



April 5, 2016

A Request for Proposal for a Performance Audit of Adams State University and Western State Colorado University

Response to Bidder Inquiries

1. Has a budget been established for this project, a not to exceed amount?

The OSA has not established a budget for this project; we are relying on the proposals from bidders to help us define this parameter based on the scope of work. We expect bidders to propose a work plan that will ensure a quality work product that satisfies the project's objectives in an efficient and cost-effective manner.

2. What has been the cost/fees on these types of performance audits in the past?

The OSA has not previously performed or contracted for a performance audit of this type, so we do not have an historical point of cost comparison for this project.

3. Do you have example reports from prior performance audits?

The OSA has not previously performed or contracted for a performance audit of this type, so we do not have an example of a prior report related to the scope of this project. However, examples of the OSA's in-house and contract performance audits and evaluations can be accessed via the OSA's website: <http://www.leg.state.co.us/OSA/coauditor1.nsf/ReportPublic?openform>

4. Have the universities been notified of the upcoming performance audit, and who at each university will be responsible for supplying the respective data, and will their schedules correspond to the proposal deadlines?

Yes, we have provided general information about the plan for this performance audit, including providing a draft of the RFP, to key management contacts at each university. More details on the overall timeframe for the project and related logistics will be discussed during the entrance conference with each university, which will be scheduled once we have a contract in place with the selected firm. The selected firm will be responsible for working with university management and staff to establish the parameters for information/data requests and associated deadlines during the



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project. Contact information for university management and staff will be provided to the selected firm upon contract execution.

5. Will economic modeling be a requirement?

The RFP does not list economic modeling as a requirement. However, we do expect that the selected firm will bring a level of analytic rigor to the project. We are relying on the knowledge and expertise of the selected firm to define the appropriate analytic techniques based on the scope of work.

6. What is the timeframe of the information that will be subject to review, and will any of the information be unaudited?

We have not established a specific timeframe for the information that will be subject to review. However, to the extent that the audit objectives call for analyzing trends, making comparisons, and possibly performing some type of economic modeling, we expect that reviewing more than one year's worth of information will be necessary.

The only audited data for this project known to the OSA is the information in the universities' audited financial statements, which are referenced in the RFP. The selected firm should not assume that data provided by the universities or obtained from other entities have been subjected to audit procedures. However, it is possible that the data have undergone some type of validation process, which the selected firm will need to assess to gain a comfort level over the data's relevance, validity, and reliability.

Overall, the OSA expects the engaged firm to ensure that sufficient, appropriate evidence is obtained to provide a reasonable basis for the findings and conclusions. Appropriateness speaks to the quality of the evidence—its relevance, validity, and reliability—given the purposes for which it is being used. We recommend that bidders consult paragraphs 6.56 through 6.72 of Government Auditing Standards (<http://www.gao.gov/products/GAO-12-331G>) for more information. These paragraphs outline mandatory requirements if the engagement is being performed as a performance audit in accordance with generally accepted government auditing standards. However, even if the engagement is ultimately performed as a performance evaluation or study, the concepts outlined in Government Auditing Standards provide a best practices framework that the selected firm can use to help guide its work.

7. Page 22, paragraph 1: "Analytics may involve over-time trend analysis, comparisons to peer institutions, and economic modeling." Do Adams State University and Western State Colorado University have peer institutions identified, or will you ask your vendor to propose an appropriate set of peer institutions for each university?

Adams State University and Western State Colorado University, as well as the Colorado Department of Higher Education, may already have peer institutions or groups identified. However, we are also relying on the selected firm to use its knowledge and expertise to provide perspective on the appropriate peer comparisons.

8. To what extent is the Office of the Colorado State Auditor (OSA) seeking a partner who will identify potential forward looking solutions to address the current operating deficits of each university versus an enumeration of the root/historical causes of the transition from operating surplus to deficit?

The OSA expects that this project will be more than a simple enumeration of the root/historical causes of observed trends. The value added aspect of this project will be what it tells the universities and state policy makers and administrators about solutions to concerning trends. At the same time, having an understanding of the root/historical causes of the trends is an essential component of this broader discussion because it helps explain what the problem is and why it matters. Please consult “Exhibit G—Developing and Presenting Performance Audit Findings” of the OSA’s standard performance audit contract, which is included in the supplemental information to the RFP (pp. 56-59 of the PDF document), for a framework of how to approach this discussion.

9. Are there specific areas of concern or question the OSA would like included in this performance audit/assessment? For example, in its July 2015 report, Moody’s revised its outlook for Western State Colorado University to “stable” from “negative” citing, among several factors, recent enrollment growth and a plan to grow enrollment by one-third. Is the OSA seeking an assessment of the feasibility of realizing Western State Colorado University’s enrollment growth plans given increasing market competition?

The RFP outlines the general concerns that are motivating the performance audit, but the selected firm will be responsible for developing specific concerns or items for analysis based on its knowledge and expertise and its understanding of each university’s environment. The OSA expects that the approach to the project will be refined throughout the project based on the evidence and information obtained, as well as through ongoing discussions between the selected firm and the OSA and the selected firm and the universities.

The example cited in the bidder’s question about the Moody’s rating is the type of information that we would expect the selected firm to be aware of and to consider and assess its impact, if any, on the analysis. With respect to Western State Colorado University’s enrollment plans, this project is not designed to be a feasibility assessment. However, if, during the course of the project, the selected firm becomes aware of assumptions or projections made by either university that are significant and not supported by data or best practices, we would expect this issue to be raised.

10. To what extent do you anticipate that university leadership will be engaged through this process? In what ways will university leadership be asked to support this project?

Leadership of both universities has been notified of this performance audit, and we expect that input and engagement from the universities’ leadership will be critical to the success of this project. The selected firm is expected to establish a process of communication to ensure that university leadership has opportunities to provide input throughout the project. As described in the RFP, there are certain key meetings during the engagement, such as the entrance conference, findings clearing meeting, and exit conference, that provide the universities with formal opportunities for input at the

start of the project and review of the findings, conclusions, and recommendations contained in the final written report before it is finalized.

NOTICE TO BIDDERS: The OSA's decision date for the award of this contract is being extended to Friday, April 22, 2016, to afford more time for discussion and review of the proposals.