

Single Audit Report

**QUEEN'S UNIVERSITY
AT KINGSTON**

And Independent Auditors' Report thereon

Year ended April 30, 2020

QUEEN'S UNIVERSITY AT KINGSTON

Single Audit Report

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INDEPENDENT AUDITORS' REPORT

To the Management of Queen's University at Kingston

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Queen's University at Kingston (the "University"), which comprise the consolidated statement of financial position as at April 30, 2020, the related consolidated statements of operations, changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, except for the provisions of paragraph 3.82 of *Government Auditing Standards* which indicate the audit organization should undergo a peer review, as there is no such review process in Canada. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are



appropriate in the circumst

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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	2020	2019 Restated (note 3b)
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ASSETS

↓

0
0

CONSOLIDATED STATEMENT OF OPERATIONS

0 0 0

2020

2019
Restated
(note 3b)

REVENUES

0

0 0

0 0 0

0 0 0 0 0 0

0 0

EXPENSES

0

0 0 0

0 0 0

0

0 0

0 0

0 0 0 0 0

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

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Total 2020 **Total 2019**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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3. CHANGE IN ACCOUNTING POLICY

(a) Adoption of handbook sections 4433, 4434 and 4441

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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Statement of Financial Position:

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

0 0 0 0 0 0 0 0 0 0

10. DEFERRED REVENUE AND CONTRIBUTIONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

0 0 0 0 0 0 0 0 0 0

12. LONG-TERM DEBT

(a) Long-term debt consists of the following:

	0		0		0
		0			
	0				
	0				
		0			
	0		0	0	0
		0	0		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

0 0 0 0 0 0 0 0 0 0 0 0 0 0

13. EMPLOYEE FUTURE BENEFITS LIABILITY

0	0		0	0	0		0	0	0		0	0	
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

0 0 0 0 0 0 0 0 0 0

0 0

0

0

Accrued benefit liability

0 0

0

Accrued benefit asset / (liability)

Benefit plan expense

C 0

0 0

Net benefit cost

Remeasurements and other items

0 0
0 0

**Net remeasurements and other items
(gains) / losses**

0 0 0 0 0

0

0

0 0 0

0 0 0

0 0 0 0 0 0 0 0

0 0 0 0

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

0 0 0 0 0 0 0 0 0 0

15. INTERNALLY RESTRICTED NET ASSETS

0 0 0

0

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

0 0 0 0 0 0 0 0 0 0

16. NET CHANGE IN NON-CASH WORKING CAPITAL

0 0 0 0 0 0 0 0 0 0

0 0
0
0
0 0

17. FINANCIAL INSTRUMENTS

(a) Fair value

0 0 0 0 0 0 0 0
0 0 0 0 0 0 0
0 0
0 0 0 0 0 0
0 0

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

0 0 0 0 0 0 0 0 0 0

(b) Financial risk

0 0 0

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

0 0 0 0 0 0 0 0 0 0 0

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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21. COMPARATIVE FIGURES

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22.

QUEEN'S UNIVERSITY AT KINGSTON

Single Audit Report

Notes to the Schedule of Expenditures of Federal Awards

Year ended April 30, 2020

1. Basis of presentation:

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes all federal grants to Queen's University at Kingston (the "University"), except those administered by the Department of Education, which have been ex



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

To the Management of Queen's University at Kingston

We have audited, in accordance with International Standards on Auditing and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, except for the provisions of paragraph 3.82 of *Government Auditing Standards* which indicates the audit organization should undergo a peer review, as there is no such review process in Canada, the consolidated financial statements of Queen's University at Kingston (the "University"), which comprise the consolidated statement of financial position as at April 30, 2020, the consolidated statements of operations, changes in net assets and cash flows for the year then ended April 30, 2020, and the related notes to the consolidated financial statements and have issued a report thereon dated September 25, 2020

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A deficiency in internal control 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, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit the attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal



control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items (Findings 2020-001, 2020-002, and 2020-003) that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of consolidated 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

The University's Response to Findings

The University's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of The University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

September 25, 2020



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Independent Auditors' Report on Compliance for the Research and Development Cluster; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Award Required by Uniform Guidance

To the Management of Queen's University at Kingston

Report on Compliance for the Research and Development Cluster

We have audited Queen's University at Kingston's ("The University") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its programs in the Research and Development cluster for the year ended April 30, 2020.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to the Research and Development cluster.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the University's programs in the Research and Development cluster based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), except for the provisions of paragraph 3.82 of *Government Auditing Standards* which indicate that audit organizations should undergo a peer review, as there is no such peer review process in Canada. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on the programs in the Research and Development cluster occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for programs in the Research and Development cluster. However, our audit does not provide a legal determination of the University's compliance.



Opinion on the Research and Development Cluster



QUEEN'S UNIVERSITY AT KINGSTON

Single Audit Report
Schedule of Findings and Questioned Costs

Year ended April 30, 2020

(1) Summary of Auditor's Results

Federal Awards

(a) Internal control deficiencies over major program disclosed by the audit:

Material Weakness: **No**

Significant deficiencies: **Yes**

(b) Type of auditors' report issued on compliance for major programs: **Unmodified**

(c) Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a): **Yes**

(d) Major programs:

<u>CFDA number</u>	<u>Name of federal program or cluster</u>
Various	Research and Development Cluster

(e) Dollar threshold used to distinguish between type A and type B programs: **\$750,000**

(f) Auditee qualified as low risk auditee: **Yes**

(2) Findings Relating to the Consolidated Financial Statements Reported in Accordance with Government Auditing Standards

None

(3) Findings and Questioned Costs Relating to Federal Awards

Finding 2020-001: The University did not obtain suspension and debarment certifications from 5082016.401
contracted parties, nor did it perform its own ()Tj-9.2335 -e.005 -e.00A(a8katewain)5.4h4393 0 (spe)(eoug.4

QUEEN'S UNIVERSITY AT KINGSTON

Single Audit Report
Schedule of Findings and Questioned Costs

Year ended April 30, 2020

(3) Findings and Questioned Costs Relating to Federal Awards (continued)

QUEEN'S UNIVERSITY AT KINGSTON

Single Audit Report
Schedule of Findings and Questioned Costs

Year ended April 30, 2020

(3) Findings and Questioned Costs Relating to Federal Awards (continued)

Repeat Finding: Finding was reported in the prior year's audit and remains applicable for the current year audit. Given the timing of the finding being raised, and action undertaken by the University, resulted in the finding still occurring for a portion of the fiscal year and being reported on in the fiscal year ended April 30, 2020. Further, we note there were no Subrecipient payments in the current year.

Statistical Sampling: The sample was not intended to be, and was not, a statistically valid sample.

Recommendation: We recommended that management implement a process by which Research Finance staff are prompted to follow-up on financial reports from Subrecipients in accordance with the terms and conditions of sub-award agreements. We observed that the University actioned on these recommendations in the fiscal year ended April 30, 2020.

View of Responsible Official: Within the fiscal year ended April 30, 2020, the University implemented a process to ensure that financial spending reports are obtained from Subrecipients on a timely basis, as per the requirements outlined in the sub-award agreements. Once identified as a finding in the prior year Single Audit, the University modified its internal controls accordingly.

Finding 2020-003: In addition to the finding on monitoring of its Subrecipient's financial performance in fiscal year April 30, 2019, the University had another finding on the other requirements for pass-through entities as dictated by Uniform Guidance. As there were no Subrecipient payments to test in fiscal year April 30, 2020, this item has remained a finding for the current year.

Federal Agency: National Institutes of Health

Program Name: Research and Development Cluster

CFDA#: 93.847 93.855

Program Expenditures: \$98,656 and \$113,460 in fiscal year April 30, 2019

Federal Award Number: U01DK103271 R33AI121575

Federal Award Year: May 1, 2018 to April 30, 2019

Questioned Costs: No known questioned costs.

Condition Found: The University advanced funds to the University of Guelph and Drexel University during the April 30, 2019 fiscal year in accordance with sub-award agreement established with the two universities. As a pass-through entity, Uniform Guidance sets out required procedures that the University failed to perform for this Federal award year.

QUEEN'S UNIVERSITY AT KINGSTON

Single Audit Report
Schedule of Findings and Questioned Costs

Year ended April 30, 2020

(3) Findings and Questioned Costs Relating to Federal Awards (continued)

Finding 2020-003 (continued):

Criteria (continued)

- (b) Evaluate each Subrecipient's risk of non-compliance with Federal statutes, regulations, and the terms and conditions of the sub-award for purposes of determining the appropriate Subrecipient monitoring;
- (c) Consider imposing specific sub-award conditions upon a Subrecipient if appropriate;
- (d) Monitor the activities of the Subrecipient as necessary to ensure that the sub-award is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the sub-award; and that sub-award performance goals are achieved (as noted in Finding #2020-002);
- (e) Depending upon the pass-through entity's assessment of risk posed by the Subrecipient, specific tools such as training, on-site reviews, etc. may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals;
- (f) Verify that every Subrecipient is audited as required by Subpart F - Audit Requirements of this part when it is expected that the Subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded \$750,000;
- (g) Consider whether the results of the Subrecipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to the pass-through entity's own records; and
- (h) Consider taking enforcement action against non-compliant Subrecipients as described in 2 CFR 200.338, Remedies for non-compliance of this part and in program regulations.

Although the University followed section a) as indicated above through the issuance of standard sub-award agreements, it failed to perform any of the other procedures related to Subrecipient monitoring.

Cause: The University was not aware of this requirement until partway through their fiscal year when this was initially identified as a finding in the prior year Single Audit. Once identified as a finding, the University modified its internal controls and processes to include Subrecipient monitoring procedures such as performing risk assessments, reviewing Subrecipient's single audit findings, or issuing management decisions. Given the timing of the finding being raised, and subsequent action undertaken by the University, resulted in the finding still being relevant and reported on in the fiscal year ended April 30, 2020

QUEEN'S UNIVERSITY AT KINGSTON

Single Audit Report
Schedule of Findings and Questioned Costs

Year ended April 30, 2020

are not applicable for CFDA# 9.85.

Failure to perform the above procedures could result in the

agreement, or have significant unresolved findings from previous audits.

fiscal year ended April 30, 2020. Further, we note th

Statistical Sampling: