

Office of the State Auditor
Financial and Compliance Audit of Colorado Mesa University
Fiscal Year 2022

Responses to Prospective Bidder Inquiries:

Fees

1. What were the fees paid for the last three audit years (2021, 2020, and 2019, respectively)?
The contract fees paid for the last three audit years was \$58,800, \$44,705, and \$45,390, respectively. The Fiscal Year 2020 audit had a \$7,825 contract amendment and Fiscal Year 2021 audit had a \$2,000 contract amendment, which are included in the contract fees noted.
2. What were total hours for each of the last three years of audits?
The total hours for these audits were not provided to us.
3. Testing of State Student Financial Aid is not expected to be performed until FY2023. As such should the pricing submitted for FY22 include the pricing for the state SFA engagement in the all-inclusive pricing, as a separate line item in the fees, or will the OSA establish a set pricing for that engagement similar to the federal programs and NCAA fees?
The proposal should comply with the requirements stated in the RFP, specifically, Section II, Part H indicates the requirements for Compensation. The anticipated fee for the audit of the State-Funded Student Financial Aid is \$3,700 for Fiscal Year 2022. The proposal should include a separate line for these fees.

RFP & Scope of Audit

4. Is there a process for posting follow-up questions received from other potential bidders?
All RFP questions received are combined together in one document and will be emailed back to each potential bidder who submitted questions. The responses will also be posted on our website with the RFP at <https://leg.colorado.gov/agencies/office-state-auditor/requests-proposals>
5. For this RFP, who will comprise the selection committee (i.e., Office of the State Auditor personnel, Department personnel, etc.)?
As outlined in the RFP, Section III, Part A, an OSA evaluation team, which is OSA personnel, will judge the merits of all proposals received and will select the bidder whose proposal is most responsive to the State Auditor's needs while being within available resources. As noted in Section I, Part G, the State Auditor reserves the right to accept or reject, in part or in its entirety, any or all bids received as a result of this RFP if, in the opinion of the State Auditor, it is in the best interest of the State to do so.
6. Do you have a mandatory rotation of auditor for FY 22?
There is a mandatory rotation of the auditor for Fiscal Year 2022. However, due to the impacts of the pandemic, including circumstances of University staffing turnover, we would allow the current auditor to provide a proposal, but it would only be considered for a one year contract that will not be subject to the four additional years for renewal.

7. What is the reason for the RFP? Is the current audit firm allowed to bid and how long have they been conducting the audit of the University?

As noted in the RFP Section I, Part N, states "The successful bidder will be awarded a one-year contract which may be renewed on an annual basis for up to four additional years subject to acceptable performance and costs." Therefore, the audit goes up for RFP every 5 years.

The OSA's policy requires a 10-year rotation of audit firms. The current auditor performed the audit for the University for the previous 10 years. However, due to the impacts of the pandemic, including circumstances of University staffing turnover, we would allow the current auditor to provide a proposal, but it would only be considered for a one year contract that will not be subject to the four additional years for renewal.

8. Are there preferences given to firms located closer to the University?

As noted in the RFP Section I, Part N, states "The contract will be awarded to the bidder whose proposal will be most advantageous to the State of Colorado, price and other factors considered." Therefore, all factors are considered.

9. How long has the University had the current auditor (including time prior to the firm acquisition)?

The current auditor has performed the audit for the past 10 years.

- a. Given its inherent advantage in terms of knowledge of the University, how receptive is the University to considering a change in auditor?

According to University staff, the University has consistently proven its adherence with laws, rules, regulations and controls and demonstrated its ability to adapt to change. Given the staffing turnover it would be useful to extend the current audit engagement at least one more year.

Staffing

10. Have there been any changes or departures in key staff, at all levels, in the past year that would affect the upcoming audit? Are you aware of any upcoming departures of key financial reporting personnel due to retirements, etc. in the next year or two?

According to the University staff, President Marshall is new to his position as of July 2021, but has been with the University since 2007, most recently in the capacity of VP for Student Services. The University's Controller retired on 2/28/22, and a search is underway to fill the position. One or two existing personnel, with significant University financial and Banner experience will be elevated to an Assistant Controller role as part of this change to provide support and redundancy. In November 2021, the University's CFO announced her retirement the end of May, although she has agreed to stay on half-time from June through December to assist in the transition to a new CFO and support the University in other ways. A search to fill the CFO position is also currently underway.

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

According to the University staff, the University has a new Director of Financial Aid as of 1/15/2021, Ms. Lindsey Campbell. Prior to her role as Director, Ms. Campbell served as the Deputy Director of Financial Aid from 2018 to 2021 and between 2014 and 2018 served in several financial aid capacities. The previous Financial Aid Director, Curt Martin, continues to serve as Deputy Director of Financial Aid. Three other positions have turned over during FY2021-2022. These are Scholarship Programs Coordinator, Loan Programs Coordinator (new), and Student Employment Coordinator. The scholarship position was filled with an internal candidate while the remaining two were filled with external candidates.

Current Mesa Operations

12. Is there any role of Internal Audit in the external audit process?

According to University staff, no, the University does not have specific internal audit position(s).

- a. If so please describe if there are any audit assistance procedures performed by the internal auditor.

N/A

- b. If so, please provide any reports that would have an impact on the financial statement audits.

N/A

13. Have there been any significant changes in the operations of the organization since the 2021 audit that would have a significant impact on the scope of the engagement?

According to University staff, no.

14. Please describe any outside service organizations (third party service providers) used by entity that have an impact on accounting or financial reports (such as ADP, investment management, etc.).

According to University staff, Chalestowne Hotels is the Hotel Maverick operator, Commerce Bank is the investment manager, and Kutak Rock is the bond legal counsel.

Fieldwork and Audit Timing

15. Historically, how many auditors does the University have on-site during audit interim fieldwork and final fieldwork?

According to University staff, historically there have been 3-5 auditors and the principal comes out during the week to review staff work.

- a. Historically, how long have those auditors been on-site for interim fieldwork and final fieldwork?

According to University staff, one week for each visit (interim and final), the fieldwork time expanded to two weeks last year because of single audit testing at the University. Over the last two years, due to COVID, we have communicated and shared a lot of information, including sample items, remotely, via electronic transfers.

- b. Historically, how long have those auditors worked remotely for interim fieldwork and final fieldwork, if applicable?
This information was not provided to us.
16. With respect to the availability of audit documentation that may assist 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 University staff, Yes.
- b. Does the University have documented internal control procedures/memos?
According to University staff, Yes.
- c. Does the University have a working copy of the prior year PBC (prepared by client) audit lists and confirmations (if applicable)?
According to University staff, Yes.
17. From a timing perspective,
- a. What is the earliest preliminary fieldwork could commence?
Interim fieldwork related to the financial and Single Audit can begin as soon as the OSA has a completed contract with the awarded firm, a signed engagement letter has been obtained from management, and an entrance conference has been held with the University/contract auditor/OSA. The OSA prefers that an entrance conference be held as soon as possible after contract signature. 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 date. Internal control testing may begin at a time subsequent to the entrance conference as agreed upon by the contractor and the University. 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.
- b. When has fieldwork for the audit historically commenced?
According to the University staff, historically fieldwork has commenced on the first or second week of June, after the OSA entrance and after the engagement letter has been signed.
18. Please confirm that the audit of the discretely presented component units, Colorado Mesa University Foundation and Colorado Mesa University Real Estate Foundation are not part of the requested audit scope.
The discretely presented component units, Colorado Mesa University Foundation and Colorado Mesa University Real Estate Foundation are not part of the requested audit scope. According to the University staff, the Component units are audited by Paul D. Miller CPA, LLC.
19. We note the required deadlines outlined in the RFP; however, can you please provide information on when fieldwork or test work typically happens?
Please see response to question #17.
- a. When are interim tests of controls and financial systems typically conducted? When do you prefer this to happen?
According to University staff, fieldwork in June has worked well.

- b. When are final numbers/trial balances ready? When do you provide draft financial statements to the auditors?
According to University staff, both will be ready by the end of August unless there are delays getting info from the Office of the State Controller, such as the GASB 68/75 info from PERA.
 - c. When is the NCAA AUP work typically performed?
According to University staff, the NCAA AUP work is typically performed in November.
20. How much of your audit was conducted virtually the past year? What about before COVID? What are your preferences? What is best onsite?
According to University staff, compared to pre-COVID, the University can conduct most of the audit remotely. The University prefers remote but either way is fine.
21. Are there any changes that you would like to see in the timing of the audit process for any of the above?
According to University staff, no changes except for the timing of the NCAA AUP.
22. Is there a requirement for work to be conducted on-site, or can this engagement be carried out remotely?
No requirement for on-site.

Prior Audits

23. Did the University have any control deficiency communications from its auditors for the most recent audit period (other than those material weaknesses and significant deficiencies included in the audit report)? If yes, can you please provide them?
There were no control deficiency communications for the most recent audit period. Access to prior year work papers will be granted upon award of the contract.
24. When the University does issue bonds, what services do they require from their external auditors?
According to University staff, no services are required from external auditors. Final bond documents are provided to the auditors, which have been developed in coordination with the bond counsel.
25. Are any adjusting journal entries typically proposed by the auditors? If so, how many?
The posted and passed adjustments for the prior two years are included in the Fiscal Year 2021 and 2020 audit reports, which can be found on our website at <https://leg.colorado.gov/audits-for-department/Colorado-Mesa-University> .
26. The RFP states that a final audit report must be delivered to the State Auditor by November 1st. However the last audit was dated by the Auditor on January 31st. What caused the audit to be delayed in getting issued? And, what procedures have been put in place to ensure the 2022 auditor will have appropriate time to issue by November 1st?
Recent delays have all been attributed to the COVID-19 pandemic and the timing of the OMB Compliance Supplement and related addendums. As stated in the RFP, the final audit report must be delivered to our office by November 1, 2022 for our review, so the auditor must plan to have a draft report to the OSA for review by October 14, 2022. Delays, including delays due to the number of financial audit reports received by the OSA for review during October, result in report finalization dates subsequent to November 1, but these issues vary each year. After

our review is complete the report must then be released by the Legislative Audit Committee (LAC). The dates of the LAC hearings for November and December vary each year.

27. 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 University staff, no regulatory audits were performed during the year.

28. Please provide a copy of the latest management letter issued on internal controls to those charged with governance, if applicable (i.e., separate letter for any comments that may not have been included as a recommendation for finding in the FY 2021 financial statements for the University).

This information is part of the audit workpapers. Access to prior year work papers will be granted upon award of the contract.

29. Please provide a list of the adjusting entries posted as part of the FY 2021 audit after the Colorado Operations Resource Engine's (CORE's) final year-end closing.

The posted and passed adjustments for the prior two years are included in the Fiscal Year 2021 and 2020 audit reports, which can be found on our website at <https://leg.colorado.gov/audits-for-department/Colorado-Mesa-University>.

30. Please provide a copy of the most recently completed audit of the School's State-Funded Student Financial Assistance Programs.

The University's State-Funded Student Financial Assistance Programs audit for the prior year are included in the Fiscal Year 2021 audit reports and can be found on our website at <https://leg.colorado.gov/audits-for-department/Colorado-Mesa-University>.

31. Please provide a copy of the independent auditor's report on the application of agreed-upon procedures to Colorado Mesa University's (the "University") Division II Intercollegiate Athletics Program Statement of Revenues and Expenses for the procedures performed as part of the FY 2019 audit.

The Fiscal Year 2019 copy of the independent auditor's report on the application of agreed-upon procedures to Colorado Mesa University's Division II Intercollegiate Athletics Program Statement of Revenues and Expenses can be found on our website at <https://leg.colorado.gov/audits-for-department/Colorado-Mesa-University>.

Financial Statements

32. How involved are the auditors in preparation of the financial statements versus management? Does management prepare the draft financial statements and footnotes, including RSI?

According to University staff, management prepares the financial statements, footnotes, and RSI.

33. When does the University plan on having the following financial statements (including MD&A and Footnotes) drafted and ready for the Auditor to perform audit work?

According to University staff, the University plans to have the financial statements drafted in August/September.

34. When are the Colorado Mesa University Foundation's and the Colorado Mesa University Real Estate Foundation's financial statements completed?

According to University staff, the financial statements will be completed on September 15th.

35. Who drafts the financial statements and what is the independent auditor's responsibility for formatting the financial statements as well as printing and binding them?

According to University staff, management prepares the financial statements, footnotes, and RSI. The Independent auditor's are responsible for formatting the financial statements as well as printing and binding them.

As noted in the RFP in Exhibit A, Section D, the Contractor shall deliver to the State up to 50 copies of the bound report as determined by the State at the time of report finalization.

36. How many of the State Controller's office exhibits does the University complete? If possible, can you specify which exhibits those are to help gauge the scope of work?

For Fiscal Year 2021 the University submitted a total of 19 exhibits. The exhibits submitted were Exhibits B, C, D2, K1, J, E1, F1, G, I, M, N1, N2, N3, O1, U1, U2, V1, V2 and W2. The exhibit templates and instructions are on the Office of the State Controller's website at <https://www.colorado.gov/pacific/osc/fiscalprocedures>

GASBs

37. Has the University assessed the impact of GASB 87 yet and will the University need assistance with implementation?

According to University staff, GASB 87 has been and will be immaterial for the University in Fiscal Year 2022. However, the University is building a \$3.5 million leased facility on City of Grand Junction property that will come online in Fiscal Year 2023 and will make GASB 87 material.

38. GASB 87 - Leases will be required for implementation for FY 2022. Please describe the readiness of the organization to implement this new standard and approximate number of leases to evaluate. Will a software solution be used for tracking and implementing this new standard?

According to University staff, the Office of the State Controller has a lease tracking tool at no cost that the University intends to use. The University anticipates the number of leases to be minimal.

Significant Transactions

39. Are there any known significant transactions or activities planned for the future periods that should be considered in our proposed fee structure?

According to University staff, No.

40. Are there any significant regulatory or compliance issues that you are aware of that could impact the FY 2022 financial and compliance audit?

According to University staff, No

Expected Changes in Operation/Future Transactions

41. Are there any significant capital projects/improvements expected to be entered into during the year ending June 30, 2022?

According to University staff, there are several that are nearing conclusion or are underway. These include:

- ***Completion of St. Mary's SCL Health Medical Education Center***
- ***Several athletics projects related to track and baseball complex***

- **Possible acquisition of Rite Aid on 12th**
 - **Start of replacement of Robinson Theatre project. State funding for this project appears likely during the 2022 legislative session.**
 - **On the IT front, a start of an ERP replacement (finance and HR, with student moved to the cloud). State funding for this project appears likely during the 2022 legislative session.**
42. Does the organization expect to have any significant new grants or other contracts during the year ending June 30, 2022?
According to University staff, anticipate close out of the HEERF/ARPA pandemic grants.
43. Is the University anticipating any significant new federal awards that will result in additional programs that will need to be tested as a major program for the federal compliance audit for the year ending June 30, 2022?
According to University staff, the University is in the process of seeking a FEMA grant related to the pandemic. A HEERF Strengthening Institutions Program (ALN 84.425M) grant in excess of \$900k. In addition, the only federal program award we may possibly be awarded this fiscal year is Upward Bound, anticipated to be around \$1.4 million.
44. Are there any significant changes in internal controls, reporting structure or operating strategies from 2021?
According to University staff, the University recently merged the offices of HR and payroll. AP has been merged with the Procurement Office. The Director of Student Accounts will also be stepping into the role of Asst. Controller to assist with financial statement and audit duties. As part of these changes, the University is paying particular attention to internal controls.
45. Does the University plan on doing any bond issuances in the next year?
According to University staff, in Spring 2022 the University refunded the 12A&B, 13 and 16 series. No other bond issuances are contemplated at this time, unless some smaller borrowing is needed to facilitate the Robinson Theatre replacement.
46. Does the University have any unusual or complex accounting issues or are any expected in future years?
According to University staff, No
47. Is the University planning to early adopt any recent and new accounting pronouncements? If so, can you briefly summarize the planned early adoptions.
According to University staff, No

Information Systems

48. What are the key information systems that historically have been in scope and what is the purpose/use of each?
According to University staff, the key information systems are Banner ERP: HR, Finance and Student Information System. Touchnet e-Commerce for processing online credit card and ACH payments.
- a. Have there been any changes or migrations of information systems that are financially significant during FY 22? Are there any planned migrations in the future?
According to University staff, for Fiscal Year 2022: the University implemented FreedomPay for processing in person credit transactions. The Bookstore completed its

implementation of Oracle NetSuite—point of sale, inventory and web storefront system. The University is implementing an e-procurement solution, Jaggaer. In 2022, the University plans to migrate Banner to Ellucian's Managed Cloud environment where Banner will be hosted on vendor hardware.

- b. Is there an anticipated system conversion in the next year?

According to University staff, the migration of Banner to Managed Cloud would not be considered a system conversion. With the move to vendor hardware, the University will be on the same versions of software, including quarterly updates/patches. If the State ERP Modernization project is funded in Fiscal Year 2023, the University will begin accessing an ERP-HR and Finance solutions with the potential for change in 2-3 years.

49. Has the existing CPA firm performed the IT general control testing in the past or contracted that service?

The existing CPA Firm performs the IT general control testing.

- a. If contracted, who performed the service?

N/A

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

See IT Systems as part of question #48. Access to prior year work papers will be granted upon award of the contract.

51. 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 to contractors for use at the individual departments?

The OSA has an IT audit team that tests CORE and other relevant Statewide systems; however, the contract auditors are required to provide IT audit staff and to identify the University's key information technology systems and determine the extent of testing to be performed on those systems in accordance with auditing standards.

Single Audit and SFSFA

52. As it relates to any potential Type B programs that may need to be audited at the University for the statewide single audit; what is your estimated timeframe for the completion of the Fiscal Year 2021 Statewide audit and for the Office of the State Auditor to perform its preliminary determination for Type B programs to be audited at the statewide level?

It is estimated that the Fiscal Year 2021 Statewide Financial Single Audit report will be released in March 2022 by the Legislative Audit Committee and the Fiscal Year 2021 Statewide Single Audit report will be released in June 2022 by the Legislative Audit Committee.

The OSA plans to complete the Fiscal Year 2022 preliminary major program determination in March/April and will advise which Type B program(s) to test based on our preliminary determination that will be completed in March/April.

Likes/Dislikes/Concerns

53. What works well with the current audit process?

Overall, responsiveness and proactive, clear communication between the contract auditor and the OSA is essential. The auditor must complete the audit in accordance with all due dates established in the timeline, which is especially important so that that OSA has appropriate time to review.

According to University staff, increased remote activity and information sharing has improved efficiencies. The University appreciates that auditors providing ongoing updates regarding changes in reporting, audit and tax requirements which may impact financial reporting or operations. Likewise, the University values the ability to consult with the auditors throughout the year as issues arise to seek consultation or advice on business matters. An added value may be the auditors sharing examples of best practices or benchmarking studies which may promote greater efficiency and effectiveness.

54. Any improvements you would like to see to the audit process?

According to University staff, the University would value the creation of a single repository to send/post information requests which are accessible by all to eliminate duplication of efforts.

55. Are you currently aware of any areas for which OSA would like additional audit procedures performed beyond the standard audit plan or mentioned in the RFP?

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

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

According to University staff, no problems.