research Units Program		1,555,075
15.816	Minerals Resource External Research Program		39,658
15.818	ARRA - Volcano Hazards Program Research and Monitoring		1,042,014
National Park Service			
15.900	Cooperative Ecosystem Studies Units		118,859
15.916	Outdoor Recreation_Acquisition, Development and Planning		39,737
15.923	National Center for Preservation Technology and Training		4,467
Total Department of the Interior			8,819,954
Department of Justice			
Office of Juvenile Justice And Delinquency Prevention			
16.548	Title V Delinquency Prevention Program Pass-through State of Alaska	EN 0611405	6,889
Bureau of Justice Statistics			
16.550	State Justice Statistics Program for Statistical Analysis Centers		53,346
Total Department of Justice			60,235
Department of Transportation			
Federal Aviation Administration (FAA)			
20.109	Air Transportation Centers of Excellence Research and Innovative Technology Administration		169,821
20.701	University Transportation Centers Prog		

University of Alaska  
 Schedule of Expenditures for Federal Awards  
 Year Ended June 30, 2011

CFDA NUMBER	FEDERAL PROGRAM TITLE	PASS-THROUGH ID#	EXPENDITURES
43.001	Science - Continued		
	Pass-through JPL	1241499	92,989
	Pass-through JPL	SUB 1322658	34,022
	Pass-through Prince William Sound Science Center	10-65-10	173,159
	Pass-through University of Maryland	SUB Z631501	100,480
43.002	Aeronautics		
	Pass-through University of Colorado	1545830REF:SPO70172	21,537
Total National Aeronautics and Space Administration			15,606,730
National Science Foundation			
47.000	ARRA - Miscellaneous		24,702
47.003	Development Testbed Center Visitor Program		
	Pass-through National Center for Atmospheric	Z11-87895	5,371
47.041	Engineering Grants		8,393
	Pass-through Georgia Institute of Technology	RA0693-G1 / PO 2720014478	35,657
47.049	Mathematical and Physical Sciences		428,658
	Pass-through Stanford University	SUBAWARD NUMBER 30891-A	8,118
47.050	Geosciences		5,939,930
	Pass-through Cornell University	62144-9481	14,988
	Pass-through Rutgers, The State University of New	PO 4150 / S1409651	457
	Pass-through SRI International	59-001127	462,279
	Pass-through University of Southern California	149701	51,462
	Pass-through Virginia Polytech Institute	478052-19099	45,163
	Pass-through Woods Hole Oceanographic Institution	SUBAWARD NUMBER A100638	25,974
47.070	Computer and Information Science and Engineering		257,638
47.074	Biological Sciences		2,671,241
	Pass-through South Dakota State University	3TC097	15,900
	Pass-through University of Notre Dame	SUBAWARD NUMBER 201717	11,312
	Pass-through University of Washington	592485	18,312
	Pass-through Wright State University	DEB-0926162	12,590
47.075	Social, Behavioral, and Economic Sciences		291,712
47.076	Education and Human Resources		2,534,777
47.078	Polar Programs		12,871,251
	ARRA - Polar Programs		214,859
	Pass-through Bermuda Institute of Ocean Sciences	BIOS 072145	19,801
	Pass-through San Diego State University	53702A 7807 E006811	12,040
	Pass-through University of Maryland, UMCES	CA 08-09	145
	Pass-through University of Washington	SUBCONTRACT 573685 MOD 1	12,560
	Pass-through Woods Hole Oceanographic Institution	PO S115043	1,179
47.079	International Science and Engineering Programs		274,372
	Pass-through U.S. Civilian Research & Development Foundation	RUB22991NO10	13,490
	Pass-through University of Hawaii, Manoa	Z946967 / PO 660191	3,250
47.082	ARRA - Trans-NSF Recovery Act Research Support		

University of Alaska  
 Schedule of Expenditures for Federal Awards  
 Year Ended June 30, 2011

CFDA NUMBER	FEDERAL PROGRAM TITLE	PASS-THROUGH ID#	EXPENDITURES
Environmental Protection Agency			
66.000	Miscellaneous		
	Pass-through Kenai Watershed Forum	KWF-UAF-001	(34)
	Pass-through NatureServe	EPW-07-080(WA2-11&WA2-14)	24,770
	Pass-through NatureServe	EP-W-07-080 (WA 3-20)	47,747
Office of Water			
66.419	Water Pollution Control State, Interstate, and Tribal Program Support		
	Pass-through State of Alaska	RS/1800017/EN 1800502	289
	Pass-through State of Alaska	RS1810168/EN 1810521	20,722
Office of Research and Development			
66.516	P3 Award: National Student Design Competition for Sustainability		6,718
Total Environmental Protection Agency			100,212
Department of Energy			
81.000	Miscellaneous		217,776
	Pass-through Battelle Pacific Northwest Lab	9064	





University of Alaska  
Schedule of Expenditures for Federal Awards  
Year Ended June 30, 2011

CFDA

FEDERAL PROGRAM TITLE

University of Alaska  
 Schedule of Expenditures for Federal Awards  
 Year Ended June 30, 2011

CFDA NUMBER	FEDERAL PROGRAM TITLE	PASS-THROUGH ID#	EXPENDITURES
U.S. Army Material Command			
12.431	Basic Scientific Research		
	Pass-through Academy of Applied Science (AAS)	SBGRNT; 08-48,49,50 DATE 8.7.8	456
Total Department of Defense			371,197
Department of Housing and Urban Development			
Office of Policy Development and Research			
14.515	Alaska Native / Native Hawaiian Institutions		
	Assisting Communities		1,371,703
Total Department of Housing and Urban Development			1,371,703
Department of the Interior			
15.000	Miscellaneous		349,355
	Pass-through Michigan Technological University	100259Z1 PO083070	40,946
	Pass-throug		

University of Alaska  
Schedule of Expenditures for Federal Awards  
Year Ended June 30, 2011

CFDA NUMBER	FEDERAL PROGRAM TITLE	PASS-THROUGH ID#	EXPENDITURES
17.269	Community Based Job Training Grants		587,093
Mine Safety and Health Administration			
17.600	Mine Health and Safety Grants		1,686
Total Department of Labor			<u>661,167</u>
Department of Transportation			
20.000	Miscellaneous		
	Pass-through Oil Spill Recovery Institute	10/10/2007	17,500
Federal Aviation Administration			
20.109	Air Transportation Centers of Excellence		
	Pass-through Embry-Riddle Aeronautical University	61077-UAA PO 142015 AMEND 1	7,302
Federal Highway Administration			
20.200	Highway Research and Development Program		
	Pass-through University of Idaho	KLK262 SB 002	45,667
20.215	Highway Training and Education		295,416
Federal Motor Carrier Safety Administration			
20.232	Commercial Driver's License Program Improvement Grant		
	Pass-through State of Alaska	EN 0211034	70,180
Total Department of Transportation			<u>436,065</u>
National Aeronautics and Space Administration			
43.000	Miscellaneous		459,864
	Pass-through Alaska Challenger Center for Space Science Technology Inc.	S12985	94,451
	Pass-through University of Tennessee, Knoxville	A11-0338-S001	4,812
43.001	Science		184,385
Total National Aeronautics and Space Administration			<u>743,512</u>
National Endowment for the Arts			
45.025	Promotion of the Arts - Partnership Agreements		
	Pass-through State of Alaska	FY11CAD0033	3,500
	Pass-through State of Alaska	FY10CAD0040	73
Total National Endowment for the Arts			<u>3,573</u>
Institute of Museum and Library Services			
45.301	Museums for America		49,726
45.310	Grants to States		
	Pass-through State of Alaska	INTERLIBRARY COOP GRANT	12,459
	Pass-through State of Alaska	EN510264	9,023
	Pass-through State of Alaska	EN 510263	52,066
	Pass-through State of Alaska	GRANT DATED 7/14/10	85,028
	Pass-through State of Alaska	ADN510238	12,571
	Pass-through State of Alaska	LS-00-10-0002-10/PENDING	19,716
Total Institute of Museum and Library Services			<u>240,589</u>
National Science Foundation			
47.000	Miscellaneous		151,111
47.041	Engineering Grants		146,456
47.050	Geosciences		898,334
	Pass-through WGBH Educational Foundation	2008000779A	7,392
47.070	Computer and Information Science and Engineering		161,964
	Pass-through Carnegie Mellon University	1120822-184882	29,400



University of Alaska  
 Schedule of Expenditures for Federal Awards  
 Year Ended June 30, 2011

CFDA NUMBER	FEDERAL PROGRAM TITLE	PASS-THROUGH ID#	EXPENDITURES
47.074	Biological Sciences		284,487
47.075	Social, Behavioral, and Economic Sciences		88,968
47.076	Education and Human Resources		1,858,873
47.078	Polar Programs		660,031
	Pass-through Columbia University	3 (ACCT 5-24906)	6,843
47.079	International Science and Engineering (OISE)		1219
47.081	Office of Experimental Program to Stimulate Competitive Research		93,021
47.082	ARRA - Trans-NSF Recovery Act Research Support		878,836
Total National Science Foundation			5,266,935
Small Business Administration			
59.006	8(a)		

University of Alaska  
Schedule of Expenditures for Federal Awards  
Year Ended June 30, 2011

CFDA NUMBER	FEDERAL PROGRAM TITLE	PASS-THROUGH ID#	EXPENDITURES
84.048	Career and Technical Education - Basic Grants to States - Continued		
	Pass-through State of Alaska	EN 510145	12,969
84.243	Tech-Prep Education		
	Pass-through State of Alaska	EN 510108	279,058
	Pass-through State of Alaska	EN 500150	882
Office of Postsecondary Education			
84.031	Higher Education - Institutional Aid		12,033,767
84.116	Fund for the Improvement of Postsecondary Education		463,520
84.407	Transition Programs for Students with Intellectual Disabilities into Higher Education	P407A100043	57,808
Office of Elementary and Secondary Education			
84.299	Indian Education - Special Programs for Indian Children		246,751
84.356	Alaska Native Educational Programs		4,339,381
	Pass-through Alaska Native Heritage Center	AGREEMENT DATED 12/08/10	9,225
	Pass-through Project GRAD Kenai Peninsula	MOA DTD 07/14/10	7,972
	Pass-through Project GRAD Kenai Peninsula	MOA DTD 08/17/10	8,306
	Pass-through Project GRAD Kenai Peninsula	MOA DTD 11/09 EMAIL DTD5/10	832
	Pass-through Project GRAD Kenai Peninsula	MOA DTD 11/09 EMAIL DTD5/10	1,175
84.362	Native Hawaiian Education		
	Pass-through Pacific Tsunami Museum, Inc.	MOA PTM 09/01/10	28,658
84.367	Improving Teacher Quality State Grants		
	Pass-through State of Alaska	HE 11.159.01	16,448
84.369	Grants for State Assessments and Related Activities		
	Pass-through State of Alaska	EN 510669	2,414
	Pass-through State of Alaska	EN 510294	5,119
Office of Special Education and Rehabilitative Services			
84.323	Special Education - State Personnel Development		
	Pass-through State of Alaska	ADN 510312	216,527
	Pass-through State of Alaska	ADN 0500138/FS10.168.01	2,230
Institute of Education Sciences			
84.305	Education Research, Development and Dissemination		452,343
Office of Innovation and Improvement			
84.215	Fund for the Improvement of Education		(85)
Total Department of Education			<u>18,753,621</u>
Denali Commission			
90.100	Denali Commission Program		576,291
	Pass-through Alaska Public Broadcasting, Inc.		44,108
Total Denali Commission			<u>620,399</u>
Department of Health and Human Services			
93.000	Miscellaneous		34,883
	Pass-through Alaska Network on Domestic Violence & Sexual Assault	CONTRACT DTD 2/25/11	4,050
	Pass-through Iowa State University	PARTNERSHIP AGREEMENT I.S.	23,743
	Pass-through University of Texas, San Antonio	3902-65UAF	13,920

University of Alaska  
Schedule of Expenditures for Federal Awards

University of Alaska  
 Schedule of Expenditures for Federal Awards  
 Year Ended June 30, 2011

CFDA NUMBER	FEDERAL PROGRAM TITLE	PASS-THROUGH ID#	EXPENDITURES
Corporation for National and Community Service			
94.005	Learn and Serve America - Higher Education Pass-through Princeton University	SUB 00001316 MOD 3	7,493
94.013	Volunteers in Service to America		3,723
Total Corporation for National and Community Service			11,216
Social Security Administration			
96.008	Social Security - Work Incentives Planning and Assistance Program		76,471
Department of Homeland Security			
97.005	State and Local Homeland Security National Training Program		
	Pass-through University Of Hawaii	Z976302	15,677
TOTAL OTHER PROGRAMS			48,251,508
PUBLIC WORKS AND ECONOMIC DEVELOPMENT			
Department of Commerce			

University of Alaska  
 Schedule of Expenditures for Federal Awards  
 Year Ended June 30, 2011

CFDA NUMBER	FEDERAL PROGRAM TITLE	PASS-THROUGH ID#	EXPENDITURES
EARLY INTERVENTION SERVICES (IDEA)			
84.393	Early Intervention Services (IDEA)		
	Pass-through State of Alaska	EN 0611455	119,029
	Pass-through State of Alaska	EN 0611465	20,000
	Pass-through State of Alaska	EN 0611464	34,501
TOTAL EARLY INTERVENTION SERVICES			<u>173,530</u>
TQPG			
Department of Education			
Office of Innovation and Improvement			
84.336	Teacher Quality Partnership Grants		<u>864,706</u>
TRIO			
Department of Education			
Office of Postsecondary Education			
84.042	TRIO Student Support Services		488,551
84.044	TRIO Talent Search		700,623
84.047	TRIO Upward Bound		1,338,373
84.066	TRIO Educational Opportunity Centers		634,188
TOTAL TRIO			<u>3,161,735</u>
CSBGC			
Department of Health and Human Services			
Administration for Children and Families			
93.710	ARRA - Community Services Block Grant		
	Pass-through Rural Alaska Community Action Program	PROJECT 1781	<u>15,288</u>
<b>GRAND TOTAL</b>			<b>\$ <u>290,846,376</u></b>

University of Alaska  
Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2011

**(1) General**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the University of Alaska. The University of Alaska is a constitutionally created corporation and a component unit of the State of Alaska. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies is included on the schedule.

**(2) Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is presented using the economic resources measurement focus and accrual basis of accounting, which is described in note 1 to the University of Alaska's financial statements.

**(3) Subrecipients**

The University of Alaska passed through \$7,073,196 of federal awards to subrecipients for the year ended June 30, 2011. Expenditures incurred by the subrecipients are listed below by federal program. These amounts are included in the Schedule of Expenditures of Federal Awards.

<i>Federal Agency and Program</i>	<i>CFDA#</i>	<i>Expenditures</i>
<b>Department of Agriculture</b>		
Agricultural Research Basic and Applied Research	10.001	\$ 452,132
Grants for Agricultural Research, Special Research Grants	10.200	84,306
Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers	10.443	10,000
Cooperative Extension Service	10.500	72,165
		<u>618,603</u>
<b>Department of Commerce</b>		
Geodetic Surveys and Services (Geodesy and Applications of the National Geodetic Reference System)	11.400	234,387
Sea Grant Support	11.417	137,203
Undersea Research	11.430	505,216
National Oceanic and Atmospheric Administration Cooperative Institutes	11.432	46,457
ARRA - Broadband Technology Opportunities Program (BTOP)	11.557	79,599
		<u>1,002,862</u>
<b>Department of Defense</b>		
Miscellaneous	12.000	12,616
Basic and Applied Scientific Research	12.300	133,918
Military Medical Research and Development	12.420	9,144
Basic Scientific Research	12.431	408,893
		<u>564,571</u>
<b>Department of Housing and Urban Development</b>		
Alaska Native / Native Hawaiian Institutions Assisting Communities	14.515	522,509
<b>Department of the Interior</b>		
Miscellaneous	15.000	88,351
Research Grants	15.650	35,000
Assistance to State Water Resources Research Institutes	15.805	14,712
Cooperative Research Units Program	15.812	6,593
Minerals Resources External Research Program	15.816	12,686
		<u>157,342</u>
<b>Department of Labor</b>		
Community Based Job Training Grants	17.269	78,711
<b>Department of Transportation</b>		
University Transportation Centers Program	20.701	260,907

University of Alaska  
Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2011

<b>General Services Administration</b>		
Federal Citizen Information Center	39.009	58,309
 <b>National Aeronautics and Space Administration</b>		
Miscellaneous	43.000	155,014
 <b>National Science Foundation</b>		
Engineering Grants	47.041	49,529
Geosciences	47.050	244,351
Computer and Information Science and Engineering	47.070	31,426
Biological Sciences	47.074	188,252
Social, Behavioral, and Economic Sciences	47.075	0
Polar Programs	47.078	165,806
ARRA - Trans-NSF Recovery Act Research Support	47.082	0
		679,364
 <b>Department of Energy</b>		
Fossil Energy Research and Development	81.089	48,008
 <b>Department of Education</b>		
Miscellaneous	84.000	10,979
Higher Education_Institutional Aid	84.031	22,500
TRIO - Upward Bound	84.047	161,905
Teacher Quality Partnership Grants	84.336	250,390
Alaska Native Educational Programs	84.356	277,647
		723,421
 <b>Denali Commission</b>		
Denali Commission Program	90.100	33,223
 <b>Department of Health and Human Services</b>		
Miscellaneous	93.000	5,896
Maternal and Child Health Federal Consolidated Programs	93.110	7,726
Environmental Health	93.113	116,343
Human Genome Research	93.172	107,851
Research on Healthcare Costs, Quality and Outcomes	93.226	67,473
Mental Health Research Grants	93.242	30,268
Occupational Safety and Health Program	93.262	15,959
Minority Health and Health Disparities Research	93.307	39,611
National Center for Research Resources	93.389	17,640
ARRA - Trans - NIH Recovery Act Research Support	93.701	320,319
Area Health Education Centers Infrastructure Development Awards	93.824	1,207,135
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	108,158
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	101,205
		2,145,584
 <b>Department of Homeland Security</b>		
Centers for Homeland Security	97.061	24,767
 <b>Total Federal Expenditures - Subrecipients</b>		\$ 7,073,196

**UNIVERSITY OF ALASKA**





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Anchorage, AK 99501

**Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

The Board of Regents  
The University of Alaska:

We have audited the financial statements of the University of Alaska and its discretely presented component unit as of and for the year ended June 30, 2011, and have issued our report thereon dated October 19, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

Management of the University of Alaska is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the University of Alaska's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University of Alaska's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University of Alaska's internal control over financial reporting.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the University of Alaska's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *GASBS*.

This report is intended solely for the information and use of management, the Board of Regents, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

October 19, 2011