

**Office of the State Auditor  
Financial and Compliance Audit of the Legislative Department**

**Responses to Prospective Bidder Inquiries  
March 22, 2018**

1. What were the fees and hours for the prior year engagement?

The fees for the Fiscal Year 2017 audit was \$17,170. The number of hours was not provided to us. The number of hours listed in the 2014 RFP winning bid was 160.

2. What is the cost of the financial audit conducted by Anton Collins Mitchell LLP for the three prior audit periods (considered as 3-two year periods or 6 years)?

The audit costs for the prior 6 years are as follows:

- Fiscal Year 2017: \$17,170
- Fiscal Year 2016: \$16,670
- Fiscal Year 2015: \$16,500
- Fiscal Year 2014: \$16,000
- Fiscal Year 2013: \$15,745
- Fiscal Year 2012: \$15,745

3. Is the expectation to provide one, flat two-year fee or break out the fee by individual fiscal year?

We expect the fee to be broken out by individual fiscal year.

4. Can you please clarify if the costs should be for FYE 2018 only, or should they include an estimate for fiscal year 2019, as part of the 2 year engagement process? Should the costs proposed also include any years after the 2018/2019 audits or future periods?

Please provide costs for Fiscal Year 2018 as well as an estimate for Fiscal Year 2019. The firm selected will be awarded a one-year contract which may be renewed on an annual basis for up to five additional years subject to acceptable performance and costs. The contract amount for Fiscal Year 2019 will be negotiated with the winning firm at the beginning of that audit. We do not require firms to propose costs for any future periods as these will be negotiated on an annual basis.

5. What is the Department's preferred timing for interim and final fieldwork? How many auditors were onsite for both interim and final fieldwork and for how long?

According to Department staff, they prefer interim from early to mid-June. They would prefer final field work after the financial statement due date set by the OSC. For Fiscal Year 2018, final field work took place in late September. The number of auditors onsite and for how long was not provided to us.

6. Has there been any personnel turnover at the Department in any key accounting positions during the last twelve months?

The Office of the State Auditor's controller retired in February 2018. A new controller started mid-February 2018.

7. Are you currently aware of any areas for which OSA would like additional audit procedures performed beyond the standard audit plan?

We are not aware of any areas requiring additional audit procedures.

8. What types of problems, if any, have been encountered during recent audits that caused delays in meeting OSA deadlines?

There have been no delays or problems noted.

9. How many adjustments were proposed during the most recent audit and how many were recorded and how many were waived? Were any of the adjustments repeats from prior year audits?

There were no proposed adjustments in the prior two audits.

10. Does the Department have any unusual or complex accounting issues?

None that we are aware of.

11. Were material weaknesses and/or significant deficiencies noted in the 2017 audit? If so, were they related to financial audit and/or single audit?

There were no material weaknesses and/or significant deficiencies noted in the FY2017 audit.

12. Were there any deficiencies in internal control reported in last year's audit in addition to those included in the report (*i.e.* verbal comments or deficiencies)? If so, was a management letter issued? If yes, please provide.

There was a deficiency in internal control for FY2017 that was communicated verbally related to retaining documentation of CORE access reviews.

13. Does the Department use any IT systems outside of CORE? If so, how have the controls over IT for these systems been tested in the past?

As it relates to the financial audit, there have been no financially significant IT systems identified outside of CORE, so no further IT testing has been performed.

14. Have there been any changes in the IT systems in the last year?

None noted.

15. Are there any planned changes to the current IT environment?

No.

16. Does the OSA expect an IT auditor to be used on these engagements or will the OSA continue to test CORE and provide a specific IT program for contractors for use at the individual departments?

The OSA's in-house IT audit team centrally tests CORE ITGCs. We do not anticipate providing a specific IT audit program for the audit of the Legislative Department. However, we do expect the contractor to perform sufficient procedures in order to submit the IT Attest Memo as outlined in the RFP.

17. Does the OSA anticipate firms using IT specialists in testing of the IT controls?

It is up to the individual audit firm to determine the need to use IT specialists.

18. Were there any major IT system failures or issues noted during the current fiscal year, or previous three fiscal years?

According to Department staff, there were no major IT system failures or issues noted during the current or three previous fiscal years.

19. Can you please provide clarification on the procedures to be conducted in each of the fiscal years in which an Independent Auditor's Report is "not" issued (i.e. Fiscal Year Ending 2018)? For example, in fiscal year ending 2018 is the expectation that audit procedures are performed and only completed attestation memos will be submitted? Please clarify what deliverables will be required for the fiscal year ending June 30, 2018.

As stated in the RFP, the audit work will result in an independent auditors' report on the financial statements of the Legislative Department for the two years ended June 30, 2019. The audit procedures performed during Fiscal Year 2018 should be sufficient to support the opinion issued for the comparative statements for the years ended June 30, 2018 and June 30, 2019. The expected deliverables for Fiscal Year 2018 will be completed attestation memos submitted to the Office of the State Auditor.

20. Additionally, page 5 of the RFP states that the audit work will include a review of the non-published financial statements issued by 10/31/18. Do you expect the contractor to issue an Independent Accountant's Review Report on these statements? Or do you expect the contractor to read and review the Department's financial statements for consistency with the audit procedures performed relating to fiscal year 2018?

As mentioned in the response to question #16, we expect the contractor to perform sufficient audit procedures that would include reading and reviewing the Department's financial statements for consistency. The procedures performed should be sufficient to support the opinion issued for the comparative statements for the years ended June 30, 2018 and June 30, 2019. We do not expect the contractor to issue an Independent Accountant's Review Report for the non-published financial statements for Fiscal Year 2018.

21. Are there documented policies and procedures related to internal controls over significant transaction cycles? Is this documentation centralized in one location or de-centralized?

According to Department staff, there are documented procedures for GAX (expenditures/payments), cash receipts and journal entries. Department staff also indicated that they follow the state fiscal procedures manual and applicable rules and regulations.

22. Have any firms or outside consultants provided service(s) separate from the external audit over the past three audit periods? If so, would those be available for review by the auditors in planning?

According to Department staff and the OSA, no other outside firms or consultants were used.

23. Have there been any regulatory audits performed during the year? If so, were there any findings or issues brought to management's attention?

According to Department staff, no.

24. What does the Department like and what would the Department want to change in regards to the current audit process?

According to Department staff, the current audit process works well.

25. Are there any specific accounting or auditing concerns? What, if any, new regulations, standards, or issues may cause the OSA or the Department concern for the upcoming year and beyond?

According to Department staff, there are no specific accounting or audit concerns. The OSA is not aware of any concerns for the upcoming year and beyond.

26. Any significant events or transactions expected to occur in 2018 that are different/new/unusual that could materially impact audit procedures or scope of work?

According to Department staff, there are no expected significant events or transactions that would materially impact the audit procedures or scope of work.

27. Does the Department staff draft the financial statements or do you expect auditor assistance with this function?

According to Department staff, they draft the financial statements and does not expect auditor assistance.

28. Does the Department have a working copy of the prior year PBC (prepared by client) audit lists and confirmations (if applicable) that are appropriate to share?

According to Department staff, they do have a prior year PBC listing that may be provided upon successful completion of the contract.

29. Were all of the requested deadlines met during the last audit period?

Yes.

30. For this RFP, who will comprise the selection committee (i.e., Office of the State Auditor personnel, Department personnel, etc.)?

The final selection will be made by the State Auditor, with the consultation of the Deputy State Auditor, the Contract Monitor, and Department staff.

31. In anticipation of the adoption of GASB 75, will the appropriate detailed information at the Department level be provided by the actuary? Will Department personnel prepare the computations and disclosures for GASB 75?

The Office of the State Controller (OSC) historically prepared the entries related to GASB 68 posted on behalf of the individual state departments. We anticipate the OSC will prepare the entries related to GASB 75 based on the Schedule of Allocations and Schedule of Collective OPEB Amounts provided by the Colorado Public Employee Retirement Association (PERA).

32. Is the Department's external auditor required to complete census testing for the net pension liability established by GASB Statement No. 68, Accounting and Financial Reporting for Pensions, or does that responsibility lie with the external auditors of the Colorado Public Employee Retirement Association?

If the Legislative Department is selected by PERA's external auditors for census testing, the Department's external auditors will be required to complete census testing for the net pension liability. However, due to the Legislative Department's overall size in relation to other State Division employers, the Department is within the lowest tiers and at most would be selected once every 10 years.

33. Are there any other GASB Statements that will be effective and adopted by the Department for the year ended June 30, 2018?

Other than GASB 75, no.

34. Have there been any known instances of fraud or illegal acts during the current fiscal year, or in the previous three fiscal years?

None that we are aware of.