



**COLORADO OFFICE
OF THE STATE
AUDITOR**

A REQUEST FOR PROPOSAL

FINANCIAL AND COMPLIANCE AUDIT

COLORADO COMMUNITY COLLEGE SYSTEM

FISCAL YEAR ENDED JUNE 30, 2017

DECEMBER 16, 2016

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SECTION I

ADMINISTRATIVE INFORMATION

A. ISSUING OFFICE

This request for proposal (RFP) is issued by the Office of the Colorado State Auditor. The terms State Auditor, State, and State of Colorado are used interchangeably. All proposals should be delivered to:

Office of the Colorado State Auditor
State Services Building
1525 Sherman St, 7th Floor
Denver, Colorado 80203
Attn: Jarrett Ellis
jarrett.ellis@state.co.us

As an agency within the Legislative Branch, the OSA and this solicitation are exempt from the State Procurement Code and State Procurement Rules. All communications regarding this RFP should take place directly with the OSA's assigned contact listed above.

B. BACKGROUND INFORMATION

The Office of the State Auditor (OSA) is soliciting proposals to conduct an audit of Colorado Community College System (the System).

The State Board for Community College and Occupational Education (Board) was established by the Community College and Occupational Education Act of 1967 (Title 23, Article 60, C.R.S.). The Board is responsible for governing the state system of community and technical colleges, administering the occupational education programs of the State at both secondary and postsecondary levels, and administering state appropriations for local district colleges, area vocational schools, and school districts offering vocational programs.

The System Office prepares financial statements for the System which aggregate the financial balances of the state community colleges and the System Office. The System Office is located in Denver on the Lowry Campus. A listing of the 13 community colleges included in the audit and their locations follows:

<u>College</u>	<u>Main Campus Location</u>
Arapahoe Community College	Littleton
Colorado Northwestern Community College	Rangely
Community College of Aurora	Aurora
Community College of Denver	Denver
Front Range Community College	Westminster
Lamar Community College	Lamar
Morgan Community College	Fort Morgan
Northeastern Junior College	Sterling
Otero Junior College	La Junta
Pikes Peak Community College	Colorado Springs
Pueblo Community College	Pueblo
Red Rocks Community College	Lakewood
Trinidad State Junior College	Trinidad

The following table shows the total assets as of June 30, 2016 and the total revenues (operating and net nonoperating revenues) for the year then ended for the System Office and the individual colleges.

	Total Revenues (millions)	Percent of Total	Total Assets (millions)	Percent of Total
System Office	\$93.5	14.2%	\$125.7	14.26%
Arapahoe Community College	47.1	7.1%	57.7	6.5%
Community College of Aurora	44.0	6.7%	29.1	3.3%
Community College of Denver	56.2	8.5%	76.0	8.6%
Colorado Northwestern Community College	15.5	2.4%	42.1	4.8%
Front Range Community College	112.2	17.0%	179.4	20.4%
Lamar Community College	9.4	1.4%	16.6	1.9%
Morgan Community College	12.0	1.8%	22.0	2.5%
Northeastern Junior College	23.6	3.6%	42.3	4.8%
Otero Junior College	24.7	3.7%	29.2	3.3%
Pikes Peak Community College	87.0	13.2%	90.3	10.2%
Pueblo Community College	47.4	7.2%	49.8	5.7%
Red Rocks Community College	67.2	10.2%	101.0	11.5%
Trinidad State Junior College	19.1	2.9%	20.0	2.3%
Total (before eliminations)	\$658.9	100.0%	\$881.2	100.0%

A legally separate, tax-exempt foundation exists for the System Office and each of the individual colleges. While not all foundations are materially significant, they are presented in the aggregate as discretely presented component units in CCCS's financial statements. The foundations had total assets of \$48.6 million as of June 30, 2016 and total revenues of \$15.4 million.

C. SERVICES REQUIRED

The purpose of this RFP is to solicit proposals to perform a financial and compliance audit of the Colorado Community College System for the fiscal year ending June 30, 2017. The financial and compliance audit is to be performed in accordance with accounting and auditing standards described in subsection P below.

Audit work to be performed for the fiscal year ending June 30, 2017 consists of the following:

1. Audit of the basic financial statements of the System for the fiscal year ended June 30, 2017, including a review of the related internal control structure as required by generally accepted auditing standards and *Government Auditing Standards*.
2. Audit of the System's federal grant programs under the Single Audit Act as amended for the year ended June 30, 2017.
3. Financial and compliance audit of the Statement of Appropriations, Expenditures, Transfers, and Reversions of the System's Statement of State-Funded Student Financial Assistance Programs, including a review of the related internal control structure as required by generally accepted auditing standards and *Government Auditing Standards*. The audit is to be performed once every two years, unless significant issues are identified, and only needs to cover the current year being audited and not the year that was skipped. This audit was performed for the Fiscal Year 2016 audit and will be performed as part of the Fiscal Year 2018 audit.
4. Review of the System's compliance with state and federal laws and regulations, State Fiscal Rules, and bond covenants that could have a material effect on the System's financial statements.
5. Performance of audit work to evaluate the System's progress in implementing prior audit recommendations.
6. Review of exhibits required by the State Controller to be submitted to the State Controller in support of the statewide financial statements. Also, review of all of the

System's adjusting entries, posted or not, after Colorado Operations Resource Engine's (CORE's) period 14 closing (the final year-end closing).

7. Submission of attestation memos to the Office of the State Auditor on the results of audit work performed. These memos will be used to support the audit of the statewide financial statements and statewide Single Audit. Attestation memo templates required for the Fiscal Year 2016 audit are included in Section IV, Supplemental Information, for reference purposes.
8. Preparation of report comments and/or a management letter, as appropriate based on assessed severity level, containing audit findings and recommendations for improvements in the operations, internal controls, and accounting procedures of the System, along with any opportunities for cost savings determined through the audit. This will include obtaining and reviewing responses to the recommendations from the System's management and ensuring they meet the State's established parameters for responses. In accordance with *Government Auditing Standards*, for any "Partially Agree" or "Disagree" response, the contractor shall prepare an Auditor's Addendum as a rebuttal to the Audited Agency's response. All report comments, management letters, responses, and Auditor's Addenda must be reviewed and approved by the State.
9. Such audit work will result in the issuance of the following:
 - a) Independent auditors' report on the financial statements of the System as of and for the year ended June 30, 2017.
 - b) Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of the financial statements of the System performed in accordance with *Government Auditing Standards* for the year ended June 30, 2017.
 - c) Independent auditors' report on the Statement of Appropriations, Expenditures, Transfers and Reversions of the System's State-Funded Student Financial Assistance Programs. The report is issued once every two years, unless significant issues are identified, and only needs to cover the current year being audited and not the year that was skipped. This audit was performed for the Fiscal Year 2016 audit and will be performed as part of the Fiscal Year 2018 audit.
 - d) Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of the Statement of Appropriations, Expenditures, Transfers and Reversions of the System's State-Funded Student Financial Assistance Programs performed in accordance with *Government Auditing Standards*. The report is issued once every two years, unless significant issues are

identified, and only needs to cover the current year being audited and not the year that was skipped. This audit was performed for the Fiscal Year 2016 audit and will be performed as part of the Fiscal Year 2018 audit.

D. ORAL PRESENTATION

The contractor may be required to testify for about one hour before the Legislative Audit Committee and one other legislative committee. This testimony will be an oral summary of the written report with questions by Committee members and verbal responses from the contractor and from the System. In addition, the contractor is expected to provide oral presentations to the System's Audit Committee at the commencement and conclusion of the audit. Various other meetings with State Auditor and System personnel will be required to communicate requirements, expectations, issues, and results, to ensure a smooth and timely completion.

E. INQUIRIES SECTION

Prospective bidders may make written inquiries concerning this RFP to obtain clarification of requirements. Please address all inquiries to Jarrett Ellis, jarrett.ellis@state.co.us 303-869-3060 (fax). No inquiries will be accepted after **5:00 p.m. MT on Monday, January 9, 2017.**

F. SUBMISSION

All proposals become the property of the State Auditor upon receipt and will not be returned to the bidder. The State Auditor shall have the right to use all ideas, or adaptations of these ideas, contained in any proposal received in response to this RFP. Selection or rejection of the proposal will not affect this right.

All proposals are subject to the Colorado Open Records Act (Sections 24-72-200.1 through 206, C.R.S.). If any part of the proposal contains proprietary information, such information shall be clearly identified in the proposal.

G. ACCEPTANCE OF PROPOSAL

This RFP does not commit the State Auditor to award a contract, to pay any costs incurred in the preparation of a bid submitted in response to this request, or to procure or contract for services or supplies. 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. The lowest cost proposal will not necessarily be selected. Final scope and price may be negotiated after selection of the contractor.

H. PROPOSALS - SCHEDULE

The following schedule will be followed:

- | | | |
|----|--|---------------------------|
| 1. | RFP available to prospective bidders | Friday, December 16, 2016 |
| 2. | Prospective bidder's inquiry deadline (5:00 p.m. MT) | Monday, January 9, 2017 |
| 3. | OSA response to inquiry deadline | Friday, January 20, 2017 |
| 4. | Proposal submission deadline (5:00 p.m. MT) | Friday, February 17, 2017 |
| 5. | Approximate bid selection | Friday, March 3, 2017 |
| 6. | Approximate contract date | Friday, March 17, 2017 |

Any proposal received after the submission deadline will not be considered. The proposal is to be submitted to the State Auditor via email addressed to the Office of the State Auditor representative listed in Section I, Part E. The proposal must be sent by a person legally authorized to bind the bidder. Optionally, five (5) bound copies may be submitted, signed by a person legally authorized to bind the bidder.

I. ADDENDUM OR SUPPLEMENT TO REQUEST FOR PROPOSAL

The State Auditor reserves the right to issue amendments to this RFP prior to the closing date for submission of proposals. In the event that it becomes necessary to revise any part of this RFP, an addendum to this RFP will be provided to each prospective bidder.

J. AWARD WITHOUT DISCUSSION

The State Auditor reserves the right to make an award without further discussion of proposals received. Therefore, it is important that the proposal be submitted in the most complete terms possible from both the technical and cost standpoint.

K. AWARD INFORMATION TO UNSUCCESSFUL FIRMS

The State Auditor will notify all unsuccessful bidders after the award. No information will be released after the proposal submission deadline until an award has been made.

L. JOINT VENTURES

No joint venture proposals will be accepted. However, this requirement does not preclude the use of outside special consultants if deemed necessary by the firm.

M. OTHER WORK PERFORMED FOR THE COLORADO COMMUNITY COLLEGE SYSTEM

In its proposal, the firm should describe any non-audit work performed for the System within the past two years, and why this work would not impair the firm's independence in performing the Fiscal Year 2017 financial and compliance audit of the System.

N. ELIGIBLE FIRMS

Any firm providing financial and compliance audit services for the System under contract with the State Auditor in previous years may bid on this contract providing that the lead partner, under the proposal, has not performed audit services beyond a total maximum of five years in a 10-year period.

O. STATE AUDITOR LIAISON

The State Auditor will designate an individual from her office to be a liaison to the firm throughout the audit. This individual will attend entrance/exit conferences and assist the firm to understand State Auditor requirements and reporting guidelines.

P. GENERAL INFORMATION

1. Audit Standards

The audit shall be performed in accordance with generally accepted auditing standards as promulgated by the American Institute of Certified Public Accountants in *Statements on Auditing Standards*, the standards for financial and compliance audits contained in *Government Auditing Standards – 2011 Revision* issued by the Comptroller General of the United States, the Single Audit Act as amended, the Provisions of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (federal uniform grant guidance), the *AICPA Audits of State and Local Governmental Units* and *Government Auditing Standards and Single Audits* audit and accounting guides, and Fiscal Rules promulgated by the State Controller. Further, auditors of colleges and universities should follow additional guidelines applicable to higher education, including, but not limited to, the following:

- a. Accounting principles promulgated by the National Association of College and University Business Officers (NACUBO) in its publication, *Financial*

Accounting and Reporting Manual.

- b. Higher Education Accounting Standards promulgated by the Colorado Committee on Accounting Standards in Higher Education.
- c. The Colorado Department of Higher Education Audit Guide, *Colorado Funded Student Aid.*
- d. The U.S. Department of Education Audit Guide, *Student Financial Assistance Programs.*

2. **Prior Audits**

The CCCS's audit report for the fiscal year ended June 30, 2016 (Report No. 1611F) and audit reports for prior years are available at our web site at:

http://leg.colorado.gov/sites/default/files/documents/audits/1611f_coloradocommunitycollegesystem_.pdf

3. **Timing Considerations**

All internal control and compliance audit work must be completed by July 15, 2017, and the corresponding draft report findings and recommendations must be completed by July 31, 2017. The major programs for the Single Audit Act for the System are determined by the Office of the State Auditor at the statewide level. For Fiscal Year 2017, the major program to be audited is anticipated to be the Student Financial Aid Cluster. The OSA will determine the specific community colleges to be tested as part of this major program.

The System's TABOR enterprise status and revenue testing must be completed by August 25, 2017. The System's prior year's audit recommendations must be tested and auditor's dispositions determined by September 7, 2017.

Final field work should be scheduled for September and October of 2017. Proposed audit adjustments and their effect on the System's financial statements should be provided to the State Auditor by October 10, 2017. A draft report should be completed by about October 15, 2017. The final audit report must be delivered to the State Auditor by November 15, 2017.

4. **Audit Contract Period**

The firm selected 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.

Q. AWARD OF BID

The contract will be awarded to that bidder whose proposal will be most advantageous to the State of Colorado, price and other factors considered. *The successful bidder is expected to execute and adhere to the terms and conditions in the OSA's standard contract and its related exhibits. A copy of the OSA's standard contract and its related exhibits is included in Section IV - Supplemental Information of this RFP.*

R. SUBMISSION OF INVOICES

The contractor may submit monthly invoices for audit work completed. The State Auditor reserves the right to withhold 10 percent of the total contract amount pending satisfactory completion of the audit.

SECTION II

INFORMATION TO BE INCLUDED IN PROPOSAL

All proposals *must* include the information requested in this section and be organized in the same manner as this section.

All proposals submitted to the OSA in response to this RFP are subject to the Colorado Open Records Act (CORA). *Any proprietary information your firm includes in the proposal should be clearly and specifically designated in the proposal.* Such information will be redacted from the proposal pursuant to 24-72-204(3)(a)(IV), C.R.S., allowing for the denial of inspection of records including trade secrets, before providing the proposal in response to a CORA request.

A. TITLE PAGE

The proposal will identify the RFP subject, firm name, local address, telephone number, name of contact person, and the date.

B. TABLE OF CONTENTS

The proposal will include a clear identification of the material included in the bid proposal by section and by page number.

C. TRANSMITTAL LETTER

Please limit the transmittal letter to two or three pages. Provide the names of individuals authorized to make representations for the firm and their titles, addresses and telephone numbers.

D. PROFILE OF THE FIRM

The proposal must:

1. State whether the firm is local, national, or international.
2. Give the location of the office from which the work is to be done and number of partners, shareholders, and managers and other professional staff employed at that office.
3. Describe the range of activities performed by the local office.

4. Describe the local office's capability, including the numbers and classifications of personnel who will work on the audit.
5. Affirm that the firm is a properly licensed certified public accounting firm authorized to practice in the State of Colorado.
6. Affirm that the firm has participated in a quality control review within the past three years. A copy of the review must be included in the proposal.
7. Affirm that the firm does not have any past history of substandard work.
8. Affirm that the firm is independent for this audit engagement.
9. Provide information on any past, current or anticipated claims (i.e., knowledge of pending claims) on respondent contracts; explain the litigation, the issue, and its outcome or anticipated outcome.

E. QUALIFICATIONS OF ASSIGNED PERSONNEL

The proposal must identify the principal staff (i.e., partners/principals, managers, and supervisors/in-charges) who will work on the audit, including personnel not from the local office and any specialists or subcontractors to be used. The proposal must include a resume of all principal staff highlighting their professional qualifications and similar audit work that they have performed (resumes should be included in an appendix).

F. FIRM'S APPROACH TO THE AUDIT

The proposal must include a general description of the methodology, approach, tools, and resources to be used to conduct the audit of the System office and the 13 community colleges. The methodology has historically included a rotation of internal control fieldwork and site visits of the 14 entities on a three-year basis.

G. COMPENSATION

1. The proposal must state the number of professional staff hours estimated to complete the audit work by staff level, the hourly rate, and the resulting total cost. The bidder is advised that travel costs incurred in the performance of audits are reimbursable only as a part of the hourly rate and must be covered under said rate and will not be separately reimbursed.
2. The proposal must state the total inclusive maximum fee for which the work requested will be done, excluding audit work for any federal major programs. The

fees for this audit work will be added to the base price. The anticipated fee for the audit of a federal major program for Fiscal Year 2017 is \$7,000.

3. The proposal should affirm that all prices, terms, and conditions will be held firm for at least 90 days after the bid opening.

H. DELIVERY SCHEDULE

The proposal must include a schedule of the audit work to be performed and delivery date of the required reports.

I. ADDITIONAL DATA

Since the preceding sections are to contain information that is specifically requested, the firm may include any additional information considered essential to the proposal in this section. The firm should not include general information publications, such as directories or client lists.

SECTION III

PROPOSAL EVALUATION PROCESS

A. GENERAL

An evaluation team will judge the merits of proposals received in accordance with the general criteria defined below. The bidder is responsible for providing all information requested in this RFP, and failure to do so may result in disqualification of the proposal.

The evaluation committee will select the bidder whose proposal is most responsive to the State Auditor's needs while being within available resources. The specifications within this RFP represent the minimum performance necessary for response.

During the evaluation process, the evaluation committee may, at its discretion, request any one or all firms to make oral presentations or answer questions about their proposals. Not all firms may be asked to make such oral presentations.

B. MANDATORY CRITERIA

1. The firm must be licensed to practice as a certified public accounting firm in the State of Colorado.
2. The firm must have had a quality control review completed within the past three years. A copy of the review must be included in the proposal.
3. The firm is independent for the audit engagement.

C. GENERAL CRITERIA

1. Adequacy and completeness of the proposal with regard to the information specified in the RFP.
2. Breadth and depth of applicable experience.
3. Sufficient size organization to adequately staff audit.
4. Proposed costs (fees and hours).
5. Comprehensiveness and appropriateness of work plan.

D. TOTAL SCORE

The evaluation team will assign scores to the proposals based on the established criteria. The State Auditor will make the final decision on the contract award.

SECTION IV

SUPPLEMENTAL INFORMATION

Enclosed with this RFP are the following:

1. Standard OSA contract and related exhibits. *The successful bidder is expected to execute and adhere to the terms and conditions in the OSA's standard contract and its related exhibits.*
2. Statewide Attestation memos to be submitted to the Office of the State Auditor statewide audit team applicable for the Fiscal Year 2016 audit.

STATE OF COLORADO
State Auditor and
Legislative Audit Committee
Financial Audit Contract for the
Audit of the **INSERT NAME OF ENTITY**
With
INSERT NAME OF CONTRACTOR

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1. PARTIES

This Contract (“Contract”) is entered into by and between [REDACTED] (“Contractor”), and the STATE OF COLORADO acting by and through and for the use and benefit of the State Auditor and the Legislative Audit Committee (the “State”). Contractor and the State hereby agree to the following terms and conditions.

2. EFFECTIVE DATE AND NOTICE OF NONLIABILITY

This Contract shall be effective and enforceable once it is approved and signed by the State Auditor or designee (the “Effective Date”). The State shall not be liable to pay or reimburse Contractor for any performance hereunder including costs or expenses incurred, or be bound by any provision hereof prior to the Effective Date.

3. RECITALS

A. Authority, Appropriation, And Approval

Authority to enter into this Contract exists in CRS §2-3-103(1) and funds have been budgeted, appropriated and otherwise made available pursuant to Fund 1000, Appropriation Code MGFCC4010, Contract Encumbrance Number 2017-XX, and a sufficient unencumbered balance thereof remains available for payment. Required approvals, clearance, and coordination have been accomplished from and with appropriate agencies.

B. Consideration

The Parties acknowledge that the mutual promises and covenants contained herein and other good and valuable consideration are sufficient and adequate to support this Contract.

C. Purpose

The State desires to engage Contractor to render certain professional auditing services.

D. References

All references in this Contract to sections (whether spelled out or using the § symbol), subsections, exhibits or other attachments, are references to sections, subsections, exhibits, or other attachments contained herein or incorporated as a part hereof, unless otherwise noted.

4. DEFINITIONS

The following terms as used herein shall be construed and interpreted as follows:

A. Audit Report

“Audit Report” means the standard report on the audit of the [REDACTED]’s financial statements and related report on internal control over financial reporting and compliance.

B. Audited Agency

“Audited Agency” means the [REDACTED], hereinafter referred to as “[REDACTED],” which is subject to audit under this Contract.

C. Contract

“Contract” means this Contract, its terms and conditions, attached exhibits, documents incorporated by reference under the terms of this Contract, and any future modifying agreements, exhibits, attachments, or references incorporated herein pursuant to Colorado State law.

D. Contract Funds

“Contract Funds” means funds available for payment by the State to Contractor pursuant to this Contract as set forth in §7(A) (Maximum Amount).

E. Exhibits and other Attachments

The following are attached hereto and incorporated by reference herein: **Exhibit A** (Statement of Work), **Exhibit B** (Request for Proposal), **Exhibit C** (Modifications to Contractor’s Proposal), **Exhibit D** (Contractor’s Proposal), **Exhibit E** (Information

Security Policy for Contractors), **Exhibit F** (Compensation and Procedures for Billing), **Exhibit G** (Developing and Presenting Audit Findings), **Exhibit H** (Reporting Requirements and Format for Separately Issued Report), and **Exhibit I** (Reporting for Statewide Financial Statements and Single Audit).

F. Modifications to Proposal

“Modifications to Proposal” means the modifications to Contractor’s Proposal, dated **N/A**.

G. Party or Parties

“Party” means the State or Contractor and “Parties” means both the State and Contractor.

H. Proposal

“Proposal” means Contractor’s Proposal dated **Insert Date**.

I. Request for Proposal or RFP

“Request for Proposal” or “RFP” means the State’s Request for Proposal, issued **Insert Date**, including the supplement to the RFP, dated **Insert Date**.

J. Services

“Services” means the required financial and compliance audit services to be performed by Contractor pursuant to this Contract.

K. State Auditor

“State Auditor” means the Colorado State Auditor. The Office of the State Auditor may be referred to as “OSA” or “State.”

L. Subcontractor

“Subcontractor” means a third-party, if any, engaged by Contractor to aid in performance of its obligations.

M. Statewide Single Audit Report

“Statewide Single Audit Report” is the report issued by the Office of the State Auditor and released by the Legislative Audit Committee that includes any findings and recommendations resulting from this audit related to federal awards.

N. Work

“Work” means the tasks and activities Contractor is required to perform to fulfill its obligations under this Contract and the **Exhibits**, including the performance of the Services and delivery of the Work Product.

O. Work Product

“Work Product” means the tangible or intangible results of Contractor’s Work, including the Audit Report, work papers subject to section 18 herein, and reports, which are specified in Exhibit H.

5. TERM and EARLY TERMINATION

A. Term-Work Commencement

The Parties’ respective performances under this Contract shall commence on the Effective Date. This Contract shall terminate thirty (30) days after the Audit Report has been released by the Legislative Audit Committee, but in no event later than **March 31, 2017**, unless sooner terminated as specified herein. The State may terminate this Contract for its convenience for any reason, without penalty to the State, upon thirty (30) days prior written notice to Contractor.

B. Early Termination

Upon early termination, Contractor shall not incur further obligations or render further performance hereunder past the effective date of such notice, and shall terminate outstanding subcontracts with third parties. Contractor shall deliver to the State all Work, Services, and Work Product to the extent completed as of the date of termination. Contractor shall take timely, reasonable and necessary action to protect and preserve property in the possession of Contractor. All materials owned by the State in the possession of Contractor in which the State has an interest shall be immediately returned to the State.

The State shall reimburse Contractor for accepted performance up to the date of termination.

6. STATEMENT OF WORK

A. Completion

Contractor shall complete the Work and its other obligations as described herein and in the Exhibits on or before **October 31, 2017**.

B. Services and Work Product

Contractor shall provide the Services and deliver the Work Product necessary to complete the Work. Such procurement shall be accomplished using the Contract Funds and shall not increase the maximum amount payable hereunder by the State.

C. Employees

All persons employed by Contractor or Subcontractors to perform Work under this Contract shall be Contractor's or Subcontractors' personnel for all purposes hereunder and shall not be employees of the State for any purpose as a result of this Contract.

7. PAYMENTS TO CONTRACTOR

The State, in accordance with the provisions of this §7, shall pay Contractor in the amounts and using the methods set forth below:

A. Maximum Amount

The maximum amount payable under this Contract to Contractor by the State is **\$XXX,XXX**, as determined by the State from available funds. Payments to Contractor are limited to the unpaid obligated balance of the Contract set forth in **Exhibit F** (Compensation and Procedures for Billing). The estimated amount payable by the State to Contractor during State Fiscal Year **2016-2017** shall be **\$XXX,XXX** and the estimated amount payable by the State to Contractor during State Fiscal Year **2017-2018** shall be **\$XXX,XXX**. The exact funding split between fiscal years, if applicable, will be determined by the State based on amounts that have been budgeted, appropriated, or otherwise made available for this contract.

B. Payment

i. Interim and Final Payments

Contractor shall initiate any payment requests by submitting invoices to the State in the form and manner approved by the State.

ii. Interest

The State shall fully pay each invoice within 45 days of receipt thereof if the amount invoiced represents performance by Contractor previously accepted by the State. Uncontested amounts not paid by the State within 45 days shall bear interest on the unpaid balance beginning on the 46th day at a rate not to exceed one percent per month until paid in full; provided, however, that interest shall not accrue on unpaid amounts that are subject to a good faith dispute. Contractor shall invoice the State separately for accrued interest on delinquent amounts. The billing shall reference the delinquent payment, the number of day's interest to be paid, and the interest rate.

iii. Erroneous Payments

At the State's sole discretion, payments made to Contractor in error for any reason, including overpayments or improper payments, and unexpended or excess funds received by Contractor, may be recovered from Contractor by deduction from subsequent payments under this Contract or other contracts, grants or agreements between the State and Contractor or by other appropriate methods and collected as a debt due to the State. Such funds shall not be paid to any party other than the State.

C. Use of Funds

Contract Funds shall be used only for costs identified herein and/or in the Exhibits.

8. REPORTING - NOTIFICATION

Reports required under this §8 shall be in accordance with the procedures of and in such form as prescribed by the State.

A. Performance, Progress, Personnel, and Funds

Contractor shall comply with all reporting requirements, if any, set forth in the **Exhibits**.

B. Litigation Reporting

To the extent permitted by law, within ten (10) days after being served with any pleading in a legal action filed with a court or administrative agency, related to this Contract or which may affect Contractor's ability to perform its obligations hereunder, Contractor shall notify the State of such action and deliver copies of such pleadings to the State's principal representative as identified herein. If the State's principal representative is not then serving, such notice and copies shall be delivered to the State Auditor.

C. Noncompliance

Contractor's failure to provide reports and notify the State in a timely manner in accordance with this §8 may result in the delay of payment of funds, termination, or both, as provided under this Contract.

D. Subcontracts

Copies of any and all subcontracts entered into by Contractor to perform its obligations hereunder shall be submitted to the State or its principal representative upon request by the State. Any and all subcontracts entered into by Contractor related to its performance hereunder shall comply with all applicable federal and state laws and shall provide that such subcontracts be governed by the laws of the State of Colorado.

9. CONTRACTOR RECORDS

A. Maintenance

Contractor shall make, keep, maintain, and allow inspection and monitoring by the State of a complete file of all audit work papers and reports pertaining in any manner to the Work or the delivery of Services or Work Product hereunder. Unless Contractor receives written notice of an extension from the State, the federal government or another duly authorized agent of a governmental agency, Contractor shall maintain such records for a period of at least five (5) years after (i) the date the Audit Report is accepted by the State or (ii) the sooner expiration or termination of this Contract (collectively, the "Record Retention Period").

B. Inspection

Contractor, at no additional charge, shall permit the State, successor auditor, the federal government and any other duly authorized agent of a governmental agency to access and inspect, excerpt, and copy Contractor's work papers and reports related to this Contract during the Record Retention Period to assure compliance with the terms hereof or to evaluate performance hereunder, or for any other purpose required by the State. The State reserves the right to inspect the Work at all reasonable times and places during the term of this Contract, including any extensions or renewals.

C. Monitoring

Contractor shall permit the State, in their sole discretion, to monitor any Work conducted by Contractor pursuant to the terms of this Contract using any reasonable procedure.

10. WORK PRODUCT-CONFIDENTIAL INFORMATION-STATE RECORDS

The Work Product developed by Contractor during the performance of the Services shall be confidential to Contractor and the State. Except as otherwise may be required by law,

regulation, judicial, or administrative process, or in accordance with applicable professional standards or rules, or in connection with litigation pertaining hereto, Contractor shall not provide the Work Product to parties other than the State without the written approval of the State as provided by CRS §2-3-103(3). Contractor shall forward immediately to the State any requests for Work Product the Contractor receives pursuant to §24-72-201, et seq. (the Colorado Open Records Act).

11. CONFLICTS OF INTEREST

A. Audited Agency

Contractor shall not discuss, arrange for, or accept auditing (financial or performance) or non-auditing work not identified in this Contract with any Audited Agency during the term of this Contract, without the express written approval of the State.

B. Other State Agencies

Contractor shall provide written notice to the State, in accordance with §17 (Notices and Representatives) of this Contract, before entering into a contract or engagement with another State agency, department or division subject to audit by the State.

C. In General

Contractor shall comply with *Government Auditing Standards* with respect to any conflicts of interest arising from the performance of this Contract.

12. REPRESENTATIONS AND WARRANTIES

Each Party has relied on the representations and warranties of the other Party set forth below in entering into this Contract.

A. Qualifications, Standards and Manner of Performance

Contractor represents that it is qualified under applicable law and warrants that it is licensed to perform the Services and deliver the Work Product. Contractor shall perform its obligations hereunder in accordance with generally accepted auditing standards as promulgated by the American Institute of Certified Public Accountants in *Statements on Auditing Standards*, the standards for financial and compliance audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Single Audit Act as amended, and the provisions of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

B. Legal Authority – Contractor Signatory

Contractor warrants that it possesses the legal authority to enter into this Contract and that it has taken actions required by its procedures, by-laws, and applicable laws to exercise that authority, and to lawfully authorize its undersigned signatory to execute this Contract, or any part thereof, and to bind Contractor to its terms. If requested by the State, Contractor shall provide the State with proof of Contractor's authority to enter into this Contract within fifteen (15) days of receiving such request.

C. Licenses, Permits, Etc.

Contractor represents and warrants that as of the Effective Date it has, and that at all times during the term hereof it shall have and maintain, at its sole expense, all licenses, certifications, approvals, insurance, permits, and other authorizations required by law to perform its obligations hereunder. Contractor warrants that it shall maintain all necessary licenses, certifications, approvals, insurance, permits, and other authorizations required to properly perform this Contract, without reimbursement by the State or other adjustment in Contract Funds. Additionally, all employees, agents, and Subcontractors of Contractor performing Services under this Contract shall hold all required licenses or certifications, if any, to perform their responsibilities. Contractor, if a foreign corporation or other foreign entity transacting business in the State of Colorado, further warrants that it currently has

obtained and shall maintain any applicable certificate of authority to transact business in the State of Colorado and has designated a registered agent in Colorado to accept service of process. Any revocation, withdrawal or non-renewal of licenses, certifications, approvals, insurance, permits or any such similar requirements necessary for Contractor to properly perform the terms of this Contract is a material breach by Contractor and constitutes grounds for termination of this Contract.

D. Contractor Independence

Contractor is a firm of certified public accountants. The State represents and warrants that it shall not request or require Contractor to surrender Contractor's "independence" as such term is professionally understood and used with respect to certified public accountants.

E. Disclaimer

Except for the representations and warranties expressly stated in this Contract, the Parties disclaim all representations and warranties, written or oral, express or implied.

13. INSURANCE

Contractor and its Subcontractors shall obtain and maintain, at all times during the term of this Contract, insurance policies issued by insurance companies reasonably satisfactory to Contractor and the State, in form and amount reasonably acceptable to the State, providing coverage for Worker's Compensation Insurance as required by State statute, Employer's Liability Insurance covering all of their respective employees acting within the course and scope of their employment, Commercial General Liability Insurance, and Professional Liability/Errors & Omissions. Upon request of the State, Contractor and all Subcontractors shall provide to the State certificates showing insurance coverage required hereunder.

14. DISPUTE RESOLUTION

Disputes concerning the performance of this Contract, which cannot be resolved by the designated Contract representatives, shall be referred in writing to the State Auditor and the Contractor's managing partner of **NAME OF AUDIT FIRM'S CITY, STATE** practice unit for resolution. The State Auditor and the Contractor's managing partner of **NAME OF AUDIT FIRM'S CITY, STATE** practice unit shall discuss the problem without the necessity of a formal proceeding and attempt to resolve the matter in dispute. In the event the State Auditor and the Contractor's managing partner of **NAME OF AUDIT FIRM'S CITY, STATE** practice unit are able to agree to a mutual resolution of the dispute, such resolution will be formalized in writing in accordance with this Contract. Either Party may find, at any time, that the attempted resolution of the dispute has failed, at which time each Party shall be free to pursue any and all remedies available to such Party, including without limitation, those available under this Contract, at law or in equity.

15. BREACH

A. Defined

In addition to any breaches specified in other sections of this Contract, the following shall constitute a breach of this Contract:

i. Material Obligations

The failure of Contractor to perform any of its material obligations hereunder, to the satisfaction of the State, in whole or in part or in a timely or satisfactory manner; or

ii. Satisfactory Performance

The State, in its reasonable discretion, determines that satisfactory performance of Contractor's obligations under this Contract is substantially endangered; or

iii. Bankruptcy

The institution of proceedings under any bankruptcy, insolvency, reorganization or similar law, by or against Contractor, or the appointment of a receiver or similar officer

for Contractor or any of its property, which is not vacated or fully stayed within twenty (20) days after the institution or occurrence thereof; or

iv. Material Misrepresentation

Any statement, representation, or certification furnished by Contractor in connection with the RFP, Contractor's Proposal, Modifications to Contractor's Proposal or this Contract is false, deceptive, incorrect or incomplete in any material respects; or

v. Failure to Timely Deliver Reports

Failure by Contractor to complete and deliver the Audit Report or Work Product by the date specified in §6(A) (Statement of Work), unless Contractor can show that the delinquency resulted from causes beyond its control such as failure of the Audited Agency to provide, by the date specified in a written request from Contractor: records that are auditable; audit schedules; or responses to Contractor's findings and recommendations. Contractor shall allow a reasonable amount of time for Audited Agency to provide the requested information and responses.

B. Notice and Cure Period

In the event of a breach, notice specifying the nature of such breach shall be given in writing by the aggrieved Party to the other Party in the manner provided in §17 (Notices and Representatives). If such breach is not cured within twenty (20) days of receipt of written notice, or if a cure cannot be completed within twenty (20) days and such cure has not begun within twenty (20) days and pursued with due diligence, the State may exercise any of the remedies set forth in §16 (Remedies). Notwithstanding anything to the contrary herein, the State, in its sole discretion, need not provide advance notice of a cure period and may immediately terminate this Contract in whole or in part if reasonably necessary to preserve public safety or to prevent immediate public crisis.

16. REMEDIES

If Contractor fails to cure a breach under any provision of this Contract in accordance with §15(B) (Breach), the State may exercise any or all of the remedies available to it, in its sole discretion, concurrently or consecutively.

A. Termination for Breach

The State may terminate this Contract upon written notice to Contractor. Exercise by the State of this right shall not be a breach of its obligations hereunder.

B. Liquidated Damages

Failure by Contractor to complete and deliver the Audit Report by the date specified in Exhibit A (Statement of Work) shall result in liquidated damages of \$100 per day for each day delinquent. To the extent Contractor's failure is excused under §15(A)(v) (Breach), liquidated damages shall not be due to the State. The Parties agree that the damages from Contractor's failure to timely deliver the Audit Report is difficult to provide or estimate, and the amount of liquidated damages specified herein represents a reasonable estimation of damages that will be suffered by the State from late performance. Assessment of liquidated damages shall not be exclusive or in any way limit the remedies available to the State, at law or in equity, for other breaches by Contractor under this Contract.

C. Withhold Payment

Withhold payment to Contractor until corrections in Contractor's performance are satisfactorily made and completed.

D. Deny Payment

Deny payment for obligations not performed, that due to Contractor's actions or inactions, cannot be performed or, if performed, would be of no value to the State; provided, that any denial of payment shall be reasonably related to the value to the State of the obligations not performed.

17. NOTICES and REPRESENTATIVES

Each individual identified below is the principal representative of the designating Party. All notices required to be given hereunder shall be hand delivered with receipt required or sent by certified or registered mail to such Party’s principal representative at the address set forth below. In addition to, but not in lieu of a hard-copy notice, notice also may be sent by e-mail to the e-mail addresses, if any, set forth below. Either Party may from time to time designate by written notice substitute addresses or persons to whom such notices shall be sent. Unless otherwise provided herein, all notices shall be effective upon receipt.

A. State:

Kerri Hunter
Deputy State Auditor
Office of the State Auditor
1525 Sherman St., 7 th Floor
Denver, Colorado 80203-2211
Kerri.Hunter@state.co.us

B. Contractor:

C. Media

The State shall be the official spokesperson to the news media pertaining to the Work Product and Audit Report. Contractor shall forward immediately to the State any inquiries from the news media pertaining to the Work Product and Audit Report.

18. RIGHTS IN DATA AND DOCUMENTS

The audit work papers developed by Contractor during the performance of the Services shall be the exclusive property of Contractor. The State shall have the right to copy the audit work papers. Except as provided in §9B and §10, Contractor shall not provide the work papers to third-parties or permit third parties to review, access or use the work papers, without the prior written consent of the State as provided by CRS §2-3-103(3). Contractor shall forward immediately to the State any requests for work papers the Contractor receives pursuant to CRS §24-72-201, et seq. (the Colorado Open Records Act).

19. GOVERNMENTAL IMMUNITY

Liability for claims for injuries to persons or property arising from the negligence of the State of Colorado, its departments, institutions, agencies, boards, officials, and employees is controlled and limited by the provisions of the Governmental Immunity Act §24-10-101, et seq., and the risk management statutes, CRS §24-30-1501, et seq., as amended.

20. GENERAL PROVISIONS

A. Assignment and Subcontracts

Contractor’s rights and obligations hereunder are personal and may not be transferred, assigned or subcontracted without the prior, written consent of the State. Any subcontract entered into subsequent to the Effective Date must be approved by the State in writing before it is reimbursable. Any attempt at assignment, transfer, subcontracting without

such consent shall be void. All assignments, subcontracts, or subcontractors approved by Contractor or the State are subject to all of the provisions hereof. Contractor shall be solely responsible for all aspects of subcontracting arrangements and performance, including compliance with all applicable federal and state laws.

B. Binding Effect

Except as otherwise provided in §20(A) (Assignment and Subcontracts), all provisions herein contained, including the benefits and burdens, shall extend to and be binding upon the Parties' respective heirs, legal representatives, successors, and assigns.

C. Captions

The captions and headings in this Contract are for convenience of reference only, and shall not be used to interpret, define, or limit its provisions.

D. Counterparts

This Contract may be executed in multiple identical original counterparts, all of which shall constitute one agreement.

E. Entire Understanding

This Contract represents the complete integration of all understandings between the Parties and supersedes all prior representations and understandings, oral or written. Prior or contemporaneous additions, deletions, or other changes hereto shall not have any force or affect whatsoever, unless embodied herein.

F. Jurisdiction and Venue

All suits or actions related to this Contract shall be filed and proceedings held in the State of Colorado and exclusive venue shall be in the City and County of Denver.

G. Modification

i. By the Parties

Except as specifically provided in this Contract, modifications of this Contract shall not be effective unless agreed to in writing by both Parties in an amendment to this Contract, properly executed and approved in accordance with applicable Colorado State law.

ii. By Operation of Law

This Contract is subject to such modifications as may be required by changes in federal or Colorado State law, or their implementing regulations. Any such required modification automatically shall be incorporated into and be part of this Contract on the effective date of such change, as if fully set forth herein. If any such modification materially and adversely affects Contractor, Contractor may terminate this Contract upon 30 days prior notice without incurring liability, penalty, or recourse related thereto.

H. Order of Precedence

The provisions of this Contract shall govern the relationship of the State and Contractor. In the event of conflicts or inconsistencies between this Contract and its exhibits and attachments, including those provided by Contractor, such conflicts or inconsistencies shall be resolved by reference to the documents in the following order of priority:

- i. Colorado Special Provisions,
- ii. The remaining provisions of the main body of this Contract,
- iii. **Exhibit A** (Statement of Work),
- iv. **Exhibit B** (Request for Proposal),
- v. **Exhibit C** (Modifications to Contractor's Proposal),
- vi. **Exhibit D** (Contractor's Proposal),
- vii. **Exhibit E** (Information Security Policy for Contractors),
- viii. **Exhibit F** (Compensation and Procedures for Billing),
- ix. **Exhibit G** (Developing and Presenting Audit Findings),
- x. **Exhibit H** (Reporting Requirements and Format for Separately Issued Report),
- xi. **Exhibit I** (Reporting for Statewide Financial Statements and Single Audit).

I. Severability

Provided this Contract can be executed and performance of the obligations of the Parties accomplished within its intent, the provisions hereof are severable and any provision that is declared invalid or becomes inoperable for any reason shall not affect the validity of any other provision hereof, provided that the Parties can continue to perform their obligations under this Contract in accordance with its intent.

J. Survival of Certain Contract Terms

Notwithstanding anything herein to the contrary, provisions of this Contract requiring continued performance, compliance, or effect after termination hereof, shall survive such termination and shall be enforceable by the State if Contractor fails to perform or comply as required.

K. Taxes

- i. The State is exempt from all federal excise taxes under IRC Chapter 32 (No. 84-730123K) and from all State and local government sales and use taxes under CRS §§39-26-101 and 201 et seq. Such exemptions apply when materials are purchased or services are rendered to benefit the State; provided however, that certain political subdivisions (e.g., City of Denver) may require payment of sales or use taxes even though the product or service is provided to the State. Contractor shall be solely liable for paying such taxes as the State is prohibited from paying or reimbursing Contractor for such taxes.
- ii. Contractor shall be responsible for all withholding taxes, social security, unemployment, workers' compensation, or other taxes incidental to its employees, and shall hold the State harmless for any claims for the same.

L. Third Party Beneficiaries

Enforcement of this Contract and all rights and obligations hereunder are reserved solely to the Parties. Any services or benefits which third parties receive as a result of this Contract are incidental to the Contract, and do not create any rights for such third parties.

M. Waiver

Waiver of any breach under a term, provision, or requirement of this Contract, or any right or remedy hereunder, whether explicitly or by lack of enforcement, shall not be construed or deemed as a waiver of any subsequent breach of such term, provision or requirement, or of any other term, provision, or requirement.

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21. COLORADO SPECIAL PROVISIONS

A. FUND AVAILABILITY. CRS §24-30-202(5.5).

Financial obligations of the State payable after the current fiscal year are contingent upon funds for that purpose being appropriated, budgeted, and otherwise made available.

B. GOVERNMENTAL IMMUNITY.

No term or condition of this Contract shall be construed or interpreted as a waiver, express or implied, of any of the immunities, rights, benefits, protections, or other provisions, of the Colorado Governmental Immunity Act, CRS §24-10-101 et seq., or the Federal Tort Claims Act, 28 U.S.C. §§1346(b) and 2671 et seq., as applicable now or hereafter amended.

C. INDEPENDENT CONTRACTOR

Contractor shall perform its duties hereunder as an independent contractor and not as an employee. Neither Contractor nor any agent or employee of Contractor shall be deemed to be an agent or employee of the State. Contractor and its employees and agents are not entitled to unemployment insurance or workers compensation benefits through the State and the State shall not pay for or otherwise provide such coverage for Contractor or any of its agents or employees. Unemployment insurance benefits shall be available to Contractor and its employees and agents only if such coverage is made available by Contractor or a third party. Contractor shall pay when due all applicable employment taxes and income taxes and local head taxes incurred pursuant to this Contract. Contractor shall not have authorization, express or implied, to bind the State to any contract, liability or understanding, except as expressly set forth herein. Contractor shall (a) provide and keep in force workers' compensation and unemployment compensation insurance in the amounts required by law, (b) provide proof thereof when requested by the State, and (c) be solely responsible for its acts and those of its employees and agents.

D. COMPLIANCE WITH LAW.

Contractor shall strictly comply with all applicable federal and State laws, rules, and regulations in effect or hereafter established, including, without limitation, laws applicable to discrimination and unfair employment practices.

E. CHOICE OF LAW.

Colorado law, and rules and regulations issued pursuant thereto, shall be applied in the interpretation, execution, and enforcement of this Contract. Any provision included or incorporated herein by reference which conflicts with said laws, rules, and regulations shall be null and void. Any provision incorporated herein by reference which purports to negate this or any other Special Provision in whole or in part shall not be valid or enforceable or available in any action at law, whether by way of complaint, defense, or otherwise. Any provision rendered null and void by the operation of this provision shall not invalidate the remainder of this Contract, to the extent capable of execution.

F. BINDING ARBITRATION PROHIBITED.

The State of Colorado does not agree to binding arbitration by any extra-judicial body or person. Any provision to the contrary in this contract or incorporated herein by reference shall be null and void.

G. SOFTWARE PIRACY PROHIBITION. Governor's Executive Order D 002 00.

State or other public funds payable under this Contract shall not be used for the acquisition, operation, or maintenance of computer software in violation of federal copyright laws or applicable licensing restrictions. Contractor hereby certifies and warrants that, during the term of this Contract and any extensions, Contractor has and shall maintain in place appropriate systems and controls to prevent such improper use of public funds. If the State determines that Contractor is in violation of this provision, the

State may exercise any remedy available at law or in equity or under this Contract, including, without limitation, immediate termination of this Contract and any remedy consistent with federal copyright laws or applicable licensing restrictions.

H. EMPLOYEE FINANCIAL INTEREST. CRS §§24-18-201 and 24-50-507.

The signatories aver that to their knowledge, no employee of the State has any personal or beneficial interest whatsoever in the service or property described in this Contract. Contractor has no interest and shall not acquire any interest, direct or indirect, that would conflict in any manner or degree with the performance of Contractor's services and Contractor shall not employ any person having such known interests.

I. VENDOR OFFSET. CRS §§24-30-202 (1) and 24-30-202.4.

Subject to CRS §24-30-202.4 (3.5), the State Controller may withhold payment under the State's vendor offset intercept system for debts owed to State agencies for: (a) unpaid child support debts or child support arrearages; (b) unpaid balances of tax, accrued interest, or other charges specified in CRS §39-21-101, et seq.; (c) unpaid loans due to the Student Loan Division of the Department of Higher Education; (d) amounts required to be paid to the Unemployment Compensation Fund; and (e) other unpaid debts owing to the State as a result of final agency determination or judicial action.

J. PUBLIC CONTRACTS FOR SERVICES. CRS §8-17.5-101.

Contractor certifies, warrants, and agrees that it does not knowingly employ or contract with an illegal alien who shall perform work under this Contract and shall confirm the employment eligibility of all employees who are newly hired for employment in the United States to perform work under this Contract, through participation in the E-Verify Program or the State program established pursuant to CRS §8-17.5-102(5)(c), Contractor shall not knowingly employ or contract with an illegal alien to perform work under this Contract or enter into a contract with a subcontractor that fails to certify to Contractor that the subcontractor shall not knowingly employ or contract with an illegal alien to perform work under this Contract. Contractor (a) shall not use E-Verify Program or State program procedures to undertake pre-employment screening of job applicants while this Contract is being performed, (b) shall notify the subcontractor and the contracting State agency within three days if Contractor has actual knowledge that a subcontractor is employing or contracting with an illegal alien for work under this Contract, (c) shall terminate the subcontract if a subcontractor does not stop employing or contracting with the illegal alien within three days of receiving the notice, and (d) shall comply with reasonable requests made in the course of an investigation, undertaken pursuant to CRS §8-17.5-102(5), by the Colorado Department of Labor and Employment. If Contractor participates in the State program, Contractor shall deliver to the contracting State agency, Institution of Higher Education or political subdivision, a written, notarized affirmation, affirming that Contractor has examined the legal work status of such employee, and shall comply with all of the other requirements of the State program. If Contractor fails to comply with any requirement of this provision or CRS §8-17.5-101 et seq., the contracting State agency, institution of higher education or political subdivision may terminate this Contract for breach and, if so terminated, Contractor shall be liable for damages.

K. PUBLIC CONTRACTS WITH NATURAL PERSONS. CRS §24-76.5-101.

Contractor, if a natural person eighteen (18) years of age or older, hereby swears and affirms under penalty of perjury that he or she (a) is a citizen or otherwise lawfully present in the United States pursuant to federal law, (b) shall comply with the provisions of CRS §24-76.5-101 et seq., and (c) has produced one form of identification required by CRS §24-76.5-103 prior to the effective date of this Contract.

SPs Effective 1/1/09

22.SIGNATURE PAGE

Contract Routing Number 2017-XX

THE PARTIES HERETO HAVE EXECUTED THIS CONTRACT

*** Persons signing for Contractor hereby swear and affirm that they are authorized to act on Contractor's behalf and acknowledge that the State is relying on their representations to that effect.**

<p style="text-align: center;">CONTRACTOR</p> <p style="text-align: center;">NAME OF CONTRACTOR</p> <p>By: _____ Title: _____</p> <p>_____</p> <p style="text-align: center;">*Signature</p> <p>Date: _____</p>	<p style="text-align: center;">STATE OF COLORADO John W. Hickenlooper, GOVERNOR <i>Colorado Office of the State Auditor</i> Dianne E. Ray, State Auditor</p> <p>_____</p> <p style="text-align: center;">By: Dianne E. Ray, State Auditor</p> <p style="text-align: center;">Signatory avers that Contractor has not begun performance or that a Statutory Violation waiver has been requested</p> <p>Date: _____</p> <p>_____</p> <p style="text-align: center;">Legislative Audit Committee Chair</p>
	<p style="text-align: center;">LEGAL REVIEW Dan L. Cartin, Director Office of Legislative Legal Services</p> <p>By: _____</p> <p style="text-align: center;">Signature – Deputy State Auditor</p> <p>Date: _____</p>

23. EXHIBIT A – STATEMENT OF WORK

1. GENERAL DESCRIPTION

Contractor shall conduct a financial and compliance audit of the **NAME OF ENTITY** in a manner consistent with the terms and conditions of the Contract and the Exhibits and in accordance with generally accepted auditing standards as promulgated by the American Institute of Certified Public Accountants in *Statements on Auditing Standards*, the standards for financial and compliance audits contained in *Government Auditing Standards – 2011 Revision* issued by the Comptroller General of the United States, the Single Audit Act as amended, the Provisions of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (federal uniform grant guidance), the *AICPA Audits of State and Local Governmental Units* and *Government Auditing Standards and Single Audit* audit and accounting guides, and Fiscal Rules promulgated by the State Controller. Further, auditors of colleges and universities should follow additional guidelines applicable to higher education, including the following:

- a. Accounting principles promulgated by the National Association of College and University Business Officers (NACUBO) in its publication, *Financial Accounting and Reporting Manual*.
- b. Higher Education Accounting Standards promulgated by the Colorado Committee on Accounting Standards in Higher Education.
- c. The Colorado Department of Higher Education Audit Guide, *Colorado Funded Student Aid*.
- d. The U.S. Department of Education Audit Guide, *Student Financial Assistance Programs*.

2. CONTRACTOR'S OBLIGATIONS

The Work to be performed by Contractor shall include the following:

A. Scope

Contractor's audit of the Audited Agency shall include the following, as provided herein and in the Contract:

1.
 - a) Audit of the basic financial statements of the **NAME OF ENTITY** for the year ended June 30, 20**XX**, including a review of the related internal control structure as required by generally accepted auditing standards and *Government Auditing Standards*.
 - b) Audit of the **NAME OF ENTITY**'s federal grant programs (see Exhibit F) under the Single Audit Act as amended for the year ended June 30, 20**XX**, as applicable. **OMIT PARAGRAPH IF NO FEDERAL PROGRAMS**
 - c) Financial and compliance audit of the Statement of Appropriations, Expenditures, Transfers and Reversions of the **NAME OF ENTITY**'s State-Funded Student Financial Assistance Programs, including a review of the related internal control structure as required by generally accepted auditing

standards and *Government Auditing Standards*. [OMIT PARAGRAPH IF NO SFSFA]

- d) Review of the **NAME OF ENTITY**'s compliance with state and federal laws and regulations, State Fiscal Rules, and bond covenants that could have a material effect on the **NAME OF ENTITY**'s financial statements.
- e) Perform audit work to evaluate the **NAME OF ENTITY**'s progress in implementing prior audit recommendations.
- f) Review of exhibits required by the State Controller to be submitted to the State Controller in support of the statewide financial statements. Also, verification that all adjusting journal entries made by the **NAME OF ENTITY** after the final year-end closing, after Period 14, of the Colorado Operations Resource Engine (CORE) have been approved by the State Controller as required by State Fiscal Rules.
- g) Submission of several attestation memos to the Office of the State Auditor on the results of audit work performed. These memos will be used to support the audit of the statewide financial statements and statewide Single Audit.
- h) Preparation of report comments and/or a management letter, as appropriate based on assessed severity level, containing audit findings and recommendations for improvements in the operations, internal controls, and accounting procedures of the **NAME OF ENTITY**, along with any opportunities for cost savings determined through the audit. This will include obtaining and reviewing responses to the recommendations from the **NAME OF ENTITY**'s management and ensuring they meet the State's established parameters for responses. In accordance with *Government Auditing Standards*, for any "Partially Agree" or "Disagree" response, the contractor shall prepare an Auditor's Addendum as a rebuttal to the Audited Agency's response. The language for all Auditor's Addenda must be reviewed and approved by the State.
- i) Performance of appropriate NCAA agreed-upon procedures for the **NAME OF ENTITY**'s **(Division I/Division II)** Intercollegiate Athletics Program for the year ended June 30, 20**XX**, in accordance with the NCAA by-laws and audit guide. [All Schools have to do the NCAA procedures in FY2017. Omit paragraph if NOT a school.]

Such audit work will result in the issuance of the following:

- j) Independent auditors' report on the financial statements of the **NAME OF ENTITY** as of and for the year ended June 30, 20**XX**.
- k) Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of the financial statements of the **NAME OF ENTITY** performed in accordance with *Government Auditing Standards* for the year ended June 30, 20**XX**.

- l) Independent auditors' report on the Statement of Appropriations, Expenditures, Transfers and Reversions of the **NAME OF ENTITY**'s State-Funded Student Financial Assistance Programs. **[OMIT PARAGRAPH IF NO SFSFA]**
 - m) Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of the Statement of Appropriations, Expenditures, Transfers and Reversions of the **NAME OF ENTITY**'s State-Funded Student Financial Assistance Programs performed in accordance with *Government Auditing Standards* for the year ended June 30, 20**XX**. **[OMIT PARAGRAPH IF NO SFSFA]**
 - n) Independent auditors' report on the application of agreed-upon procedures to the **NAME OF ENTITY**'s **(Division I/Division II)** Intercollegiate Athletic Program Statement of Appropriations, Expenditures, Transfers and Reversions for the year ended June 30, 20**XX**. **[All Schools have to do the NCAA procedures in FY2017. Omit paragraph if NOT a school.]**
2. Contractor shall maintain an awareness of any areas outside of the Services in which the Audited Agency may not be carrying out the Audited Agency's programs in an effective and efficient manner. Contractor shall discuss any such areas with the State to determine whether the State desires Contractor to undertake a performance audit of the Audited Agency's program(s). The cost of a performance audit is not included within the scope of this Contract. Therefore, any performance audit shall be subject to negotiation and set forth in a separate agreement among Contractor, the State Auditor, and the Legislative Audit Committee.

B. Review by State

The State shall have access to and the right to review Contractor's Audit Report(s), financial statements, audit findings and recommendations, and audit work papers during the drafting stage of the Audit Report and prior to completion of the Audit Report in final form. Contractor shall furnish a copy of the proposed Audit Report (draft) to the State at least ten (10) working days before the report is submitted to the Audited Agency.

C. Availability.

Contractor, upon the request of the State, shall furnish copies of Contractor's audit programs developed pursuant to this Contract and make all other audit work papers available to the State for review or use in future audits, at no additional charge to the State.

D. Reports.

Contractor shall prepare and deliver the Audit Report to the State on the due dates set forth in **Exhibit H and I, as applicable**; all Work will be completed no later than **October 31, 20XX**, unless an extension of time has been approved by the State. In the event Contractor becomes aware that the due date for the Audit Report(s) cannot be met, for any reason, Contractor shall notify the State Auditor in writing of the reasons therefor and a specific date when the Audit Report(s) will be delivered. For a separately issued Audit Report, Contractor shall deliver to the State up to 100 copies of the bound report. The exact number of copies will be determined by the State at the time of report finalization. Acceptable binding formats for the Audit Report are limited to spiral, comb, or glued bindings; 3-ring bindings are not acceptable. Contractor shall also deliver to the

State an electronic copy of the Audit Report in unprotected Adobe PDF format or other format prescribed by the State.

E. Oral Presentations

Upon the request of the State, Contractor shall make an oral presentation of Audit Report findings and recommendations to the Legislative Audit Committee and, if applicable, one other legislative committee selected by the State.

F. Entrance/Exit Conferences.

The State shall participate in all entrance and exit conferences between the Audited Agency and Contractor, as well as all major conferences dealing with auditing exceptions, audit findings and recommendations.

G. Fraud.

Should Contractor become aware of fraud or indications of fraud affecting the Audited Agency, Contractor shall notify the State Auditor immediately. Contractor should follow guidance contained in *Government Auditing Standards: 2011 Revision* issued by the Comptroller General of the United States, regarding the reporting of such fraud or indications of fraud.

3. PERSONNEL

A. Contract Monitor

Contractor's performance hereunder shall be monitored by **NAME OF CONTRACT MONITOR**, an employee or agent of the State, who is hereby designated as the contract monitor of this Contract.

B. Other Key Personnel

The key personnel identified by Contractor in the Contractor's Proposal are deemed to be essential to the Work being performed under the Contract.

C. Replacement

Contractor shall immediately notify the State if any key personnel cease to be employed by Contractor. Prior to diverting any key personnel to other programs, Contractor shall give to the State fifteen (15) days advance notice and shall submit to the State justification, including proposed substitutions, in sufficient detail to permit evaluation of the impact on the audit by the State. No diversion shall be made by Contractor without consent of the State, which shall not be unreasonably withheld. Replacement of any key personnel shall be with personnel of substantially equal ability and qualifications to perform work under this Contract.

4. ACCEPTANCE CRITERIA

If the State determines that the Audit Report is unacceptable (either before or after a draft or a final Report is issued) for failure to comply with auditing standards or any of the requirements included in the Contract, Contractor, at the State's direction, shall be required to re-audit at its own expense and submit a revised report. The State's right to reject Contractor's drafts or final report(s) because of the failure to comply and Contractor's obligation to re-audit or revise shall extend throughout the term of this Contract and continue for one (1) full year after the termination of this Contract.

5. PAYMENTS

Payments shall be made in accordance with the provisions set forth in the Contract and **Exhibit F** (Compensation and Procedures for Billing).

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24. EXHIBIT B – REQUEST FOR PROPOSAL

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25. EXHIBIT C – MODIFICATIONS TO CONTRACTOR’S PROPOSAL

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26. EXHIBIT D –CONTRACTOR’S PROPOSAL

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27. EXHIBIT E - INFORMATION SECURITY POLICY FOR CONTRACTORS

Applicability

This policy applies to all OSA Contractors at all locations who are conducting audits or professional services on behalf of the OSA using State of Colorado information, electronic or otherwise.

Definitions

Confidential information assets – are defined in paragraph 5. below.

OSA Contractor(s) or Contractor(s) – any business, company, corporation, partnership, or individual conducting business on behalf of or in cooperation with the OSA, whether via contract, purchase order, or other purchasing agreement. OSA Contractors include sub-contractors and their employees.

Protected information assets - are defined in paragraph 4. below.

State of Colorado information, information or audit information – any information, whether in electronic or hard copy form, obtained, utilized, or generated by an OSA Contractor while performing work on behalf of the OSA.

State Auditor Authority and Responsibility

The State Auditor's authority and responsibility for accessing and handling confidential information is set forth in the Colorado Revised Statutes. Section 2-3-107 (2) (a), C.R.S., provides that the State Auditor or his or her designated representative "shall have access at all times . . . to all of the books, accounts, reports, vouchers, or other records or information in any department, institution, or agency, including records or information required to be kept confidential or exempt from public disclosure upon subpoena, search warrant, discovery proceedings, or otherwise." Additionally, Section 2-3-103 (3), C.R.S., provides that "work papers of the office of the State Auditor shall be open to public inspection only upon approval of the majority of the members of the audit committee" and that "work papers that have not been specifically approved for disclosure by a majority vote of the committee shall remain confidential." Finally, Sections 2-3-103.7 and 2-3-107 (2) (b), C.R.S., prescribe penalties for willful or unlawful release of confidential information and prohibit the release of information required to be kept confidential pursuant to any law. The volume and availability of confidential information in electronic and hardcopy format, along with the risk to the OSA should confidential information be inadvertently released or breached, heightens the need for rigorous procedures governing the receipt, storage, and destruction of confidential data.

Policy Compliance

1. All OSA Contractors and their personnel who are performing the Services or the Work are required to understand and abide by this policy.
2. By signing an OSA contract or purchase order, OSA Contractors agree to abide by this policy and require its personnel performing the Services or the Work under such OSA contract, including sub-contractors and their employees, understand and abide by this policy.

Data Classification

3. All State of Colorado information assets whether in hardcopy or electronic form (e.g., data, databases, reports, communications, manuals, documentation for systems, procedures, and plans) and used in the course of an audit on behalf of the OSA is considered either “Protected” or “Confidential,” unless expressly stated otherwise in writing by the State Auditor.
4. Protected information assets are defined as information that is required by federal, state, or local laws and statutes to be protected, or in the event of a breach of confidentiality, loss of integrity, or lack of availability, would have serious impact to the OSA or the State up to and including physical harm to individuals, or that which would cause significant hardship to the OSA, the State, or commercial entities that have entrusted this data to the OSA.
5. All OSA Contractor audit information assets not categorized as “Protected” are automatically classified as “Confidential.”

Use and Protection of Information Assets

6. Contractors are responsible for taking reasonable and prudent measures in the protection of all OSA audit information and the systems which process, store, and transmit such information from unauthorized disclosure and modification regardless of location.
7. All State of Colorado information systems (e.g., networks, intranets, internet connections, telephones, fax, etc.) are the property of the State of Colorado and are for State of Colorado business use only. Contractors must never use them to knowingly access, store, or distribute offensive material, such as pornography. Contractors may not use State of Colorado systems to knowingly compromise other systems, networks or safeguards.
8. Any unauthorized attempt to access information that is outside Contractor’s “need-to-know” for his/her operational purposes is prohibited.
9. Contractors must encrypt all “Protected” and “Confidential” information when stored on portable computers or removable media (e.g., laptops, external hard drives, CDs, USB drives.)
10. Contractors must, at all times, physically secure portable computers used in storing and processing audit information on behalf of the OSA through the use of cable locks or other security measures.
11. Contractors shall not leave any portable computers, removable media (e.g., laptops, external hard drives, CDs, USB drives), or hard copy information containing “Protected” and “Confidential” information unattended, such as in vehicles or in checked airport luggage.

Viruses and Malicious Code

12. Contractors must effectively deploy personal firewall security and up-to-date malicious code/virus protection software for all systems and devices used in carrying out official OSA business.

Telecommunications Security and Information Transmission

13. Contractors are responsible for being aware of and protecting against current and potential telecommunications (e.g., telephones, voice mail, mobile phones, conference calls, instant messaging, and facsimile machines) security risks in their given environment.
14. Contractors are prohibited from connecting to any state networks in connection with the Services hereunder without prior authorization from the OSA and the information security officer of the Audited Agency. In the case of executive branch agencies, Contractors should submit a request with their agency liaison to obtain permission through the Governor's Office of Information Technology access management team.
15. Contractors shall make every effort to ensure that all State of Colorado information is protected from inadvertent disclosure when being sent over the Internet or other non-State of Colorado networks.
16. Contractors shall not connect portable computers containing "Protected" or "Confidential" data to any public WiFi networks (e.g., internet cafes) without adequately protecting such information through the use of hard drive encryption and the use of an encrypted VPN tunnel.
17. Contractors must always consider information sensitivity and transmission security issues when selecting a transmission medium. "Protected" and "Confidential" data must only be transported or transmitted over a public network when protected by encryption.
18. When data is stored on electronic media or a mobile computing device, the data must be encrypted at all times during physical transport.
19. Transmission of Protected or Confidential data over a public network by unencrypted email is prohibited.

Information Storage and Disposal

20. Media or hard copy documents containing Protected or Confidential information are to be appropriately labeled and protected in accordance with this **Exhibit E**.
21. Contractors must maintain physical media security by using locking filing cabinets or drawers and locking them when left unattended. Media security may also be achieved through locking the door of a private office.
22. Personal computers, laptops, USB drives, mobile phones, personal digital assistants (PDAs), and other devices and media containing State of Colorado information must be secured by their users from loss, theft, and unauthorized use.
23. Contractors shall not leave unattended any device containing State of Colorado information unless a password-engaged screensaver is used. The screen saver must engage after 2 minutes of inactivity.
24. Contractors must ensure that once portable storage devices (e.g., external hard drives, CDs, USB drives) are no longer under their direct control, all Protected or Confidential data will be cleaned and sanitized (i.e., cleared, purged and destroyed) in conformance NIST Special Publication 800-88 and/or other standard procedures and requirements set by the U.S. Department of Defense, such as DoD 5220.22-M.

25. Hard copy documents containing Protected or Confidential information must be shredded prior to disposal.
26. Data storage devices (CDs, DVDs, and floppy disks) containing Protected data must be physically destroyed at the end of the audit. For thumb drives and portable hard drives Contractor must either use an electronic shredding program to destroy the data or destroy the device at the end of the audit. A record of disposal is to be maintained in the workpapers by the OSA Contractors. A record of disposal must contain the name of the individual disposing of the data, the method used to dispose of the data, identifying qualities of the data (such as the serial number of the media on which it was stored, if applicable), and the date of disposal.

Incident Reporting

27. All suspected loss or compromise of OSA audit information as a result of the loss of a desktop, portable, or mobile computing device or removable storage device by any means (e.g., theft, loss) used to store State of Colorado data shall be reported to the OSA Contract Manager within 24 hours of discovery.
28. In the event of the suspected loss or compromise of OSA audit information under control of Contractor, Contractor is responsible for working with the State Auditor and the Audited Agency with respect to recovery and remediation. Contractor is also responsible for working with the OSA and the Audited Agency to notify all Colorado residents and other affected parties whose sensitive data may have been compromised as a result of the breach. Contractor will bear all reasonable associated costs.

Personnel Security

29. Contractor is responsible for performing background checks consistent with Contractor's standard employment practices for Contractor personnel completing work on behalf of the OSA.

Policy Enforcement

30. If Contractor is deemed to be in noncompliance of this policy by the State Auditor, the State Auditor shall have the unilateral right to terminate the Contract.
31. Upon request by the State Auditor, Contractor agrees that it shall make available qualified individuals and a member of senior management responsible for security and data protection, for the purposes of discussing information technology controls, including those policies, procedures, and controls relevant to the provision of services and security obligations under this Contract.

28. EXHIBIT F - COMPENSATION AND PROCEDURES FOR BILLING

1. Contractor shall submit all invoices for services to the State. Payment will be made from the State Auditor's appropriation.
2. Contractor may render monthly interim bills to the State until completion of the Work; provided that the aggregate amount of all bills shall not exceed the maximum compensation set forth in Section 3 below. The interim bills shall be promptly paid by the State except that the State reserves the right to withhold 10 percent of the total Contract amount until delivery and acceptance of the Audit Report. Release of the Audit Report by the Legislative Audit Committee constitutes acceptance of the Audit Report.
3. Total maximum compensation for the Work shall be \$XXX,XXX, with estimated funding split between fiscal years expected to be:

	<u>Total</u>	<u>Paid From State's Budget Period</u>	
		<u>2016-2017</u>	<u>2017-2018</u>
<u>Name of Audited Agency</u>			
Financial and compliance audit	\$xxx,xxx	\$xxx,xxx	\$xxx,xxx
<u>Other Itemized Costs</u>			
<u>Single Audit Programs:</u>			
<u>Name of Program</u>	\$ x,xxx	\$ x,xxx	\$ x,xxx
Total Fee	<u>\$xxx,xxx</u>	<u>\$xxx,xxx</u>	<u>\$xxx,xxx</u>

4. The State shall not be required to provide staff time in connection with the audit of the Audited Agency, except that State shall assign one (1) member of the State staff to serve as audit coordinator between the State and Contractor. The State contract monitor shall attend various meetings as necessary, such as entrance and exit conferences, and the brainstorming meeting, and act as a liaison to Contractor. In accordance with §10, §17C, and §18 of the Contract, all requests for Work Product or work papers pursuant to the Colorado Open Records Act or news media inquiries pertaining to the engagement shall be forwarded immediately to the State contract monitor.

29. EXHIBIT G - DEVELOPING AND PRESENTING AUDIT FINDINGS

Developing and Presenting Audit Findings

An audit finding is a written explanation of the information developed during the audit engagement concerning errors, omissions, weaknesses, or areas for improvement. It is the source from which all audit recommendations flow. Audit findings have certain common elements. The five elements of an audit finding are criteria, condition, cause, effect, and recommendation.

Title of Finding

Provide brief background information about the program in one or two paragraphs. Do not include criteria, condition, cause, or effect in this background section.

What was the purpose of our audit work and what work was performed?

Describe the purpose of the audit work in one sentence. (i.e., “The purpose of the audit work was to XXXX.”)

Briefly describe the audit testwork that was performed using bullets and/or one to two paragraphs. (i.e., describe the data and documents reviewed, individuals interviewed, and the sample selected and sample methodology).

How were the results of the audit work measured? (*Criteria*)

The criteria are the standards against which the condition is measured. They are standards used by the auditors to evaluate a particular event or process and describe “what should be.” Some examples of criteria include:

- Colorado Constitution
- Colorado Revised Statutes
- Colorado state agency rules and regulations
- federal laws and regulations
- State Fiscal Rules and Fiscal Procedures Manual
- Generally Accepted Accounting Principles
- program-specific written policies and procedures
- program-specific written goals and objectives
- good business practices
- unwritten policies, procedures, goals, and objectives as explained by the Audited Agency’s personnel

If the criteria are not already set forth in writing, it may be necessary to find information to serve as evidence of criteria. When common sense or expert opinion is used as criteria, the development of the finding must be logical and convincing to the reader, who may not possess the same level of expertise. This is also important because such criteria are less authoritative than other types of criteria.

This section should briefly describe the criteria of the finding. Strive to provide the essential information in one or two short paragraphs, bullets, or in a table.

What problem(s) did the audit work identify? (*Condition*)

The first step in developing a finding is to identify the statement of condition. This occurs during the “fact-finding” process when the Contractor’s audit staff (“auditors”) compares “what is” with “what should be.” When there is a difference between “what is happening” with “what should be happening,” the first element (condition) of an audit finding is identified. The condition should be a factual statement of what was found and be free of value judgments.

This section should describe the overall problem (the condition of the finding) in one or two sentences. Then provide specific examples that support the condition (e.g., exceptions identified during the audit test work). Use bullets and tables to describe the types of exceptions identified.

Why did this/these problem(s) occur? (*Cause*)

The cause is the element of the audit finding which explains why the “condition” exists. The cause represents what must be corrected to prevent the recurrence of the existing condition. As such, auditors must correctly identify the cause before a proper course of action can be devised. Developing the cause frequently requires a fairly extensive analysis of the problem. Often, there are multiple factors causing the problem. The human behavior aspect, which increases the difficulty in identifying the proper cause, is always present. Nevertheless, auditors should make a reasonable effort to determine as closely as possible the real cause of the problem. Examples of cause include:

- negligence
- inadequate resources
- inadequate training
- poor communication
- inadequate guidelines or standards
- absence of good management techniques
- failure to follow established policies and procedures

This section should describe the cause of the finding in one or two paragraphs or in bullets that correspond to the bullets used in the condition section above.

Why do/does these/this problem(s) matter? (*Effect*)

The effect represents the end result of the activity being measured. It is the impact of the difference between the statement of condition and the criteria. The attention given to an audit finding depends largely upon its significance, and significance is judged by effect. What is the result if nothing is done about the problem identified? Auditors frequently use materiality to measure the potential significance of findings. The effect of an adverse audit finding is what motivates management to take needed action to correct the condition. When the effect is insignificant, audit staff should consider eliminating the finding from the report or grouping it with other minor findings. Some examples of effect include:

- violation of law or regulation
- noncompliance with legislative intent
- loss of potential income
- program goals and objectives not being met
- increased costs
- poor service quality
- inefficient service delivery
- increased risk of fraud and abuse

- reduced effectiveness

When determining the effect of an audit finding, auditors should look at outcomes such as impacts on citizens, services, or public safety. In addition, the fiscal impact of the finding (e.g., increase or decrease in revenue or costs) should be quantified where possible. The estimated fiscal impact should be discussed with the Audited Agency and reported as an estimate (e.g., we estimate this change will eliminate one administrative support position with an estimated annual cost of \$26,000).

This section should describe the effect of the finding in one or two paragraphs or bullets. Quantify the effect to the extent possible.

Recommendation No. X:

The recommendation is the action believed necessary to correct the adverse situation. Generally, each finding will result in one or more recommendations. The following are guidelines for developing recommendations:

- Write recommendations that address or solve the “cause” of the problem.
- Write recommendations as realistically and specifically as possible so they are more likely to be understood by and prove useful to the Audited Agency.
- Present recommendations in a constructive tone and emphasize improvement rather than criticism of past activities. Auditors should keep in mind that their objective is to motivate the Audited Agency to take action. This can best be done by avoiding language that unnecessarily generates defensiveness and opposition.
- Write your recommendation so that it can be understood by itself (e.g., the reader will not have to refer to the finding to understand the recommendation).
- Avoid introducing new information in the recommendation that was not presented in the body of the finding. The recommendation should follow logically from what was presented in the finding.
- Avoid extreme language such as “immediately,” “without delay,” or “as soon as possible.” These phrases do not add to the substance of the recommendation. In situations where there is an urgency to correct a problem, include in the recommendation the consequence of delay (e.g., continued loss or waste of money).

The Department of XXXX should XXXX by:

- a.
- b.

The written Audit Report, which contains all audit findings and recommendations, is issued to legislators and other state and federal officials who have limited time to read reports. Therefore, the Contractor should present findings as concisely as possible, but with enough clarity to be understood by the reader. In addition to being clear and concise, audit findings should be logical, convincing, and constructive. The findings should be presented in a way that will convince the reader of their significance and motivate the Audited Agency to take action. This is accomplished by clearly presenting the five elements of an audit finding—criteria, condition, cause, effect, and recommendation.

For additional guidance regarding developing audit findings, please consult Chapter 4 - Standards for Financial Audits in *Government Auditing Standards: 2011 Revision* issued by the U.S. Comptroller General, which is available online at <http://www.gao.gov/govaud/ybk01.htm>.

30. EXHIBIT H - REPORTING REQUIREMENTS AND FORMAT FOR SEPARATELY ISSUED REPORTS

The final written Audit Report is required at the completion of the audit work. This Report will contain findings, conclusions, and results from the audit. It will also provide recommendations for changes or modifications to improve the efficiency and effectiveness of the Audited Agency. Contractor shall deliver to the state up to 100 copies of the bound report. The exact number of copies will be determined by the State at the time of report finalization. Contractor shall also deliver to the State an electronic copy of the Audit Report in unprotected Adobe PDF format or other format prescribed by the State.

The final Audit Report is due **October 31, 20XX** and will be prepared in the format delineated below.

REQUIRED REPORTING FORMAT

1. Addressee of Report

Each Audit Report should be addressed to "Members of the Legislative Audit Committee."

2. Report Format

Contractor's Audit Report will include all of the following sections bound together as a single report. Acceptable binding formats are limited to spiral, comb, or glued bindings; 3-ring bindings are not acceptable.

Major sections of the Audit Report and their required order within the report are:

Title Cover and Distribution Page
Table of Contents
Report Summary
Recommendation Locator
Description of the Audited Agency
Findings and Recommendations (Including Audited Agency Responses and Schedule of Questioned Costs, if applicable)
Disposition of Prior Audit Recommendations (and Resolution Status of Questioned Costs, if applicable)
Auditors' Report on Financial Statements
Financial Statements
Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an audit of basic financial statements performed in accordance with "Government Auditing Standards"
Additional Information for Single Audit (if applicable)

a. Title Cover and Distribution Page

The report cover should include the title of the audit and the periods covered. The distribution page is the opposite side of the report cover. It contains information on how to obtain both electronic and bound versions of the report. The distribution page should include the State Audit Report number. Contractor must contact the State for specific requirements of the distribution page before printing the report.

b. Table of Contents

This page is an index to the report, by topic and page number.

c. Report Summary

The summary is a 3 to 5 page overview of the important comments in the report. The following format is to be used for the report summary:

Authority and Purpose/Scope of Audit
Summary of Major Audit Findings and Recommendations (including type of audit opinion)
Summary of the Audited Agency's responses to recommendations contained in the summary
Summary of Progress in Implementing Prior Audit Recommendations

d. Recommendation Locator

The following format should be used:

Recommendation number
Page number (of recommendation)
Recommendation Summary
Audited Agency's Response (agree, disagree, etc.)
Implementation Date

e. Description of the Audited Agency

The enabling legislation should be cited and the purpose and function of the Audited Agency clearly set forth.

f. Findings and Recommendations

The report must contain this section reporting the auditor's findings and recommendations relative to operating weaknesses, violations of law, compliance with applicable statutes and regulations, and adherence to generally accepted accounting principles and sound business practices.

The findings and recommendations included in the report should contain sufficient background to inform a lay reader of the facts and circumstances surrounding the finding. In addition, the finding should identify and emphasize the business effects resulting from the deficiency or instance of non-compliance. Finally, recommendations should focus on workable solutions which the Audited Agency can effectively implement.

Audit recommendations are presented after the development section for each audit finding. Recommendations must be separately stated from the discussion of the audit finding. Recommendations are consecutively numbered in the report, (i.e., 1, 2, 3, 4, etc).

g. Audited Agency Response

The Audited Agency's officials will be given the opportunity to include the Audited Agency's position regarding audit findings and recommendations in the report text. The State will provide the parameters for the Audited Agency's response; this could include a limit on the number of words or characters, which the Contractor will communicate to the Audited Agency when requesting their response. The Audited Agency's response will be included in the report after

each recommendation. However, if a statement of the Audited Agency's position is not provided within ten working days following receipt of the final draft copy, Contractor should advise the State Auditor to determine if the report should be processed without the Audited Agency's response. The Contractor is responsible for reviewing the Audited Agency's response for accuracy, responsiveness to the recommendation, and adherence to the State's established parameters. This review should include working with the Audited Agency to ensure the response meets State requirements and is approved for inclusion in the final Report. For any "Partially Agree" or "Disagree" response, the contractor shall prepare an Auditor's Addendum as a rebuttal to the Audited Agency's response. The language for all Auditor's Addenda must be reviewed and approved by the State.

h. Disposition of Prior Audit Recommendations

The Audited Agency's progress in implementing prior audit recommendations is reported in this section. The disposition of prior period recommendations is classified in this section as either: implemented, partially implemented, not implemented, deferred, or no longer applicable.

i. Resolution Status of Questioned Costs

According to the Single Audit Act Amendments, the resolution of questioned costs is the responsibility of the recipient and the related federal agency. The Amendments also state that resolution shall be made within six months after receipt of the Audit Report by the federal agency.

The status of questioned costs can be reported as part of the disposition of prior year audit recommendations or addressed in a separate section of the Audit Report.

j. Financial Statements

Financial statements should follow reporting requirements applicable for the audit entity as required by the State Controller, audit guides of appropriate federal agencies, Financial Accounting Standards Board, or the Governmental Accounting Standards Board. The financial statements shall be reconciled to the final trial balance for each fund as shown by CORE records. Contractor will determine that the reconciliation prepared by the Audited Agency is correct and any adjustments have been approved by the State Controller in accordance with the Fiscal Rules.

k. Additional Information for Single Audit

For findings related to federal expenditures, the finding must be written in accordance with federal uniform grant guidance, which will include identification of applicable federal compliance requirements by finding, contact name, and federal agencies to which each finding relates.

l. State Format

The report shall be prepared using the State format to the extent possible.

3. Single Report

Contractor's Audit Report will include all of the aforementioned sections bound together as a single report. Contractor may issue separate reports for financial statements and management comments.

Contractor will not issue separate reports for federal and state financial assistance programs. These reports will be included, in separate sections as appropriate, in one Audit Report for the Audited Agency. Separate Reports will be issued for revenue bond funds and NCAA Agreed-Upon Procedures.

31. EXHIBIT I - REPORTING FOR STATEWIDE FINANCIAL STATEMENTS AND SINGLE AUDIT

REPORTING THE RESULTS OF AUDIT WORK

Contractor will provide items 1a, 1b, and 2 by August 25, 2017, items 3a, 3b, and 4a by September 1, 2017, items 4b through 13 by October 31, 2017, item 14a by September 6, 2017, and items 14b and 14c by November 6, 2017.

Attestation information that will be required to be submitted to the State but is not reflected in the above dates will include:

- audit risks identified and the related planned audit procedures – due July 10, 2017.
- report on procedures performed for risk factors identified related to internal controls.
- report on results from the Statewide statistical samples.
- other required additional matters that are relevant to the planning and conduct of work of the audit.

Second through fourth bullet items above will have approximate due dates between July and October.

Items Needed for TABOR Reporting Purposes

- 1a. A schedule of audit differences affecting revenue that shows financial misstatements noted during the audit and the adjusting entries needed to correct the errors.
- 1b. A written statement that the Audited Agency has properly classified and reported current year exempt and nonexempt revenue for TABOR purposes on CORE and that no audit differences were noted except as provided as part of (1a) above.
2. A written statement that any changes in enterprise designations and any prior years adjustments to the TABOR spending limit have been properly reported by the Audited Agency on the Office of the State Controller's Exhibit As. If the Exhibit A is incorrect, a copy of the revised Exhibit A will be submitted.

Items Needed for Cash Funds Uncommitted Reserves Reporting Purposes (Section 24-75-402, C.R.S.)

- 3a. A schedule of audit differences for cash funds showing financial misstatements noted during the audit and the adjusting entries needed to correct the errors.
- 3b. A written statement that no financial misstatements were noted that would impact the "Cash Funds Uncommitted Reserves Report" as required by Section 24-75-402, C.R.S., no additions or deletions were noted that should be made to the report, and no exemptions of funds that should have been included on the report were found except as provided as part of (3a) above.

Items Needed for Federal Award Reporting Purposes

- 4a. If the Audited Agency is subject to the Cash Management Improvement Act, a written conclusion on whether the Audited Agency is in compliance with the Act for applicable programs shown on the U.S. Treasury-State Agreement.
- 4b. A written conclusion on whether the Schedule of Expenditures of Federal Awards is fairly stated in accordance with the Single Audit Act as amended and the Office of the State Controller's instructions for preparation of the schedule.

All current year questioned costs are to be included in the auditor's findings and recommendations.

Items Needed for Financial Statement and Financial Reporting Purposes

5. A summary schedule of all audit differences (including passed audit adjustments) showing the correcting adjustments needed, including CORE fund and account coding.
6. A written conclusion on whether account balances of the Audited Agency that are material to the financial statements of the State of Colorado or to the Audited Agency's financial statements as appropriate are fairly stated.
7. A written statement regarding whether any material weaknesses in the internal control structure were identified.
8. A written statement identifying any instances of material noncompliance with laws, rules, regulations, and bond covenants, including TABOR and quarterly reporting requirements.
9. A written conclusion on the accuracy of information in the exhibits provided to the Office of the State Controller along with copies of any revised exhibits that differ from those submitted to the Office of the State Controller. The conclusion will include a determination of (1) the accuracy of the Audited Agency's reconciliation of its financial balances to CORE, (2) the reasonableness of adjustments made after final year-end close, including any entries entered into CORE after Period 14, and whether those adjustments have been approved by the Office of the State Controller, and (3) the reasonableness of the presentation of financial information for Statewide reporting purposes.
10. A written statement identifying any material subsequent events or changes to component units at the Audited Agency.
11. A written statement identifying any instances of fraud or the indications thereof.

Should Contractor become aware of fraud or the indications thereof affecting the Audited Agency, Contractor must notify the State Auditor immediately. Also, Contractor should follow the guidance contained in *Government Auditing Standards: 2011 Revision*, issued by the Comptroller General of the United States, regarding the reporting of such fraud.

12. A written conclusion on the adequacy of information used for footnote disclosures.
13. Additional financial information that may be deemed necessary in forming the opinion for the State's financial statements.
14. Contractor is required to provide the following, prepared in the State Auditor's format:

- a. A schedule showing the implementation status of all prior year audit recommendations in the State Auditor's format electronically through e-mail in Microsoft Office Word or Excel format.

If applicable, the status of questioned costs should be reported as part of the disposition of prior year audit recommendations.

If applicable, according to the Single Audit Act Amendments, the resolution of questioned costs is the responsibility of the recipient and the related federal agency. The Amendments also state that resolution shall be made within six months after receipt of the Audit Report by the federal agency. Contractor should evaluate the accuracy and completeness of these resolutions.

The disposition of each prior year audit recommendation is to be classified as either implemented, partially implemented, not implemented, deferred, or no longer applicable. If the disposition is other than implemented, please include a short explanation of the implementation status.

- b. Audit findings and recommendations along with written responses electronically through e-mail in Microsoft Office Word or Excel format.

Contractor will prepare written audit comments and recommendations for operating weaknesses, questioned costs, violations of law, noncompliance with rules and regulations, non-adherence to generally accepted accounting principles or sound business practices, and opportunities for improved efficiency or effectiveness.

The Contractor's findings and recommendations should include sufficient background to inform a lay reader of the facts and circumstances surrounding the finding. In addition, each finding should identify and emphasize the business effects resulting from the deficiency or instance of non-compliance. Finally, recommendations should focus on workable solutions which the Audited Agency can effectively implement.

For findings related to federal expenditures, the finding must be written in accordance with federal uniform grant guidance, which will include identification of applicable federal compliance requirements by finding, contact name, and federal agencies to which each finding relates.

- c. Listing of (1) each of the current year recommendations, (2) one- to two-word Audited Agency response as stated in writing by the Audited Agency (i.e., "Agree," "Partially Agree," or "Disagree"), (3) the date to be implemented, and (4) the contact person, as applicable for comments relating to federal funds as required by federal uniform grant guidance. Note: The contractor shall prepare an Auditor's Addendum, which is a rebuttal to the Audited Agency's response for any "Partially Agree" or "Disagree" response. The language for all Auditor's Addenda must be reviewed and approved by the State.



ATTEST A1 – IDENTIFIED RISK AREAS AND PLANNED AUDIT APPROACHES

DUE DATE:

DATE:

TO: Office of the State Auditor, Statewide Audit Team
(osa.financial@state.co.us)

FROM:

PHONE:

RE:

*Please submit the attestation memo and supporting documentation in an *electronic* format.*
Please send Financial and Compliance information, in addition to any IT related areas.

	RESPONSE Please select from the drop down box
1. We have performed planning procedures in accordance with AU-C Sections 300-499, <i>Risk Assessment and Response to Assessed Risks</i> .	<input type="text"/>
2. Based on our planning procedures, we have identified, documented, and assessed risk areas for our audit. Below, we have included a listing and/or brief discussion of risk areas identified for testing at the department.	<input type="text"/>
3. Below we have included a brief summary of our planned audit approaches to address the identified risk areas from #2 above.	<input type="text"/>
4. We have received and understand the Letter of Instruction provided to us by the OSA. If "No", please attach a thorough explanation.	<input type="text"/>
5. Below we have included a summary of the financial non-compliance areas that could have possible material effects to the State's financial statements.	<input type="text"/>
6. We have received the preliminary major programs assessment for our audit. We agree with the risk assessment and the preliminary major program selection. If "No", please attach an explanation of the differences.	<input type="text"/>

Note: Please add additional pages, as necessary, for your responses below.

Response to Item 2:

Response to Item 3:

Response to Item 5:

Explanation for any N/A responses:



ATTEST A2 – DETAILS OF OVERALL PLANNED TESTING

DUE DATE:

DATE:

TO: Office of the State Auditor
(osa.financial@state.co.us)

FROM:

PHONE:

RE:

(The left column indicates the applicability to the type of department/agency being audited. ALL means Feeders, in-house and Stand-Alone departments/agencies. If applicable, components are specific Feeder departments/agencies.)

		Response
ALL	1. The audit team has prepared and attached its overall audit strategy for the department/agency being audited.	<input type="checkbox"/>
ALL	2. The audit team has prepared and attached its brainstorming/risk assessment meeting work papers for the audited department/agency.	<input type="checkbox"/>
ALL	3. We have performed audit procedures related to tests of controls in compliance with AU-C Section 330, Performing Audit Procedures in Response to Assessed Risks and Evaluating the Audit Evidence Obtained, based on our planning procedures and risk assessment.	<input type="checkbox"/>

ALL 4. We have performed the following audit procedures indicated in the table below for risk factors identified related to financial statement internal controls for all activity related to financial statement reporting: (NOTE: Auditor judgment is required to assess risks for the audited department/agency. If the audited department/agency has been identified as a significant component, component materiality is required to be used to assess quantitative risk. Low risk and immaterial areas are not required to be tested unless otherwise deemed necessary by the department/agency or component auditor. These areas may include expenditures, revenue, payroll, appropriations, and/or any type of transaction type within any of these categories. (Note: Report all testing performed even if no exceptions have been identified. Indicate those risks that are significant to the department/agency.)

a. Internal control area tested (Identify by broad area or specific control as deemed necessary)	b. Indicate what types of procedures were performed to determine whether the control is operating effectively. (e.g. inquiries, inspection, observation, and reperformance)	c. Based on the procedures performed, is the control operating effectively? (yes or no)	d. If the control is not operating effectively, are there compensating controls to reduce the control risk to a reasonably low level? (yes, no, N/A)*
<i>Example: Expenditures</i>	<i>Inquiries, inspection, and observation</i>	<i>No</i>	<i>No</i>

*If you responded "no" to steps 4c and 4d above, for any control process tested, please complete question 5 below. (Note: If you responded "yes" to both of these steps, then continue to question 6 to complete the form.)

ALL 5. For areas where you indicated "no" to steps 4c and 4d, please provide the following information, if able; otherwise, provide as much information as possible: (Note: this will help us to identify samples and lead accounts for further financial statement testing at the statewide level.)

a. Department Code	b. Fund and Fund name	c. Account and Account name	d. Closing Classification (e.g. 1, 2, 10, 11, 14, 15)	e. Dollar value of errors (if applicable)	f. Classification of deficiency (e.g. Deficiency in Internal control, Significant Deficiency, or Material Weakness)	g. Brief description of the issues/errors identified
<i>Example: ABCA</i>	<i>1000 – General Fund, Unrestricted</i>	<i>3121 – Office Supplies</i>	<i>10</i>	<i>\$1,000,000</i>	<i>Significant Deficiency</i>	<i>We noted that there was no segregation of duties over the office supplies purchasing function. Therefore, the purchasing employee was making disbursements under the office supplies account to fake companies and keeping the disbursements.</i>

		Response	Additional Explanations for any N/A
Feeders and In-House	6. Did you test the required attributes included as part of the compliance audit programs?	<input type="checkbox"/>	
Feeders and In-House	7. Were you able to conclude on the audit objective(s) as noted in a compliance audit programs? If "No," a detailed description of this inability to conclude must be attached.	<input type="checkbox"/>	
ALL	8. Based on the preliminary request for subsequent events related to the audited department/agency, have subsequent events been identified that should be considered for disclosure in the State's financial statements? If "Yes," attach a listing of those subsequent events.	<input type="checkbox"/>	
ALL	9. Based on the preliminary request, does the audited department/agency have any component units and/or related parties? If "Yes," attach a listing of component units and/or related parties. Note: A listing of the State's related parties was distributed in the Letter of Instruction.	<input type="checkbox"/>	
ALL	10. We have submitted/attached the materiality used for our audit testing. Note: The OSA materiality is for the State overall. Therefore, stand-alone materiality amounts should be less than the OSA materiality.	<input type="checkbox"/>	
ALL	11. Has the auditor identified a significant risk of material misstatement of the group financial statements, due to fraud, abuse, or error during preliminary or interim testwork? If "Yes," please attach a detailed description of the risk.	<input type="checkbox"/>	
Feeders and In-House	12. We have completed and submitted/attached the required OSA IT audit program. This is applicable to Feeder and In-house audit teams only.	<input type="checkbox"/>	
Stand-Alones	13. We have submitted/attached our IT audit program used for purposes of our Stand-alone audit performed for this Department/Agency. This is applicable to Standalone audit teams only.	<input type="checkbox"/>	



ATTEST B - AUDIT DIFFERENCES FOR TABOR REVENUE

DUE DATE:

DATE:

TO: Office of the State Auditor
(osa.financial@state.co.us)

FROM:

PHONE:

RE:

Please submit the attestation memo and supporting documentation in an electronic format.

Note: The purpose of this attest memo is to support the OSA's opinion on TABOR revenue for Fiscal Year 2016. Thus, responses on this attest memo are specific to revenue testing. Responses to the Attest E reflect conclusions related to the Statewide financial audit opinion for the entire financial statement audit.

	Response
1. Have you completed revenue substantive financial statement testing? If NO or N/A, provide an explanation.	<input type="text"/>
2. Are there any known audit differences for TABOR revenue identified?	<input type="text"/>
3. Are there additional adjustments, not relating to TABOR revenue identified? (Note: These may include non-TABOR revenue, expenditures, or other accounts.)	<input type="text"/>
4. The "Schedule of Post Closing Audit Adjustments" is attached, identifying all the adjusting entries needed to correct known/likely identified errors (including even those that the auditor believes are trivial) during the audit of the department's/agency's revenue. The spreadsheet should include/indicate the following information:	<input type="text"/>
a. Does it identify the adjustment as TABOR related in the far left column of the spreadsheet? If NO or N/A, please provide an explanation.	<input type="text"/>
b. Does each adjustment show the department code and name, the CORE fund, account number and account name for all accounts affected, and an explanation of the adjustment? If NO or N/A please provide an explanation.	<input type="text"/>
c. Does the spreadsheet indicate which adjustments are recommended for posting or recommended to pass? If NO or N/A please provide an explanation.	<input type="text"/>
d. STANDALONES ONLY: Does the audit adjustment affect separately issued statements?	<input type="text"/>
If YES to Part 4d above, does the spreadsheet indicate whether or not the Office of the State Controller has approved the adjustment and if the adjustment will be posted to the separately issued statements?	<input type="text"/>
5. Did the department/agency properly classify revenue as exempt versus non-exempt revenue in CORE as of the end of the fiscal year (which is as of the end of Period 14 in CORE)? If there were audit differences related to TABOR revenue classifications, please indicate "NO" and provide explanations.	<input type="text"/>



ATTEST C - UNCOMMITTED RESERVES FOR CASH FUNDS, CASH MANAGEMENT IMPROVEMENT ACT, AND OTHER FINANCIAL AREAS

DUE DATE:

DATE:

TO: Office of the State Auditor
(osa.financial@state.co.us)

FROM:

PHONE:

RE:

Please submit the attestation memo and supporting documentation in an electronic format.

Note: There are three sections to this attest. The first set of questions deal with subsequently identified risks and major programs. The next eleven questions only apply to the Cash Funds Uncommitted Reserves Report that was sent by the OSA to the Contractor/Auditor. *(Note: Be sure to review the legislation for applicable changes.)* The last set of questions only apply to the Cash Management Improvement Act.

		Response
<u>Additional Risks (does not apply to the Cash Funds Uncommitted Reserves Report)</u>		
1. Have additional risks that were not initially identified as part of your Attest A1 and Attest A2 been subsequently identified through the audit process? If yes, attach the audit approach(s) for addressing those additional risk(s).		<input type="text"/>
2. Have any additional major programs been identified for testing this year - other than those that were identified in the preliminary major program risk assessments sent earlier this year? If yes, please note those major programs below, including the federal program name, CFDA number, and the amount of federal expenditures for the fiscal year.		<input type="text"/>
<input type="text" value=""/>		
Cash Funds Uncommitted Reserves Report		

6. Have prior year corrections of TABOR revenue designations been properly reported on the Exhibit A1? *(If the Exhibit A1 is incorrect, a revised copy of the Exhibit A1 has been attached to this memo).*

7. Have changes in enterprise designations been properly reported on the Exhibit A2? *(If the Exhibit A2 is incorrect, a revised copy of the Exhibit A2 has been attached to this memo.)*

8. Is the department/agency a TABOR exempt enterprise? If YES, complete a and b, below.

a. Attached is the department/agency-prepared calculation which we reviewed that demonstrates the department/agency received less than 10 percent of its revenues from State and local governmental support.

b. Prior year expenses and expenditures to/from non-TABOR enterprises have been reviewed and are properly reported in Section B of the Exhibit A2.

9. Each Department/Agency is required to run and review a TABOR Variance Analysis, and submit the results to the Office of the State Controller by 8/24/2016.

a. Have you evaluated the Department/Agency's TABOR Variance Analysis and performed testing where deemed necessary? If NO or N/A, please provide explanation.

b. Attached is a copy of the TABOR variance analysis, along with department/agency explanations, and auditor conclusions. Include the cover page that describes the parameters used to run the report in info-advantage. If NO or N/A, please provide explanation.

If necessary, please use additional space below to provide additional information regarding the answers above.



ATTEST D1 – DISPOSITION OF PRIOR YEAR AUDIT RECOMMENDATIONS

DUE DATE:

DATE:

TO: Office of the State Auditor
(osa.financial@state.co.us)

FROM:

PHONE:

RE:

STEP 1. Please select the appropriate response by marking "X" in the "Response" column. (Only select one of the two rows below)

	<u>Response</u>
<p>We have performed audit testwork for prior year audit recommendations and have provided the following items in the table in STEP 3 below:</p> <p>1. The audit team's disposition of any prior year audit recommendation(s) as of June 30, 2016. (Note: This should be the auditor team's tested disposition, not the department's/agency's response. No disposition narrative is needed for this Attest D1. However, as part of Attest F, you will need to supply the disposition narrative that has been approved by the Deputy State Auditor.)</p> <p>2. If the auditor's disposition(s) is "not implemented" or "partially implemented," we have noted the updated implementation date(s) that was provided by the department/agency, as well as the deficiency level determined by the audit team, in the table in STEP 3 below.¹</p> <p>3. If any prior year audit recommendation(s) was originally "deferred" and the department/agency is now reporting that the implementation is still "deferred" as of June 30, 2016, we have noted, in the table in STEP 3, that this recommendation(s) is "deferred" and included the department's/agency's revised implementation date.¹</p>	
<p>The department/agency does not have prior year audit recommendations.</p> <p>(Note: If you selected this row you are done with this form)</p>	

STEP 2. Please select the appropriate response by marking "X" in the "Response" column. (Only select one of the two rows below)

	<u>Response</u>
<p>For prior year audit recommendations, we have ensured that our assessments are in accordance with AU-C Section 265 <i>Communicating Internal Control Related Matters Identified in an Audit</i>. Specifically, for any prior year audit recommendation(s) that is "not implemented" or "partially implemented", we have performed an assessment to determine if the non-implemented portion represents a material weakness (MW) or significant deficiency (SD). For each MW or SD, we have written a current year recommendation(s) in that area(s). (Note: The current year recommendations should be provided on the Attest F.)</p>	
<p>For any prior year audit recommendation(s) that is "not implemented" or "partially implemented", we have performed an assessment to determine if the non-implemented portion represents a Deficiency of Internal Control (DIC). Note: The OSA requires that the auditor test and assess a disposition for that prior year audit recommendation(s) until it is fully implemented.</p>	

STEP 3. Please complete the table below for each prior year recommendation for your department/agency.

Report Year and Rec. No.	Recommendation	Auditor's Disposition (See STEP 1 above)	Auditor's Assessment of Level of Deficiency (See STEP 2 above)	Department's/ Agency's Revised Implementation Date ¹

¹ The new implementation date must be a specific month and year, and needs to be outside the fiscal year tested (after June 30, 2016). The department/agency cannot provide an implementation date of "Immediately".



ATTEST D2 - POST-CLOSING AUDIT DIFFERENCES

DUE DATE:

DATE:

TO: Office of the State Auditor
(osa.financial@state.co.us)

FROM:

PHONE:

RE:

*Please submit the attestation memo and supporting documentation in an *electronic* format.*

Our Office plans to meet with the Office of State Controller to propose audit adjustments affecting the financial statements during November. The time between receiving your audit differences and the meeting dates is used to assemble and evaluate the differences at a statewide level and obtain additional information from state departments/agencies/universities, as applicable. **Please include ALL adjustments in the "Schedule of Post-Closing Audit Adjustments" spreadsheet provided.** The Office of the State Controller has identified that any adjustments entered into CORE in Periods 15 and beyond are considered post-closing adjustments.

	Response
<p>1. We are aware of known audit differences that we and/or the department/agency/university identified during our audit. The related proposed adjustments may be recommended for posting or be passed upon. These adjustments may be derived from our audit testwork or suggested by the department/agency/university. In proposing any adjustment, we duly considered factors relevant to assess whether the misstatements were material.</p> <p>(Please note that all passed and posted adjustments will be incorporated into adjustment spreadsheets included in the Statewide Single Audit Report. All adjustments, if significant, quantitatively or qualitatively, and recommended to be posted, must have an accounting entry prepared by the department/agency/university in CORE and submitted to the OSC for approval. If "No" please mark "N/A" to questions 2 through 8.)</p>	<input type="text"/>
<p>2. The "Schedule of Post-Closing Audit Adjustments" is attached, identifying all adjusting entries needed to correct the known identified errors (other than those that the auditor believes are trivial).</p> <p>In addition, we have requested that management report the required adjustment(s), including any effect of prior period misstatements, to the Office of the State Controller, other than those that the auditor believes are trivial. Information for each column on the spreadsheet for each adjustment and all audited post-closing entries have been included.</p>	<input type="text"/>
<p>3. We have identified the amount used to define "trivial" here, by fund. (Note: A column has also been created for this amount on the "Schedule of Post-Closing Audit Adjustments" spreadsheet.)</p> <p><input type="text"/></p>	<input type="text"/>
<p>a. For any items identified as trivial (and not included on the adjustments spreadsheet), a description of the items and the dollar amounts for each have been identified below: (please attach another sheet if more space is needed.)</p>	<input type="text"/>

4. We identified likely misstatements during our audit. If yes, we have included these in the attached "Schedule of Post-Closing Audit Adjustments" spreadsheet.

5. Based on our qualitative review, we found known or likely audit differences which are indicative of possible fraud. If yes, please attach a memo to explain this further.

6. We have accumulated all known and likely misstatements we identified during the audit (other than those we believed to be trivial), and have communicated them to the appropriate level of management on a timely basis.

7. For any account balance that we identified the amount of likely misstatement from a sample as material, we have requested management to examine the entire account balance in order to identify and propose corrected adjusting entries for misstatements. (If yes, please attach an explanation and indicate which adjustments these associate to.)

8. We have included a narrative response to the "...PASS audit adjustment material..." on the "Schedule of Post-Closing Audit Adjustments" spreadsheet. If not, indicate a response on the spreadsheet.

Note: Please ensure that passed adjustments in cumulative are below the Statewide performance materiality/component performance materiality threshold.

9. For all misstatements identified on the adjustment spreadsheet, are any misstatements indicative of fraud or management bias? (If yes, please attach an explanation and indicate which adjustments these associate to.)

a. If yes, has the auditor evaluated the implications of the misstatements with regard to other aspects of the audit, particularly the auditor's evaluation of materiality, management and employee integrity, and the reliability of management representations, recognizing that an instance of fraud is unlikely to be an isolated occurrence?

10. Has the auditor identified potential significant risks of material misstatement to the group financial statements? If yes, please attach a detailed explanation, including the account and amount of misstatement and/or a brief description of the non-compliance area, and an explanation of the further audit procedures that have been or will be performed for this area.

Note: Please contact Selome Negassa with the Statewide Audit Team (Selome.Negassa@state.co.us or 303-869-2834) with information or questions regarding post-closing adjustments.

The following items are noted for your information. Please contact your Contract Monitor if you have any questions.

- Do not assume that the submission of a post-closing adjustment within CORE by a department/agency/university to the Office of the State Controller will guarantee that a proposed adjustment for identified known misstatements will be posted to the State's financial statements. The auditors should note, in the comment section of the attached spreadsheet, if they are in agreement with these audit adjustments.
- Adjustments to correct identified known misstatements that are "passed upon" at the department/agency/university level may still be posted to the State's financial statements when aggregated and evaluated with other adjustments across the State.
- All identified known adjustments, regardless of dollar amount, should be taken into consideration relative to TABOR. There is a "zero threshold" relating to TABOR adjustments. Prior to passing on any TABOR adjustments, please consult with the Statewide Audit Team. Financial statement materiality is not applicable to TABOR adjustments.
- If prior period adjustments are noted, please provide the journal entries and indicate in the comment section of the attached spreadsheet if the adjustment was reported to the Statewide Audit Team in the prior year or discovered in the current year.
- The Office of the State Controller evaluates each adjustment separately. The final determination of what will be posted to the State's financial statements is made during November and December. This evaluation may require additional adjustments to be made separately to the State's financial statements, even though the stand-alone statements may have already been issued.



ATTEST E - AUDIT OPINION AND REPORTS

DUE DATE:

DATE:

TO: Office of the State Auditor
(osa.financial@state.co.us)

FROM:

PHONE:

RE:

*Please submit the attestation memo and supporting documentation in an *electronic* format.*

Select responses from drop down menus. If response selected requires explanation or attachment, please include that with your Attest E submission.

"N/A" should only be used when the step does not apply, e.g., the department/agency does not receive federal funds.

	Response
<p>1. For those auditors not issuing audit opinions on the department/agency or institution being audited. In our professional judgment, we have obtained sufficient and appropriate audit evidence that the account balances material to the State's financial statements, based on the Statewide calculation of materiality, are presented fairly as of and for the year ended June 30, 2016. Our determination is based on considerations of both quantitative and qualitative materiality factors. <i>(If, in your professional judgment, the opinion would be other than unmodified, or would contain an emphasis of matter and/or other matter paragraph should be included, please select "No - See Explanation" and attach an explanation).</i></p>	<input type="text"/>
<p>a. For those auditors that received lead balances from the Statewide audit team, have you attached the lead schedules provided to you with a summary of how each lead schedule balance was tested (i.e. substantive analytic, internal control compliance testing, other sample testing)?</p>	<input type="text"/>
<p>2. For those auditors issuing an audit opinion on the department's/agency's or institution's financial statements. Is your opinion on the department's/agency's or institution's financial statements unmodified? <i>(If the opinion is modified, please check "No - See Explanation" and attach an explanation.)</i></p>	<input type="text"/>
<p>3. For those auditors issuing an audit opinion on the department's/agency's or institution's financial statements. Does your opinion include an "Emphasis of Matter" paragraph? <i>If the opinion did include an "Emphasis of Matter" paragraph, please check "Yes - See Explanation" and attach an explanation.</i></p>	<input type="text"/>
<p>4. For those auditors issuing an audit opinion on the department's/agency's or institution's financial statements. Does your opinion include an "Other Matter" paragraph? <i>If the opinion did include an "Other Matter" paragraph, please check "Yes - See Explanation" and attach an explanation.</i></p>	<input type="text"/>
<p>5. Did you have departures from GAAP, scope limitations, or other matters that would effect the audit opinion? <i>(If "Yes - See Explanation," please attach an explanation. If there was another basis of accounting used by the audited department/agency or institution, please indicate that basis, such as cash, tax, regulatory, contractual, or other basis of accounting.)</i></p>	<input type="text"/>
<p>6. Did you find departures from GAGAS that had an effect on the audit opinion? <i>If yes, please attach an explanation.</i></p>	<input type="text"/>
<p>7. Did you find and report significant deficiencies and/or material weaknesses in the internal controls over financial reporting? <i>(If checked "Yes - See Explanation," attach a description of the significant deficiency and/or material weaknesses indicating that a report comment (i.e., finding) was written and whether or not the deficiency was identified due to fraud, abuse, and/or illegal acts. A report comment should also be prepared and submitted along with Attest F for those significant deficiencies and/or material weaknesses found. The report comment should also address whether the material instance was identified due to fraud, abuse and/or illegal acts, if applicable.)</i></p>	<input type="text"/>

	Response
<p>8. Did you find and report material instances of noncompliance with provisions of laws, regulations, contracts, and grants that could have a direct and material effect on the determination of financial statement amounts?</p> <p><i>(If checked "Yes - See Explanation," attach a description of the material noncompliance indicating that a report comment (i.e., finding) was written and whether or not the noncompliance was identified due to fraud, abuse, and/or illegal acts. A report comment should also be prepared and submitted along with Attest F for material instances identified. The report comment should also address whether the material instance was identified due to fraud, abuse and/or illegal acts, if applicable.)</i></p>	<input type="text"/>
<p>9. Did the department/agency comply with state statutes and the Office of the State Controller's requirements regarding quarterly financial reporting? (Refer to the Office of the State Controller's Fiscal Procedures Manual; Chapter 5, Section 4.)</p>	<input type="text"/>
<p>10. Did the institution comply with the restrictive covenants of bond fund indentures? <i>(If "No - See Explanation" or "N/A - See Explanation", please attach an explanation.)</i></p>	<input type="text"/>
<p>11. Did you audit all of the applicable State Controller's Closing Exhibits of the Department/Agency?</p> <p>a. During Exhibits testing, did you find any exceptions? If any exceptions were noted, please attach a copy of the revised exhibit, marked as revised.</p>	<input type="text"/>
<p>12. Did you identify problems in the final analytical review that would possibly indicate a Statewide problem or that would change the planned audit approach? If yes, please attach an explanation.</p>	<input type="text"/>
<p>13. We audited the Exhibit K, Schedule of Expenditures of Federal Awards. In our professional judgment, the Exhibit K is presented fairly as of and for the year ended June 30, 2016, in accordance with the Single Audit Act, as amended, Uniform Guidance, and the Yellow Book. Any required note disclosure is also included on the Exhibit and is also fairly stated.</p> <p><i>(If "No - See Explanation" or "N/A - See Explanation", please attach an explanation.)</i></p>	<input type="text"/>
<p>14. The Department/Agency properly excluded any grants received as a subrecipient from another State Department on its Exhibit K. The Department/Agency also properly excluded, to the extent it was determinable, any grants received by the State, then passed-through to subrecipients outside of the State, and then received again by the State.</p>	<input type="text"/>
<p>15. The Exhibit K properly(*):</p> <p>a. Lists individual federal programs by federal agency and provides total federal awards expended for each individual federal program and CFDA number or other identifying number. <i>(If "No - See Explanation" or "N/A - See Explanation", please attach an explanation.)</i></p> <p>b. Identifies the names of the pass-through entities and identifying numbers for each grant. <i>(If "No - See Explanation" or "N/A - See Explanation", please attach an explanation.)</i></p> <p>c. Identifies the value of the federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year-end. <i>(If "No - See Explanation" or "N/A - See Explanation", please attach an explanation.)</i></p> <p>d. Contains other required disclosures, as applicable. <i>(If "No - See Explanation" or "N/A - See Explanation", please attach an explanation.)</i></p> <p>e. Provides identification of ARRA awards, if applicable, and ARRA expenditures reported on the Exhibit K were properly and separately identified and accounted for by the department/agency and ARRA expenditures were fairly presented on the Exhibit K in accordance with ARRA and program requirements**.</p> <p><i>(If "No - See Explanation" or "N/A - See Explanation", please attach an explanation.)</i> (**If ARRA funds were reported on the Exhibit K, please provide specific ARRA information with this Attest including CFDA number and total expenditures.)</p>	<input type="text"/>
<p>f. Regarding ARRA funds provided by the department/agency to subrecipients, the department/agency separately identified ARRA funds and documented at the time of subaward and disbursement of funds to each subrecipient the federal award number, CFDA number, and the amount of ARRA funds</p> <p>* This information is required for the Schedule of Expenditures of Federal Awards and the Data Collection Form. The auditor should consider whether omission of this information constitutes an instance of noncompliance that is required to be reported in accordance with OMB Uniform Guidance.</p>	<input type="text"/>
<p>16. Did you find and report material instances of noncompliance with laws, regulations, and the provisions of contract or grant agreements that may have a direct and material effect on each of the Department's/Agency's major programs?</p> <p><i>(If "Yes - See Explanation," please explain instances of noncompliance and submit audit recommendations to your contract monitors or audit manager and as part of the Attest F. The report comment should also address whether the material instance was identified due to fraud, abuse and/or illegal acts, if applicable.)</i></p>	<input type="text"/>

	Response
<p>17. Did you find and report significant deficiencies and/or material weaknesses in the internal controls over compliance with requirements of laws, regulations, contract, or grants that could have a direct and material effect on each of the department's/agency's major federal programs? <i>(If "Yes - See Explanation," please explain any weaknesses and submit audit recommendations to your contract monitors or audit manager and as part of the Attest F. The report comment should also address whether the material instance was identified due to fraud, abuse and/or illegal acts, if applicable).</i></p>	<input type="text"/>
<p>18. Have you audited all federal programs meeting the materiality threshold for major programs, as provided by the Statewide Team or our contract monitor, and in accordance with OMB Uniform Guidance for Fiscal Year 2016?</p> <p>a. Have you consulted with the Statewide Team or contract monitor to obtain a preliminary listing of major programs to be audited at our department/agency?</p> <p>b. Did you identify any other major programs to be tested during the course of the audit? <i>(Because the major program determination is made based on prior year data, it is possible that a program needing to be tested was not initially identified and federal expenditures exceeded the major program threshold in Fiscal Year 2016.)</i></p>	<input type="text"/> <input type="text"/> <input type="text"/>
<p>19. Have you been able to reconcile amounts presented on CORE to related amounts included on the Exhibit K without exception? <i>(If "No - See Explanation" or "N/A - See Explanation", please provide explanation for any discrepancies and consider whether this constitutes an instance of noncompliance that should be reported).</i></p>	<input type="text"/>
<p>20. If the Department/Agency received ANY federal funding, then on, or prior to, the Statewide opinion date we will obtain and provide the applicable written representations from the department/agency's management regarding its compliance with the Single Audit Act Amendments of 1996 and OMB Uniform Guidance to the Statewide Audit team. <i>(As necessary, substitute the words "Exhibit K" for "Schedule of Expenditures of Federal Awards" in the representation letter. The answer should only be "No - See Explanation" or "N/A - See Explanation" if the department/agency did not receive federal funds. All other "No - See Explanation" or "N/A - See Explanation" responses should be explained) (Note: Contact your contract monitor to coordinate the agency's dating of the management representation letter.)</i></p>	<input type="text"/>
<p>21. The department/agency has complied with the submission requirements by subrecipients as stated in AICPA Statement of Position 98-3, paragraph 10.76. <i>(The Office of the State Controller is overseeing the distribution of the Single Audit report to the federal government and state departments/agencies. Instead of providing paper copies of the reporting package to all required parties, the Office of the State Controller will have the reporting package available on its website).</i></p>	<input type="text"/>
<p>22. Do you have concerns about the competence, integrity, ethical values, or diligence of management about management's commitment to, or enforcement of policies relating to these areas? <i>(If yes, answer question 23 below.)</i></p>	<input type="text"/>
<p>23. Because we had concerns about the areas in question 22 above, we analyzed the effects of these concerns on the reliability of representations and audit evidence in general, including determining the possible effect on the opinion in the auditor's report. Attached is/are our concern(s) and the effect to representations, and/or audit evidence and/or the audit opinion even if there is no opinion being issued for the department/agency being audited.</p>	<input type="text"/>
<p>24. Are you aware of subsequent events that should be considered for disclosure in the State's financial statements? <i>(If "Yes - See Explanation", please attach an explanation of subsequent events)</i></p>	<input type="text"/>
<p>25. Are you aware of changes to component units and/or related parties of this department/agency or institution? <i>(If "Yes - See Explanation", attach an explanation of changes in component units and/or related parties. Please include any notes or changes on the related party listing that went out with the Letter of Instruction.)</i></p>	<input type="text"/>
<p>26. Have you performed testwork to ensure activities are recorded in proper fund categories per GASB 34?</p>	<input type="text"/>
<p>27. Have you performed adequate testwork to ensure special revenue funds are appropriately categorized in accordance with GASB 54 and the Office of the State Controller's Fiscal Procedures Manual.</p>	<input type="text"/>
<p>28. We have attached any department/agency-unique information that is required to be disclosed in the financial statements. <i>(If "Yes - See Explanation", please attach an explanation of the department/agency-unique information.)</i></p>	<input type="text"/>
<p>29. We have attached a list and explanation of any nonprofits created by or on behalf of this department/agency or institution during the fiscal year. <i>(If "Yes - See Explanation", please attach a listing of the nonprofits and Exhibit U2.)</i></p>	<input type="text"/>
<p>30. Have you tested the Exhibit L1 and Exhibit L2 to ensure all significant commitments and contingencies have been reported to the Office of the State Controller?</p>	<input type="text"/>

9. Have all of the department/agency's cash funds been included or excluded in the Cash Funds Uncommitted Reserves Report by the Office of the State Controller in accordance with applicable statutory requirements? (24-75-402 C.R.S. et seq., and each funds enabling statute). **The auditor is responsible for determining whether a fund is subject to Cash Funds reporting statutes.**

10. Have the descriptions been attached for all funds of your department/agency that were shown, or should be shown, on the *Cash Funds Uncommitted Reserves Report*? **This means any fund with an Uncommitted Reserve greater than \$200,000.** Each description **must** include the purpose of the fund, the source of the fee revenue including a listing of fees and related amounts, if applicable (supported by statute or rule), and the use of the fees collected.

11. Have you identified any issues with coding of revenues or expenses/expenditures by the Department? If yes, please provide a description of the issue and note whether it relates to a cash fund.

Cash Management Improvement Act (does not apply to the Cash Funds Uncommitted Reserves Report)

1. Have you performed test work to determine compliance with the Cash Management Improvement Act for the applicable programs as shown in the Treasury-State Agreement for the Department/Agency? (Note: Higher Education institutions are not included in the Act.)

2. Were there any exceptions noted in the test work of the above programs?

3. Are explanations of all exceptions attached?

1. Is the "Schedule of Post Closing Audit Adjustments" attached that shows any misstatements identified by the auditors during the audit of the entity's cash funds? **These are the adjustments that affect the Cash Funds Report only.** Please complete the attached spreadsheet and submit the adjustments electronically. (Post closing adjustments are not needed to correct calculated amounts in the report, only for amounts that come directly from CORE. **This includes an assessment of the sub-revenue code of STAT for fee revenue accounts.** Please include a review of all relevant post closing adjustment documents as part of this step.

Please include the following information:

- Each audit difference should show the department code and name, CORE fund, account number and account name for all accounts affected, and an explanation of the adjustment.
- Verify that different revenues are in the correct revenue account types (fee or non-fee).
- Indicate which adjustments are recommended for posting and those not proposed to be posted to the financial statements (this is generally only applicable for revenue, expenditure, and/or fund balance accounts).

2. Are there any adjustments to the cash funds report based on all of the testing performed? If yes, please attach the revised cash funds schedule. (Note: This should be discussed with your audited department/agency and the department/agency should communicate these changes to the Office of the State Controller.)

3. Is the cash funds uncommitted reserves report showing the appropriate amounts for fund balance, exempt assets, fee revenue, total revenue, and total expenses? (Fee revenue is designated in CORE using the STAT sub-revenue code).

4. Did the Department/Agency identify capital reserves and calculate the reserve amount in accordance with House Bill 15-1280, Section 24-75-403, et seq., C.R.S., and did the Department communicate these amounts to the Office of the State Controller? If yes, specify the cash fund and provide details of the reserve, as applicable.

5. Has the department/agency requested the Office of the State Controller to average the uncommitted reserves for a multi-year collection cycle in accordance with Section 24-75-402 (7.5), C.R.S.,? If yes, identify specific cash funds.

6. Does the Department/Agency have a previously appropriated fund balance? If yes, do the previously appropriated fund balance agree to the statutory appropriation?

7. Do any of the Department's/Agency's funds have an Alternative Maximum Reserve? Please provide statutory documentation for any Alternative Maximum reserve identified.

8. If any of the responses to questions 4-7 are "Yes," did you verify that the amounts (non-fee fund balance, uncommitted reserve, maximum reserve, and excess uncommitted reserve) are computed in accordance with 24-75-402, C.R.S. et. seq.? (Note: If the amounts are not computed in accordance with statute, any differences noted should be included in the audit differences provided above or attached separately.)

	Response
<p>31. Have you identified indications of possible management bias regarding accounting estimates and the application of accounting principles? <i>(If "Yes - See Explanation," please attach an explanation and answer question 32 below.)</i></p>	<input type="text"/>
<p>32. Did the indications of possible management bias regarding accounting estimates and the application of accounting principles, in question 31 above, result in an audit recommendation? <i>(If "Yes - See Explanation," please attach an explanation of the weakness and submit audit recommendation to your contract monitor or audit manager as part of the Attest F.)</i></p>	<input type="text"/>
<p>33. Did you identify additional significant accounting or financial reporting information systems that are financially significant and material to the scope of the statewide financial and compliance audit? If yes, the following items have been attached:</p> <ul style="list-style-type: none"> • Our listing of those financially significant systems • Our consideration and evaluation of each of those financially significant systems • The OSA General IT Audit program for Financially Significant Systems OR the Feeder auditor's own risk-based IT audit approach (Applicable for Feeder audits only.) 	<input type="text"/> <input type="text"/> <input type="text"/>
<p>34. We have submitted our IT audit program used for purposes of our stand-alone audit performed for this Department/Agency, if not already submitted with the Attest A2.</p>	<input type="text"/>
<p>35. We have attached other matters that may be relevant to the group audit or that the component auditor wishes to draw to the attention of the group engagement team, including exceptions noted in the written representations that the component auditor requested from component management.</p>	<input type="text"/>
<p>36. We considered professional guidance regarding our responsibility for the assessment of risks for and detection of fraud, errors, illegal acts, and violations of contract provisions or grant agreements in accordance with the <i>Codification of the Statements of Accounting Standards - Clarified</i> and the GAO Yellow Book.</p> <ul style="list-style-type: none"> • We evaluated the sufficiency and appropriateness of audit evidence to be obtained when assessing risk and designing further audit procedures. In addition, for those risk(s) we assessed as unacceptably high, we either performed additional procedures or are satisfied that the entity has adjusted the financial statements to reduce audit risk to an appropriately low level. • We gave appropriate consideration to the possibility of fraud, errors, illegal acts, and violations of contract provisions or grant agreements and assessed the risk of material misstatement of the financial statements. • We also gave appropriate consideration to the possibility that fraud or illegal acts may have occurred that had a direct and material effect or material but indirect effect on the financial statements. • We have reported any errors, or violations of contract provisions or grant agreements or irregularities resulting from our audit work. • We have reported all instances of fraud and illegal acts, unless inconsequential, except for fraud and illegal acts involving federal awards that are subject to OMB Uniform Guidance reporting and that are not material to financial statement amounts. • We have reported all quantitative or qualitatively material instances of abuse. <p><i>Note: Please attach any explanations for the above items.</i></p>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
<p>37. If not already reported as part of the questions above, if fraud or illegal acts were detected, an explanation is attached. <i>The explanation should include whether the abuse had a material impact to the financial audit. The report comment should be submitted as part of the Attest F.</i></p>	<input type="text"/>
<p>38. If not already reported as part of questions above, if material instances of abuse were reported, an explanation is attached. <i>The explanation should include whether the abuse had a material impact to the financial audit. The report comment should be submitted as part of the Attest F.</i></p>	<input type="text"/>
<p>39. We found instances that would indicate a potential significant risk of material misstatement of the group financial statements, due to fraud or error, identified by the auditor's response to such risks. <i>(If yes, attach an explanation of the risk of material misstatement. If necessary, a report comment should be written for the department/agency/component and submitted with the Attest F.)</i></p>	<input type="text"/>
<p>40. If applicable, is the auditor's report properly dated (or will be dated) on or prior to the Statewide opinion date (January-February 2017) <i>(i.e., not dated earlier than the date on which the auditor obtained sufficient appropriate audit evidence to support the opinion)</i>? <i>(Note: please attach a copy of the opinion with this attest or provide when applicable.)</i></p>	<input type="text"/>

	Response
41. Did the audit team identify any exceptions during the review of the GASB 68 pension allocation for the audited agency provided by the Office of the State Controller? (If "Yes - See Explanation" or "No - See Explanation," please attach an explanation.)	<input type="text"/>
42. Has the audit team complied with ethical requirements relevant to the group audit, including Independence and professional competence? (If "No - See Explanation" or "N/A - See Explanation," please attach an explanation.)	<input type="text"/>



ATTEST F1 - STATEWIDE SINGLE AUDIT REPORT – In-House, Feeders and Stand-Alones

DUE DATE:

DATE:

TO: Office of the State Auditor
(osa.financial@state.co.us)

FROM:

PHONE:

RE:

Please submit the attestation memo and supporting documentation in an electronic format.

The Statewide Single Audit Report includes the Schedule of Expenditures of Federal Awards, auditor's opinions, and reports as required by the Single Audit Act. This report is prepared in order to satisfy the State's Single Audit requirements. In compliance with federal Uniform Grant Guidance, this report includes those comments and recommendations that directly impact federal awards, such as instances of noncompliance with laws or regulations pertaining to federal financial assistance, or where it can be shown that federal awards would be affected.

We are requesting that all report comments be submitted to us along with all necessary information as explained below. While a single incident at one department/agency/institution may not be significant to that entity alone, it may be significant when taken into account with similar incidents at other State entities. In addition, please answer the additional questions to aid in our compilation of other significant sections of the Statewide Single Audit Report.

Please Note: A management letter may have been submitted to each department/agency/institution for areas that are classified as deficiencies in internal controls (and not material weaknesses or significant deficiencies). For those deficiencies in internal controls that are not communicated through the management letter, a written report comment using the OSA report format **MUST** be written. In addition, report comments using the OSA report format must continue to be written for all significant deficiencies and material weaknesses identified during the audit.

General Information

1. Current Year

Check all that apply	We have current recommendations and have attached an electronic copy of the following items: - Introduction section with Department/Agency/Institution-related data - Current year comments and recommendations in order of importance - Completed Department/Agency/Institution responses - For all Department/Agency/Institution Disagree or partially disagree responses, the auditor evaluated the Department's/Agency's/Institution's response and included appropriate wording as an auditor's addendum stating this fact.
<input type="checkbox"/>	Our attached current recommendations have been finalized and approved by the Deputy State Auditor and include a finalized and approved Department/Agency/Institution response.
<input type="checkbox"/>	We have included comments that are classified as "deficiency in internal control" in our current year recommendations (not a material weakness or a significant deficiency).
<input type="checkbox"/>	The Introduction section and current year recommendations submitted have undergone a quality control review of numbers, calculations, dates, statutory, regulatory, or other citations.
<input type="checkbox"/>	We do not have current recommendations. Proceed to step 2.

2. Management Letter Comments (Please check the one that applies)

<input type="checkbox"/>	We have issued a management letter communicating deficiencies in internal control to management at the department/agency/institution level and attached a copy of the letter.
<input type="checkbox"/>	We did not issue a management letter communicating deficiencies in internal control to management at the department/agency/institution level. Proceed to step 3.

3. Prior Year Recommendations (Please check all that apply)

Check all that apply	The department/agency/institution audited has prior year recommendation(s). We have attached an electronic version of the final and approved prior year recommendation(s) with approved responses. This includes the following items: - All prior year recommendation(s) include a final and OSA approved updated auditor's disposition. - All "Not Implemented" and "Partially Implemented" dispositions include an updated implementation date provided by the audited department/agency/institution.
<input type="checkbox"/>	For prior year recommendation(s) we have also attached the department/agency/institutions's Summary schedule of prior audit findings in accordance with OMB Uniform Guidance 2 CFR §200.511(b) that indicates the department/agency/institutions reported status of all prior audit findings (this is not the auditor's dispositions).
<input type="checkbox"/>	The department/agency/institution audited does not have any prior year recommendations.

****If there are no current year recommendations, management letter comments, or outstanding prior-year recommendations, skip to question 14 below.****

4. CURRENT Federal Award Findings: Provide the following information. Check the applicable type of recommendation, which may impact one or more areas:

Rec. No. ¹ and Title	Yellow Book Compliance ²	Internal Controls Over Financial Reporting ³			Non-Compliance with Provisions of Laws, Regulations, Contracts, or Grant Agreements Related to Major Programs		Major Program Compliance ³		Internal Controls Over Major Programs ¹			Amount of Questioned Costs (if applicable)			Prior Year Rec Number, if applicable
		Deficiency in Internal Control	Significant Deficiency	Material Weakness	Instance of Non- Compliance	Material Non- Compliance	Instance of Non- Compliance	Material Non- Compliance	Deficiency in Internal Control	Significant Deficiency	Material Weakness	Federal Portion Amount	CFDA and applicable Federal Award Number	State Portion Amount	

¹ This should correspond to the recommendation number on the report draft.
² Refer to the 2011 Yellow Book, paragraphs 4.23-4.24.
³ Refer to Uniform Grant Guidance, Title 2 C.F.R. Part 200.516 for the reporting requirements for audit findings.
⁴ According to Uniform Grant Guidance, the definitions for "significant deficiencies" and "material weaknesses" are defined in generally accepted auditing standards issued by the AICPA and Government Auditing Standards issued by the Government Accountability Office.

List the following information for each federal award finding. "Various" IS NOT an acceptable response for ANY of the following because the federal government requires specific identification. Please attach additional sheets as necessary.

Rec. No. ¹ and Title	CFDA Title and number(s) or Other Identifying Number(s)	Federal Program Name	Federal Awarding Entity	Federal Award Number and Year	Name of Pass- Through Entity, if applicable	Compliance Requirement(s) (A-N)	Major Program Affected? (Y or N)	Pass through Entities	State Agency Contact Name and Telephone Number ²

¹ This should correspond to the recommendation number on the report draft.
² Please use the Fiscal Officer listed in the Fiscal Procedures Manual as the agency contact unless that contact person is no longer with the agency.

	Response
5. Were findings written that identified questioned costs? a. If yes, does the written comment identify the questioned costs and describes how the costs were computed?	<input type="text"/> <input type="text"/>
6. Did you use statistical sampling for the testwork that resulted in the finding? a. If yes, does the written comment identify that statistical sampling was used and describe the methodology used?	<input type="text"/> <input type="text"/>
7. Were any questioned costs identified from a federal program that was not audited as major? (If yes, please indicate below the finding number from the table above.) <input type="text"/>	<input type="text"/>
8. Did the audit identify abuse that was quantitatively or qualitatively material to a major program? (If yes, please indicate below the finding number from the table above.) <input type="text"/>	<input type="text"/>
9. Did the audit identify instances, through follow up procedures on prior audit recommendations, in which the auditee materially misstated the status of any prior audit findings? (If yes, please indicate below the finding number from the table above.)	<input type="text"/>

10. Did the audit identify known fraud affecting a federal award? *(If yes, please indicate below the finding number from the table on the previous page. Exception – Unless you have determined that the fraud was reported outside of the auditor's report under the direct reporting requirements of GAGAS.)*

11. CURRENT Non-Federal Award Findings: List the following information for each finding:

Rec. No. ¹ And Title	Yellow Book Compliance ²	Internal Controls Over Financial Reporting ²			Violations of Provisions of Contracts and Grant Agreements ³		Major Program Compliance ³	
		Deficiency in Internal Control	Significant Deficiency	Material Weakness	Instance	Material Violations	Instance of Non- Compliance	Material Non- Compliance

¹ This should correspond to the recommendation number on the report draft.

² Refer to the 2011 Yellow Book, paragraphs 4.23-4.24.

³ Refer to the 2011 Yellow Book, paragraphs 4.25.

	Response
<p>12. Did the audit identify fraud and/or illegal acts that are material to the financial statements? <i>(If yes, please indicate below the finding number from the table above.)</i></p> <input type="text"/>	<input type="text"/>
<p>13. Did the audit identify abuse that is quantitatively or qualitatively material to the financial statements? <i>(If yes, please indicate below the finding number from the table above.)</i></p> <input type="text"/>	<input type="text"/>
Additional Questions Necessary for Completing the Statewide Single Audit Report	
<p>14. Did you encounter any significant difficulties in dealing with management during the audit? <i>(If yes, please attach an explanation.)</i></p>	<input type="text"/>
<p>15. Did you have any disagreements with management over a financial accounting, reporting, or auditing matter, whether or not resolved to your satisfaction, that could be significant to the financial statements or the auditor's report? <i>(If yes, please attach an explanation.)</i></p>	<input type="text"/>
<p>16. Are you aware of any management consultations with other accountants about auditing and accounting matters? <i>(If yes, please attach an explanation.)</i></p>	<input type="text"/>
<p>17. Did the audit identify other significant findings or issues that were communicated to management or those charged with governance, including fraud or suspected fraud, involving management, employees who have significant roles in internal control or others that resulted in a material misstatement of the financial information of the agency/component? <i>(If yes, please attach an explanation.)</i></p>	<input type="text"/>