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May 15, 2014

University of Alaska System Audit Committee

Dear Members of the Audit Committee

We are pleased to present our 2014 audit plan for the University of Alaska System (the Institution). This plan summarizes our audit, the scope of our engagement, and various analyses and observations related to the Institution's financial reporting. It also contains the audit committee communications required by our professional standards.

Our audit will be designed to express an opinion on the June 30, 2014 financial statements of the Institution and address current statutory and regulatory requirements. We will consider the Institution's current business needs, along with an assessment of risks that could materially affect the financial statements, and we will align our audit procedures accordingly. We will conduct the audit with the objectivity and independence that you, the University of Alaska System, expect.

We look forward to meeting with you to go over this plan as well as addressing your questions and discussing any other matters of interest to the Audit Committee.

Very truly yours,

Maria

Moss Adams LLP Spokane, Washington

Our Audit Objectives and Scope

The scope of

Institution Responsibilities

The

Our Communications Plan

Our communications plan with the Audit Committee are designed to comply with professional standards set by the AICPA.

Our formal communications will occur at the conclusion of our engagement, where we will present the results of our audit. We are also available to respond to the Committee members' questions or to be present at periodic meetings.

We also plan to communicate

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Our Risk Assessments and Response

Financial Close and Reporting Process

Financial Close and Reporting Risks:

Trial balance journal entries made to create financial statements contain errors Excel spreadsheets used to calculate financial statement entries contain errors Creation of financial statements is dominated by one or two people without adequate review procedures Financial statements and footnotes do not contain required GAAP disclosures Entries that occur only once a year are of heightened risk for error

Our Planned Audit Response:

Review internal controls over financial close and reporting process Select and test a sample of journal entries used to create financial statements Review spreadsheet formulas and recalculate entries on a test basis Review financial statements and footnotes for required GAAP disclosures Significant Audit Areas for 2014

Compliance Audit Information

Major Programs to be audited in 2014

Research & Development Cluster Higher Education Institutional Aid ARRA - Broadband Technology Opportunities Program (BTOP)

Note: Final major program determination is not able to be completed until after "year end". The plan above is subject to additional programs based on total expenditures of federal funds and could possibly be impacted by expenditures of stimulus funding, regardless of dollar amount.

Materiality

Our assessment of materiality is based on both quantitative and qualitative factors in establishment of an appropriate base for calculating financial materiality. We consider the risk of material misstatement at the financial statement level, and in relation to classes of transaction, account balances, and disclosures.

Reporting

Audit Opinion on Financial Statements
Audit Report on Internal Control over Financial Reporting in Accordance with *Government Auditing Standards*Audit Opinion on Compliance with OMB Circular A-133
Communication Internal Control Related Matters Identi60 Tc 0 ToFdi t Fs(F)6 lg(i)-2002.9(d)-2(60 Tc 0 ToFdTc 0g30(32 >>BDC

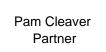
Audit Timing

We have provided the following outline of our anticipated timing for our audit:

- Call with Institution management to understand Institution's activities for 2014. (April 2014)
- Develop an understanding of internal controls and perform preliminary account balance risk evaluation (June 2014)
- Perform interim audit fieldwork procedures including tests of internal controls (June 2014)
- Meet with the Committee to discuss audit plan for 2014 (June 2014)
- Perform substantive audit procedures (**September 2014**)
- Meet with the Committee to discuss progress of the audit (September 2014)
- Issue reports (October 2014)
- Meet with the Committee to communicate the results of our audit and internal control recommendations. (December 2014)

Moss Adams, LLP Service Team

Overall Engagement Partner



Kim Koch Sr. Manager

Consolidated Endowment Fund Tammy Erickson Partner

> Kim Koch Sr. Manager

Ben Johnston

Manager

New Accounting & Reporting Standards for June 30, 2014 Audit

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