

## Adams State University– RFP Inquiry Questions and Responses

1. When does ASU plan on having the financial statements (including MD&A and Footnotes) drafted and ready for the Auditor to perform audit work? Who will be preparing them?

- *According to the University, they plan on having financial statements drafted by mid-August and the Controller will be preparing them.*

2. How many audit adjustments have the auditors proposed in the past 2 years for the financial statements? How many have been booked and how many have been reported as uncorrected audit adjustments?

*The details of the audit adjustments for the prior two years are contained within our Fiscal Year 2016 and 2015 Adams State University's financial audit reports (Report Nos. 1702F and 1602F, respectively on our website:*

*<http://leg.colorado.gov/audits/adams-state-university-fiscal-years-ended-june-30-2017-and-2016> and <http://leg.colorado.gov/audits/adams-state-university-fiscal-years-ended-june-30-2016-and-2015>.*

3. Who audits the Foundation? When is that report issued?

- *According to the University, Wall Smith Bateman currently audits the Foundation and the report is typically issued in mid-October*

4. Have there been any deficiencies in internal control (materials weaknesses, significant deficiencies, or control deficiencies) reported for the following in the past two years?

- *Yes. The audit deficiencies identified in the report for past 2 years can be located at*
- *<http://leg.colorado.gov/audits/adams-state-university-fiscal-years-ended-june-30-2017-and-2016>*
- *<http://leg.colorado.gov/audits/adams-state-university-fiscal-years-ended-june-30-2016-and-2015>*
- *There were no control deficiencies communicated as part of a management letter.*

5. Have there been any disagreements with your auditors on accounting issues in the past two years? Have you had any issues with your current auditors?

- *There have been no issues or disagreements with the auditors on accounting issues in the past two years.*

6. Please provide copies of management letters for the past two years.

- *There were no management letters issued for the past two years.*

7. Does the University plan on doing any bond issuances in the next year? Are there any new bond issuances that have occurred or are anticipated to be completed during the year ended June 30, 2018?
- *According to the University, they do not plan on issuing any bonds during the fiscal year ended June 30, 2018.*
8. When the University does issue bonds, what services to they require from their external auditors?
- *Per University staff, no services are required from their external auditors and they do not plan to issue new bonds in the next year.*
9. What have the audit fees been for the last 3 years?
- The contract fee for Fiscal Year 2015 was \$40,300. \_*
- The contract fee for Fiscal Year 2016 was \$53,700. \_\_\_\_\_*
- The contract fee for Fiscal Year 2017 was \$\_48,920. \_\_\_\_\_*
10. The RFP states that a final audit report must be delivered to the State Auditor by October 31<sup>st</sup>. However the last audit was dated by the Auditor on November 17. What caused the audit to be delayed in getting issued? And, what procedures have been put in place to ensure the 2018 auditor will have appropriate time to issue by October 31<sup>st</sup>?
- *The October 31 date noted in the RFP does not specifically represent an opinion/issuance date. The auditor must ensure that it provides a draft report, including audited financial statements and any noted findings, to the OSA Contract Monitor by early October in order to provide sufficient time for all reviews. Each report has to be released by the Legislative Audit Committee as a public document, which typically occurs in November or December for the University's report. The Fiscal Year 2017 audit was received and released by the Legislative Audit Committee on schedule.*
11. How long has the current audit firm been doing the audit? Do you have mandatory firm rotation this year?
- *Wall Smith Bateman, Inc., was the audit firm engaged to perform the audit in fiscal year 2017 and has been performing the audit since fiscal year 2013. Therefore, Wall Smith Bateman, Inc., is eligible to propose. See Section I, Part N. for information on the eligibility of firms to propose.*
12. Have there been any significant changes in the Finance Management Team at the system in the past year?

- *According to the University, there has been no significant changes to the Finance Management Team at the University in the past year.*
13. What were the total audit hours incurred by entity the last two years?
- *The actual number of hours incurred by the entity for this audit was not provided to us.*
14. What is the makeup of the Evaluation Committee?
- *The evaluation committee consists of OSA Personnel (Staff, Deputy State auditor, and State Auditor). The OSA offers to share all proposals with the applicable department/institution staff and considers any department/institution feedback. For more information about the proposal evaluation, please refer to the Section III, Proposal Evaluation Process of the RFP document.*
15. What are you looking for in an auditor (relationship, technical guidance, etc.)?
- *According to the University, they are looking for audited Financial Statements, mutual respect & technical guidance when appropriate.*
16. Have there been any known instances of fraud or illegal acts during the current fiscal year, or in the previous three fiscal years? Have there been any allegations, instances or suspicions of fraud related to cyber security, financial accounting and reporting, or with any grant programs in the past year or part three years?
- *The OSA is unaware of any known instances of fraud or illegal acts for the Department during Fiscal Year 2017. According to the University, there has been no known instances of fraud or illegal acts during the current fiscal year, or in the previous three fiscal years.*
17. Were there any major IT system failures or issues noted during the current fiscal year, or previous three fiscal years?
- *According to the University, there were no major IT system failures or issues noted during the current fiscal year, or previous three fiscal years.*
18. Have there been any regulatory audits performed during the previous three fiscal years? If so, were there any major findings or issues brought to management's attention?
- *According to the University, it underwent a Program Review conducted by the federal Department of Education. The University is still awaiting its Final Program Review Determination Letter.*
19. Are there any significant events or transactions in fiscal year 2018 that are different/new/unusual that could materially impact our audit approach (with the presumption that we are examining the 2017 financial statements to build our audit approach)?
- *According to the University, there are no significant events or transactions in fiscal year 2018 that could materially impact the audit.*
20. Are there any known significant transactions/activities planned for the future periods not covered by the Request for Proposal that should be considered in our proposed fee structure?

- *According to the University, there are no known significant transactions/activities planned for the future periods not covered by the Request for Proposal. If items are identified that should be considered in the proposed fee structure.*

21. What information systems are used for the following:

- a. Student information system
- b. Student financial aid
- c. Accounts payable
- d. Payroll
- e. General ledger

Is there an anticipated system conversion in the next year?

- *According to the University, Banner system is used for all the areas a. through e. They do not anticipate system conversion in the next year.*

22. Please confirm management prepares the financial statements.

- *Yes, the management of the University prepares the financial statements.*

23. Does Adams State University expect any significant changes to federal government funding in fiscal year 2018?

- *According to the University, they do not expect any significant changes to federal government funding in fiscal year 2018.*

24. Please describe management's progress made in addressing auditor's recommendations from the prior year.

- *According to the University, "The Financial Plan of Action is in progress, Progress has been made on our internal control issues; as time progresses, we have been able to do more training with our staff (4 of 5 who are new in the last year and a half)."*

25. Please provide a summary of posted and waived audit adjustments from the prior year.

- *The details of the audit adjustments for the prior two years are contained within our Fiscal Year 2016 and 2015 Adams State University's financial audit reports (Report Nos. 1702F and 1602F, respectively on our website:*

*<http://leg.colorado.gov/audits/adams-state-university-fiscal-years-ended-june-30-2017-and-2016> and <http://leg.colorado.gov/audits/adams-state-university-fiscal-years-ended-june-30-2016-and-2015>.*

26. Have there been or are there planned changes in key management and accounting staff of the University?

- *According to the University, there are no planned changes in key management and accounting staff of the University.*

27. Based upon recommendation and conclusions of the Performance Evaluation of ASU and the proposed ASU trustees' fiscal contingency plan, what additional assistance would the auditor be charged with within the scope of the audit?
- *Please refer to Section C. SERVICES REQUIRED of the RFP.*
28. What other challenges or significant changes does the ASU expect to face over the next five years (i.e. implementation of GASB No. 75, 84, 87, Uniform Guidance, accounting system conversion, etc)? How can the auditor assist ASU with these challenges, taking into consideration independence requirements?
- *Please refer to Section C. SERVICES REQUIRED of the RFP.*
29. Has the Department of Education or any other federal agency (Education, Agriculture, etc.) identified any significant findings as part of their reviews/audits of ASU?
- *According to the University, it underwent a Program Review conducted by the federal Department of Education. The University is still awaiting its Final Program Review Determination Letter.*
30. Do you anticipate any significant changes in state or federal awards programs over the next five years?
- *The University does not anticipate any significant changes in state or federal awards programs over the next five years.*
31. What previous steps has ASU taken to enhance IT security?
- *According to the University, it has taken numerous steps to enhance IT security.*
  - *Specific information regarding those steps will be available to the contractor awarded the bid upon the start of the audit.*
32. What ERP system (Banner, Colleague, WorkDay, etc) does the University use?
- *The University uses the Banner system.*
33. Are you aware of any significant and/or new financial statement risks that will affect the Adams State University audit for fiscal year 2018?
- *According to the University staff, they are not aware of any significant risks for fiscal year 2018.*
34. Any significant changes expected operations or revenue streams?
- *According to the University staff, they do not expect any significant changes to the operations or revenue streams.*
35. Any significant changes expected related to the Single Audit or grants received?

- *According to the University staff, they do not expect any significant changes to the Single Audit or grants received.*
36. Any plans to issue debt in next couple of years?
- *According to the University staff, they do not plan to issue any debt in the next couple of years.*
37. During interim and fieldwork, how many auditors have been on-site and for how long? Historically, how long have those auditors worked remotely for interim fieldwork and final fieldwork, if applicable?
- *According to the University, there were approximately four auditors onsite for about two weeks for the Fiscal Year 2017 audit. Each auditor worked remotely for interim fieldwork and final fieldwork for about three to four weeks.*
38. Would you like to see any changes to the timing of interim or fieldwork?
- *According to the University, they do not want to see any changes to the timing of interim or fieldwork.*
39. Do you have an internal audit function?
- *According to the University, they do not have a formal internal audit office.*
40. Any exceptions or findings in the prior year related to the NCAA agreed-upon procedures?
- *NCAA procedures were not performed in Fiscal Year 2017. The procedures were last performed in Fiscal Year 2016. See NCAA compilation report at <http://leg.colorado.gov/audits/national-collegiate-athletic-association-financial-data-compilation>.*
41. Were the corrective action plans implemented for the prior year findings related to the audit?
- *According to the University, "The Financial Plan of Action is in progress, Progress has been made on our internal control issues, as time progresses we have been able to do more training with our staff (4 of 5 who are new in the last year and a half)."*
42. Is the audit of the Adams State University Foundation part of this RFP or is a separate audit performed by component auditors?
- *Adams State University Foundation has the authority to hire component auditor. In Fiscal year 2017, the contract auditor performed the audit of the Foundation. .*
43. Any concerns with debt covenant compliance?
- *According to the University, there are no compliance issues related to debt covenants.*

44. Any significant projects planned in the next couple of years?
- *According to the University, there are- no significant projects planned in the next couple of years.*
45. For the implementation of new standards, what level of assistance does the University expect from their auditors?
- *According to the University, their expectation is minimal.*
46. What general ledger software do you use?
- *University uses Banner software.*
47. What is consider important to you in hiring a service provider?
- According to the University, they are looking for audited Financial Statements, mutual respect & technical guidance when appropriate.*
48. Has the existing CPA firm performed the IT general control testing in the past or contracted that service?
- a. If contracted, who performed the service?
    - *The existing CPA firm performed the IT general controls testing in the past.*
49. With respect to the availability of audit documentation that may assist in in reducing our first-year costs:
- a. Does the University have the ability to provide the majority of the requested audit work papers electronically to facilitate off-site audit work to minimize travel costs?
    - *According to the University, they do have the ability to provide the majority of the information electronically.*
  - b. Does the University have documented internal control procedures/memos?
    - *According to the University, they do have documented internal control procedures.*
  - c. Does the University have a working copy of the prior year PBC (prepared by client) audit lists and confirmations (if applicable)?
    - *According to the University, they do have a copy of the prior year PBC audit lists and confirmations.*
50. From a timing perspective,
- a. What is the earliest preliminary fieldwork could commence? When has fieldwork for the audit historically commenced?
    - *Interim fieldwork related to the Single audit and the financial audit (feeder) can begin as soon as the OSA has a completed contract with the awarded firm, a signed engagement letter has been obtained from Department/University management, and a combined entrance conference has been held with the Department/contract auditor/OSA. The firm awarded the contract may contact the Department/University to determine the best timing*

*for performing fiscal year-end audit work. In general, Single Audit work may be performed at interim, with testwork related to coverage through the end of the year performed at a later time. Fiscal year-end financial compliance work may begin at a time subsequent to the entrance conference as agreed upon by the contractor and Department/University. Remaining fiscal year-end financial work may begin after fiscal year end close, which is approximately the beginning of August. All testing generally needs to be done based on the associated attest due dates as noted in the RFP documents. This timing is normally discussed during the entrance conference.*

- *According to the University, historically, fieldwork commenced in June – July timeframe.*

51. Has the University had any significant turnover in accounting or Student Financial Aid staff in the past year?

- *According to the University, there was no significant turnover in accounting or Student Financial Aid staff in the past year.*

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

- *The Office of State Controller had provided GASB 68 entries to State Departments and Higher Education Institutions for Fiscal Year 2017. The Office of State Controller plans to provide similar information regarding GASB 75. However, the auditor is responsible for auditing financial statement amounts and related note disclosures.*

53. Please provide a copy of the management representation letter dated November 17, 2017.

- *This information is contained in the confidential work papers. The work papers will be available to the winning bidder upon request after the award of the contract.*

54. Please provide a list of questions and answers that have been, or will be by January 24<sup>th</sup>, submitted by other audit firms related to this RFP.

- *All firms who provided questions will receive a list of all questions asked along with responses to these questions. In addition, the list of inquiries along with answers to those inquiries will be posted on the OSA website at <http://leg.colorado.gov/agencies/office-state-auditor/requests-proposals>.*

55. Is there a process for posting follow-up questions after receipt and review of the Office of the State Auditor inquiry response document?

- *The OSA accepted all written inquiries concerning the RFPs that were submitted by 5pm MT January 24<sup>th</sup>, 2018. There is no process for follow-up questions to be submitted and addressed subsequent to that timeframe. Please refer to the Section I, Part H of the RFP, for the schedule for the proposal process.*

56. Were there any findings reported under the Uniform Grant Guidance related to Adams State University reported in the State of Colorado June 30, 2017 data collection form and Single Audit report?

*The Statewide Fiscal Year 2017 audit is still in progress. Our opinion has not been issued and the report has not yet been released, but is expected to be released as public information and available on our OSA website by February 27, 2018.*