



January 21, 2019

Proposal to provide professional auditing services to:

## Nevada System of Higher Education

Technical Proposal – RFP #8524

*Prepared by:*

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[CLAconnect.com](http://CLAconnect.com)

WEALTH ADVISORY

OUTSOURCING

AUDIT, TAX, AND

CONSULTING

RFP #8524 -1



CLA (CliftonLarsonAllen LLP)  
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Reno, NV 89502  
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CLAconnect.com

January 21, 2019

Mr. Fred Harvey, Purchasing Officer  
BCN Purchasing  
Nevada System of Higher Education  
4300 S. Maryland Parkway  
Las Vegas, NV 89119

Dear Mr. Harvey:

Thank you for inviting us to propose our services to you. We gladly welcome the opportunity to share our approach to helping Nevada System of Higher Education (the System) meet its need for professional services. The enclosed proposal responds to your request for audit of financial statements and agreed upon procedures services for the fiscal years ending June 30, 2019 through June 30, 2021, with the option for two (2) subsequent fiscal years.

We are confident that our extensive experience serving similar higher education institutions, including several state-wide higher education systems, bolstered by our client-oriented philosophy and depth of resources, will make CLA a top qualified candidate to fulfill the scope of your engagement. The following differentiators are offered for the System's consideration:

**Specialized Higher Education Resources.** As one of the nation's leaders in serving colleges and universities, CLA has the experience and resources that most effectively identify opportunities and areas to be strengthened during the audit process. Our College and University Division is dedicated to providing the System with immediate access to one of the country's largest and most knowledgeable pools of higher education resources.

**Department of Education Relationship.** CLA has a long standing relationship with the Department of Education (DOE). We have contacts within the DOE and have fostered close working relationships with these individuals. We can call the DOE on behalf of the System for information and knowledge while keeping the System anonymous. DOE has reviewed our work and are impressed with our audit documentation and approach.

**Integrated Health Care and Higher Education Team:** CLA has developed one of the nation's largest health care practices, which includes university health systems and clinics. Your team includes dedicated health care professionals that have strong experience in the higher education environment.

**OMB Uniform Guidance (UG) Experience.** CLA performs single audits for hundreds of organizations annually, **ranking top in the nation for the number of single audits performed by any CPA firm.** The single audit requires a specific set of skills in order to properly perform the procedures. As such, we have developed a group of professionals who specialize in providing single audit services.

**Strong Methodology and Responsive Timeline.** In forming our overall audit approach, we have carefully reviewed the RFP and other information made available and considered our past experience performing similar work for other universities. We currently serve nearly 400 higher education institutions nationally. Our staff understands your complexities not just from a compliance standpoint, but also from an operational point of view. We have developed a work plan that takes into consideration your unique

needs a large educational enterprise. The work plan also minimizes the disruption of your staff and operations, and provides a blueprint for timely delivery of your required reports.

**Communication and Proactive Leadership.** The System will benefit from a high level of hands-on service from our team's senior professionals. We can provide this level of service because, unlike other national firms, our principal-to-staff ratio is similar to smaller firms – allowing our senior level professionals to be involved and immediately available throughout the entire engagement process. Our approach helps members of the engagement team stay abreast of key issues at the System and take an active role in addressing them.

**Resources for Management and Governing Boards on Emerging Issues.** The advantage our firm has over all others is our approach to educating our clients on issues that not only will affect you today, but will prepare you for the future. Our belief is that if we can educate our clients well in advance of the emerging issues, they will be in the best position for the future. Therefore, as part of the planning and exit meetings with the Audit Committee, ***we would discuss emerging industry issues to ensure that you are fully informed of future challenges and opportunities.***

**Fresh Perspective.** By engaging CLA, the System will benefit from a “fresh look” at its business operations, information systems, and financial and risk management policies and procedures. You will be served by an engagement team with enthusiasm and a desire to meet and exceed expectations. We are confident that our industry experience will bring to the System new ideas, creative approaches, and unique opportunities to meet the financial management and accountability challenges before the System.

We understand the scope of services for fiscal year ending June 30, 2019 to be as follows and are committed to delivering final auditor's reports no later than November 1, 2019 as requested in your Request for Proposal.

- Perform a financial statement audit for the Nevada System of Higher Education in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.
- Report on internal control over financial reporting and compliance in accordance *Government Auditing Standards* for the Nevada System of Higher Education.
- Report on compliance and internal control over compliance in accordance with OMB's Uniform Guidance for the Nevada System of Higher Education.
- Perform separate financial statement audits for Integrated Clinical Services, Inc. and UNLV Medicine, Inc. in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*.
- Report on internal control over financial reporting and compliance in accordance *Government Auditing Standards* for Integrated Clinical Services, Inc. and UNLV Medicine.
- Perform an agreed-upon procedures engagements in accordance with the National Collegiate Athletic Association guidelines for both UNR and UNLV.

Jean Bushong and David Robydek are your engagement principals and will serve as the System's primary contacts for this engagement. Furthermore, as principals of CLA, Jean and David are authorized to sign, bind, and commit the firm to the obligations contained in this proposal and the System's RFP. We are confident that our technical approach, insight, and resources will result in unparalleled client service. The proposal is a firm and irrevocable offer.

We are eager to work with you and welcome the chance to present our proposal to the entire management team. If you have any questions about our offerings, please do not hesitate to contact us directly.

Sincerely,

**CliftonLarsonAllen LLP**



**Jean Bushong, CPA, Principal**

Jean.Bushong@CLAconnect.com

Direct 303-779-5710



**David Robydek, CPA, Principal**

David.Robydek@CLAconnect.com

Direct 626-204-7324

# Table of Contents

<b>Executive Summary</b>	<b>7</b>
Why should Nevada System of Higher Education choose CLA?	7
Understanding your needs	7
<b>Firm independence</b>	<b>8</b>
<b>License to Practice in Nevada</b>	<b>9</b>
<b>Firm Qualification and Experience</b>	<b>10</b>
Firm overview	10
Higher education experience	10
Statewide System and Multi-Campus Experience	12
NCAA agreed-upon procedures	12
Health care experience	12
Single audit experience	14
Single audit resource center (SARC) award	14
Federal or state desk or field reviews	15
Joint venture	15
Standard litigation disclosure	15
Quality control procedures and peer review report	15
<b>Staff Qualifications and Experience</b>	<b>17</b>
CLA Equal Employment Opportunity (EEO) Policy	17
Continuity of service	18
Continuing education program	19
<b>Prior Engagements with the Entities</b>	<b>20</b>
<b>Similar Engagements with Other Government Entities</b>	<b>21</b>
<b>Specific Audit Approach</b>	<b>24</b>
Financial statement audit approach	24
Single audit approach	29
Data analytics	31
Procedures used to understand internal processes and controls	33
First year transition	34
Sample size and statistical sampling	35
Approach to be taken in drawing audit samples for purposes of tests of compliance	36
Use of computer assisted audit techniques	36



Estimated Audit Hours _____	37
<b>Identification of Anticipated Potential Audit Problems _____</b>	<b>38</b>
<b>Report Format _____</b>	<b>39</b>
<b>Exceptions _____</b>	<b>40</b>
<b>Additional Information _____</b>	<b>41</b>
Additional services _____	41
Innovation _____	41
Certificate of achievement assistance _____	41
Assistance from client _____	42
Insurance _____	43
Telecom cost savings assessments _____	43
GASB insight potentially affecting current and future audits _____	44
<b>Appendix _____</b>	<b>47</b>
Engagement team biographies _____	47
Certification and References _____	70
AFS and GAS Report _____	72
UG Report _____	<b>Error! Bookmark not defined.</b>
HC Report _____	<b>Error! Bookmark not defined.</b>
NCAA Agreed-upon procedures _____	<b>Error! Bookmark not defined.</b>



# Executive Summary

## Why should Nevada System of Higher Education choose CLA?

At CLA, we develop sincere relationships with our clients; expressing our genuine interest in their respective industries; investing heavily in our personnel resources. Through this approach, we have grown to become one of the leading professional services firms in the nation. We have strong leadership and talent, commitment, and enthusiasm to provide our governmental clients excellent service in a cost-effective manner. We commit to providing you a high level of personalized, responsive service. Communication is as important to us as it is to you.



With CLA by your side, you can find everything you need in one firm. We know your industry, and we want to know you.

- Need help getting started? We can provide resources.
- Want to improve your performance and results? We assemble the right team for you.
- Planning for a leadership transition? CLA has the tools you need.

## Understanding your needs

We understand your most important needs are:

- **A proposed team of professionals carefully-selected for compatibility with the System’s needs and circumstances** — Your service team understands the strategic, operational, and regulatory issues impacting your organization. These professionals dedicate a substantial percentage of their time assisting higher education institutions with financial, regulatory, and information security matters.
- **Efficiency** — Our goal is to provide exceptional client service at the lowest possible cost. A well-planned and well-executed engagement by an experienced service team will minimize disruption to your staff and enable timely completion of all deliverables.
- **We are local!** – CLA has offices in both Reno and Las Vegas.
- **Experience and continuity** — Each engagement team member has in-depth experience in higher education accounting, auditing, or tax matters. We will commit the necessary resources to provide quality client service and timely report delivery. We have an extensive national higher education practice from which to draw resources.
- **Fresh perspective** —The System will benefit from a fresh look at your business, systems, and processes. You will be served by an engagement team with enthusiasm and a desire to develop a strong relationship that will help us exceed our expectations. We are confident that our industry experience will reveal new ideas, approaches, and opportunities.



## Firm independence

CLA is independent of the System as required by auditing standards generally accepted in the United States and the U.S. Government Accountability Office's *Government Auditing Standards*. Our firm-wide quality control policies and procedures foster strict compliance with these professional standards. In addition, the individuals assigned to your audit are independent of the System. Should the System decide to contract with CLA, we will give the System written notice of any professional relationships entered into during the period of this agreement.





# License to Practice in Nevada

CLA is duly licensed to practice public accountancy in the state of Nevada and other states. A copy of our state license is provided below:

[Account Login](#)



[Home](#) | [License Renewal](#) | [Forms & Applications](#) | [Code of Professional Conduct](#) | [Statutes](#) | [Regulations](#)



## Search License Database

(enter last name or firm name)



## Board Information

- Contact Information
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- Financial Report
- Newsletter Archive
- Complaints
- Proposed Regulation **NEW**

## Exam

- CPA Exam Instructions
- CPA Exam Scores

### Nevada CPA Licensee Information

**CLIFTONLARSONALLEN LLP**  
220 S. 6TH ST., STE. 300  
MINNEAPOLIS, MN 55402

License #: PART-0739  
Current Status: Active

Original License Date: 07/30/2009  
Valid Through 12/31/2018

#### License Status Definition:

Active - The license is current and in good standing. The licensee can engage in the practice of public accountancy prior to the license expiration date.

For more information regarding this Firm contact the Nevada State Board

Phone: 775 786-0231  
Email: [cpa@nvaccountancy.com](mailto:cpa@nvaccountancy.com)



Search multiple State Boards at once  
[Click here for more information.](#)



# Firm Qualification and Experience

## Firm overview

CLA exists to *create opportunities* for our clients, our people, and our communities through industry-focused wealth advisory, outsourcing, audit, tax, and consulting services. Our broad professional services allow us to serve clients more completely — from startup to succession and beyond.

Our professionals are immersed in the industries they serve and have specialized knowledge of their operating and regulatory environments. With more than 6,100 people, more than 120 U.S. locations, and a global affiliation, we bring a wide array of approaches to help clients in all markets, foreign and domestic.

**6,100+**  
employees

**RESOURCES**  
Including: **600+**  
state and local  
government professionals


**INDUSTRY DRIVEN**

**We serve**  
**2,700+**  
Governmental entities




**60+**  
years  
in business

**HISTORY**



**FISCALLY STRONG**

**\$1.1 billion**  
in revenue



**LOCATION**

More than **120**  
locations  
nationwide

**NATIONAL**

Among the nations'  
leading professional  
services firm



CLA has approximately 1,150 professionals dedicated to the public sector, which includes governmental entities, nonprofit organizations and institutions of higher education.

Our Higher Education industry group, which are located in the Denver, Los Angeles and Minneapolis offices, will lead and support out two Nevada offices (Reno and Las Vegas). Your team's higher education professionals have worked together in serving other institutions.

## Higher education experience

Institutions of higher education operate in a unique environment. CLA is familiar with the challenges faced by colleges and universities, and is able to respond promptly and effectively to help these organizations develop strategies to tackle challenges. **CLA has been serving institutions of higher education for nearly 40 years**, so we understand that these institutions operate in a unique environment. In particular, we understand the struggle to keep tuition affordable while maintaining the growth necessary to provide a quality education.

In an effort to better serve our college and university clients, **we have developed a higher education niche so that our clients receive industry-specific professionals on their engagements**. CLA's leadership is continually adding resources to our higher education services team, given the belief this is one of three industries, along with health care and financial institutions, that has the highest growth potential for our firm. Through continuous research and learning, these professionals provide pertinent advice for this ever-expanding industry.



The team members that will serve the System have extensive experience serving higher education organizations throughout the nation. We understand the specific needs, benefits and restrictions of your sector. We recognize the unique daily challenges, such as compliance, cost pressures, budget preparation and funding for expansion of services that educational organizations face. Through our philosophy of providing personalized service and developing long-term client relationships, we are able to offer customized solutions aligned directly with the System's mission. ***Ultimately, we strive to help maximize the potential of your resources so you can not only preserve, but also strengthen, your ability to serve the community for generations to come.***

Below is an overview of our higher education qualifications and experience:

- Financial statement audits and accounting services
- Compliance audits in accordance with OMB *Uniform Guidance (UG)* and the DOE/OIG Audit Guide
- Federal tax planning, consulting, and compliance
- State and local tax planning, consulting, and compliance
- Student financial aid efficiency and effectiveness assessments
- Information Technology General Control Testing
- Information Technology Penetration and other security assessment procedures
- Forensics Investigations
- Outsourced Internal audit
- Internal audit advisory services
- SEC-404 compliance implementation
- Business and strategic planning
- Training (including higher education training, accounting technical training, and a variety of human resources training)
- Financial/investment services
- Benefits compliance consulting and benefit plan audits
- Technology consulting
- IT security testing ("white hat" hacking)
- NCAA Agreed Upon Procedures

Due to CLA's depth in Higher Education we have been able to develop many solutions for our clients. Examples of some of the services we have performed for our higher education clients in the past are as follows:

- Onsite training for clients related to financial statement accounting matters, student financial aid compliance, tax reform, and other regulatory compliance matters.
- Financial ratio preparation and evaluation. We routinely provide information such as the CFI and other industry benchmarks to management and the audit committees for review and discussion.
- Program or major profitability analysis. CLA has worked with various colleges and universities to understand the profitability of programs/majors which can be a key contributor to strategic decision making.
- Trainings for board and audit committee members. CLA has designed several trainings that targeted to accomplish such goals as educate governance on their role as fiduciaries, understanding the information in the financial statements and strategic planning.
- Evaluation of telecom expenses to produce significant cost savings through elimination of overcharged taxes and fees, suggestions for streamlining required services and other methods.



## Statewide System and Multi-Campus Experience

CLA has performed numerous audits for statewide higher education systems across the nation including systems in **Colorado, Alaska, Pennsylvania, West Virginia, Kansas, Mississippi, and Minnesota**. With the number of institutions/campuses in a statewide system, maintaining consistency and audit quality can be extremely challenging for many firms; however, CLA has the resources and proven audit process to be efficient and bring our higher education resources to our statewide system audit engagements quickly.

CLA offers a suite of audit services that caters to the needs of the System. We have a sound financial base and demonstrated financial stability and adequate physical resources to support the mission of the System and the scope of its institutions and services requested in the RFP.

Furthermore, due to our similar multi-campus institutions audit experience, we will offer a seamless transition experience. Our audit solutions have helped similar statewide systems to achieve their goals and audit requirements. ***We invite you to reach out to our references and ask about their experiences in transitioning to CLA.***

## NCAA agreed-upon procedures

CLA performs NCAA Agreed-Upon Procedures (AUP) engagements on a routine basis for numerous institutions of higher education. Many of our higher education clients are NCAA member institutions and are therefore responsible for complying with NCAA requirements for reporting financial data. You will not have to train the CLA proposed team members – they are very familiar with the Department of Intercollegiate Athletics financial reporting requirements and with the annual changes in the reporting requirements and the minimum agreed upon procedures. We are familiar with the enhanced student aid procedures, the procedures comparing squad lists to the NCAA Membership Financial Reporting System, just to name a few.

## Health care experience

CLA has developed one of the nation’s largest health care practices. Our team includes CPAs and a diverse range of experienced professionals with backgrounds and skill sets ranging from CEOs and CFOs to RNs, certified coders, and certified medical practice executives. Represented by team members possessing up to 30 years of dedicated experience to the health care field, we develop innovative responses and creative strategies for clients who demand specialized consultation and advice, as well as providers who require traditional CPA services. Our consulting and advisory services focus on finance, strategy, capital planning, internal audit, operations and performance improvement, and facilities. Our independent and objective professionals are guided by your strategic vision and your unique environment.

Serving Health Care Organizations is a Focus at CLA			
More than 90 principals	Approximately 350 professionals	Spend 100 percent of their time serving health care organizations	Provide audit, tax, and related services to more than 8,300 health care organizations nationwide



To break it down further, we serve:

- 2,100+ aging services providers including nursing facilities, life plan communities, assisted living facilities, HUD housing, etc.
- 200+ home care, hospice, and other community based providers
- 600+ hospitals and health systems
- 5,000+ physicians, dentists, and medical practices
- 140+ other health care entities (therapy providers, managed care entities, health care management companies, mental health providers, etc.)

In each of our focus industries, CLA actively supports industry education through participation in a range of associations, trade shows, and seminars. Our firm focuses on supporting the educational needs of the industry through nationally sponsored events. Our team of health care professionals is sought after, both as educators and as experienced speakers, who are invited to speak and teach at major professional events by leading trade associations. Some of these organizations include the Healthcare Financial Management Association, The American Health Care Association, the Health Care Compliance Association and America's Essential Hospitals.

CLA actively supports industry education as a thought leader and industry speaker. Our firm focuses on supporting the educational needs of the industry through nationally sponsored trade events. Our team of higher education professionals is sought after, both as educators and as experienced speakers who are invited to speak and teach at major professional events by leading trade associations.

#### **Healthcare**

- Healthcare National Association of Community Health Centers (NACHC)
- National Association of Home Care & Hospice (NAHC)
- Healthcare Financial Management Association (HFMA)
- American Health Care Association/National Center for Assisted Living (AHCA/NCAL)
- ElevatingHOME/VNAA (Visiting Nurses Associations of America)
- Health Care Compliance Association (HCCA)
- Medical Group Management Association (MGMA)
- National Rural Health Association (NRHA)

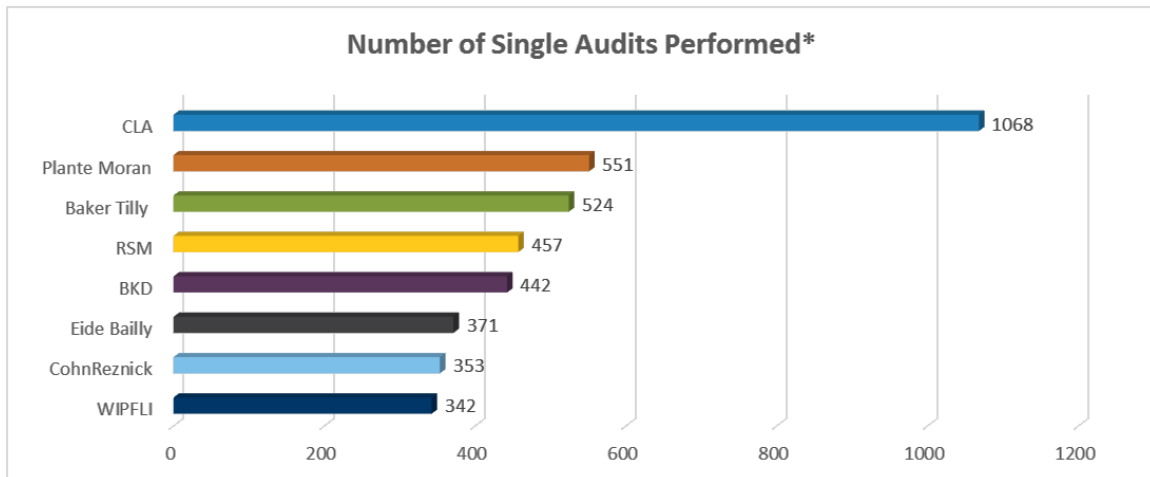
#### **Nonprofits**

- American Institute of Certified Public Accountants
  - Not-for-Profit Entities Expert Panel
  - Not-for-Profit Financial Executive Forum
  - Governmental Audit Quality Center Executive Committee
  - Health Care Entities Expert Panel
- IRS Advisory Council on Tax Exempt and Governmental Entities (ACT),
- Exempt Organization Sub-Committee
- PICPA nonprofit Committee
- Financial Accounting Standards Board, Not-for-Profit Resource Group
- American Society of Association Executives (ASAE)
- The Center for Association Leadership (Center)
- Inside NGO (formerly The Association of PVO Financial managers)
- Center for Nonprofit Advancement (CNA)
- National Association of Professional Women



## Single audit experience

CLA has become the national leader in providing audit, tax and many other financial services to government entities similar to the System. Our client portfolio of government and nonprofit organizations represents nearly half of the firm's total revenues. You will benefit from CLA's experience in this area. As outlined in the following table, **CLA performs the largest number of single audits in the United States!** We audited more than **\$52 billion dollars in federal funds in 2017**. The table below illustrates CLA's experience in serving organizations that receive federal funds and demonstrates our firm's dedication to serving nonprofits and governmental organizations:



*\*The information for the firms above was pulled from the Federal Audit Clearinghouse for audits with fiscal year ends between 1/1/2017 – 12/31/2017.*

In the current environment of increased oversight, it is more important than ever to find qualified auditors who have significant experience with federal grants specific to the System and can enhance the quality of the System's single audit. Therefore, the single audit will be performed by a team of individuals who are managed by personnel who specialize in single audits in accordance with OMB's UG and who will offer both knowledge and quality for the System. As part of our quality control process, the single audit will be reviewed by a firm Designated Single Audit Reviewer.

The AICPA clarified auditing standard, AU-C 801 "Compliance Audits" requires risk-based concepts to be used in all compliance audits including those performed in accordance with OMB UG. Our risk-based approach incorporates this guidance.

## Single audit resource center (SARC) award

CLA received the [Single Audit Resource Center \(SARC\) Award](#) for Excellence in Knowledge, Value, and Overall Client Satisfaction. SARC's award recognizes audit firms that provide an outstanding service to their clients based on feedback received from an independent survey in June 2018.



The survey queried 10,762 nonprofit and government entities about the knowledge of their auditors, the value of their service, and overall satisfaction with their 2017 fiscal year-end audit. The SARC award demonstrates CLA's dedication to serving the government and nonprofit industry and maintaining the most stringent regulatory requirements in those sectors.

***The System needs an audit firm experienced in performing single audits and a familiarity with the specific programs in which you are involved. You will benefit from CLA's experience in this area!***



## Federal or state desk or field reviews

CLA has been subject to several federal and state desk reviews by state oversight agencies during the past three years, and we have resolved all findings. In addition, our government audits are subject to review by each agency's Office of Inspector General, as well as the U.S. Government Accountability Office, and we have also resolved all findings identified in those reviews.

## Joint venture

We are not a joint venture or alliance of firms. We have the capabilities of providing all services outlined in the proposal, including Information Technology services

## Standard litigation disclosure

From time to time, the firm is a defendant in lawsuits involving alleged professional malpractice. In all cases, the firm believes that it has a strong position and intends to defend itself vigorously. Should the ultimate outcome be unfavorable, however, net of the deductible provisions of the firm's malpractice insurance, all cases are expected to be fully covered by insurance and will not have a material impact on the firm or its ability to perform these services.

Moreover, in those cases where claims have been resolved by settlement (the vast majority of our cases), the firm is typically subject to confidentiality agreements that prohibit the disclosure of information regarding those matters. Disclosure by the firm of any details about those matters could invalidate the settlement agreements.

## Quality control procedures and peer review report

In the most recent peer review report we received a rating of *pass*, which is the most positive report a firm can receive. We are proud of this accomplishment and its strong evidence of our commitment to technical excellence and quality service. The full report is provided on the following page.

In addition to an external peer review, we have implemented an intensive internal quality control system to provide reasonable assurance that the firm and our personnel comply with professional standards and applicable legal and regulatory requirements. Our quality control system includes the following:

- A quality control document that dictates the quality control policies of our firm. In many cases, these policies exceed the requirements of standard setters and regulatory bodies. Firm leadership promotes and demonstrates a culture of quality that is pervasive throughout the firm's operations. To monitor our adherence to our policies and procedures, and to foster quality and accuracy in our services, internal inspections are performed annually.
- Quality control standards as prescribed by the AICPA. The engagement principal is involved in the planning, fieldwork, and post-fieldwork review. In addition, an appropriately experienced professional performs a risk-based second review of the engagement prior to issuance of the reports.
- Hiring decisions and professional development programs designed so personnel possess the competence, capabilities, and commitment to ethical principles, including independence, integrity, and objectivity, to perform our services with due professional care.
- An annual internal inspection program to monitor compliance with CLA's quality control policies. Workpapers from a representative sample of engagements are reviewed and improvements to our practices and processes are made, if necessary, based on the results of the internal inspection.



- Strict adherence to the AICPA’s rules of professional conduct, which specifically require maintaining the confidentiality of client records and information. Privacy and trust are implicit in the accounting profession, and CLA strives to act in a way that will honor the public trust.
- A requirement that all single audit engagements be reviewed by a designated single audit reviewer, thereby confirming we are in compliance with the standards set forth in *Uniform Guidance*.



### System Review Report

To the Principals of CliftonLarsonAllen LLP  
and the AICPA National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of CliftonLarsonAllen LLP (the “firm”) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended July 31, 2016. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm’s compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans, audits performed under FDICIA, and examinations of service organizations [Service Organizations Control (SOC) 1 and SOC 2 engagements].

In our opinion, the system of quality control for the accounting and auditing practice of CliftonLarsonAllen LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended July 31, 2016, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. CliftonLarsonAllen LLP has received a peer review rating of pass.

*Cherry Bekaert LLP*

Cherry Bekaert LLP  
November 21, 2016





## Staff Qualifications and Experience

An experienced engagement team has been aligned to provide the most value to your organization. The team members have performed numerous engagements of this nature and will commit the resources necessary to provide top quality service throughout the engagement. Following are our proposed management team members:

**The most important resource any business has is people — the right people.**

Engagement Team	Role
Jean Bushong, CPA	Engagement Principal
Don Loberg, CPA	Public University Advisory Principal
David Robydek, CPA	Higher Education Principal
Darryn McGarvey, CPA	Healthcare Principal
Daniel Persaud, CPA	Higher Education Manager
Brenda Scherer, CPA	Single Audit Director
Syed Farhan, CPA	Higher Education Director
Adam Roth, CPA	Healthcare Director
Christopher Walton, CPA	Healthcare Manager
Kurt Bennion, MAcc, CPA	Tax Director
Lee Painter, CISSP, HCSSP, CRSIC, CCSFP	Information Technology Principal

Detailed biographies are available in the Appendix of this proposal, which include information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

The concept of Substantial Equivalency was developed to allow licensed CPAs to practice across jurisdictions more readily. Under Section 23 of the Uniform Accountancy Act (UAA), a CPA with a CPA license in good standing from a jurisdiction with CPA licensing requirements that are essentially equivalent to those outlined in the UAA (degree with 150 hours, minimum one year experience and successful completion of the Uniform CPA Examination) are granted a privilege to practice in another jurisdiction that is not the CPA's principal place of business. Each member of the engagement team is licensed in a state considered to be substantially equivalent to Nevada.

### CLA Equal Employment Opportunity (EEO) Policy

CLA is committed to making our firm the best place to work for our employees and is an Equal Employment Opportunity employer. The firm recognizes the value that individual differences can bring to the workplace. These differences may include attributes such as gender, race, color, ethnicity, religious practice, disability, sexual orientation, or age, and may also include differences in styles of work, physical abilities, communications, or thinking. We endeavor to create an inclusive work environment:

- That supports the firm's core values and business objectives



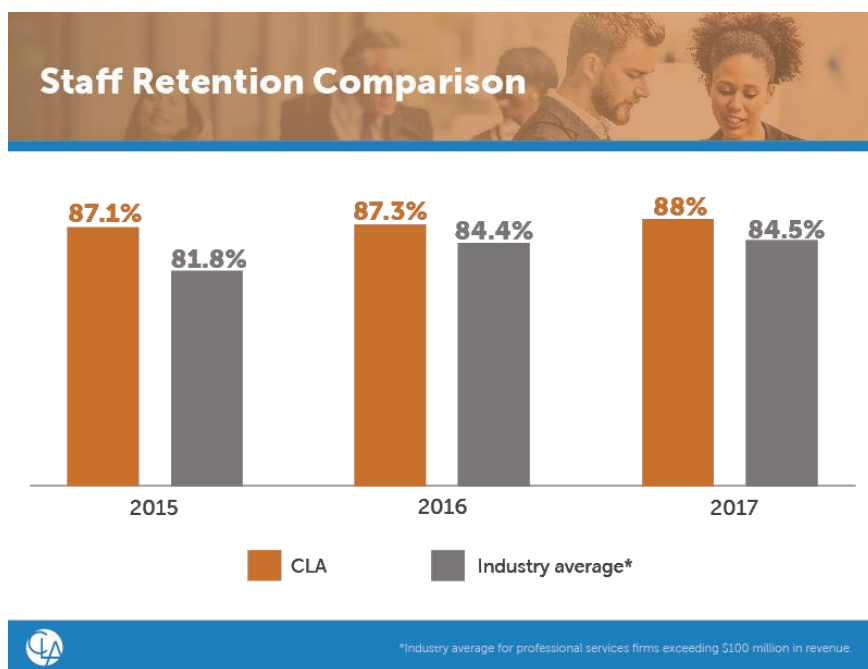
- That fully leverages the contributions of all principals and employees to CLA's success
- Where employees are treated with dignity and respect
- That challenges principals and employees to grow and develop professionally
- That motivates principals and employees to outperform our competitors
- That fosters innovation and creativity
- That encourages principals and employees to demonstrate initiative, individual responsibility, and teamwork to achieve business goals

We are committed to providing a workplace free of discrimination and harassment on the basis of gender, race, color, ethnicity, religious practice, disability, sexual orientation, or age, including all forms of sexual harassment, or any characteristics protected federal and state laws. CLA will not tolerate any such discrimination or harassment of its principals or its employees, or anyone doing business with the firm.

## Continuity of service

We are committed to providing continuity throughout this engagement. It is our policy to maintain the same staff throughout an engagement, providing maximum efficiency and keeping the learning curve low. We are also flexible in exploring alternative strategies to non-mandatory rotation policies.

In any business, however, turnover is inevitable. When it happens, we will provide summaries of suggested replacements and will discuss re-assignments prior to finalizing. We have an adequate number of qualified staff members to provide the System with top service over the term of the engagement.



CLA is committed to maintaining high staff retention rates, which we believe are a strong indicator of service quality. Continuity results in increased efficiency and quality because staff assigned to the engagement will not have to go through a “learning curve” with annual engagements or each new project. Client staff spends less time orienting the engagement team, and more time working toward goals. With a solid, steady engagement team, each year brings the additional benefits of trust and familiarity. High retention rates also indicate that our staff members have the resources they need to perform their tasks and maintain a positive work/life balance.



## Continuing education program

In order to maintain and expand our assurance knowledge, we consistently provide continuing education for our professionals. Each member of our professional team, including principals, attends at least 40 hours of technical training annually.

Updated information on recent changes in technical standards and regulations, as well as the firm's professional policies and procedures, is distributed to our team members on a regular basis. Individuals are required to familiarize themselves with all current changes in standards and procedures.

CLA invests in our government practice by hiring high caliber professionals and providing additional training to develop and enhance our knowledge. With seasoned professionals, we provide valuable insight into your day-to-day operations and your accounting systems and controls.

CLA professionals are specifically trained in the industry at a level beyond our competitors.

Our professionals focus on serving a specific industry. So, the team chosen to serve you is continuously exposed to, and trained on issues impacting large governmental entities while performing their day-to-day work.

**On-the-Job Training**



When providing instruction in our basic CPA, consulting and advisory classes, we tailor the entire discussion, examples and exercises to apply to clients in their specific industry focus.

**Tailored Training**



Our on-campus recruiting aggressively seeks individuals with industry focused degrees and/or backgrounds. We focus on identifying top candidates for our government clients.

**Specialized Recruiting**



**Effective Continuing Professional Education.** Our greatest strength is the talent of our staff. Our professionals provide more efficient and effective services due to the new ideas they implement from our in-depth training and continuing professional education.

CLA's firm-wide training programs, include:

- **Learn.** Designed for new CLA associates, this five-day conference is typically attended in the first year of employment. This internally developed and presented training focuses on preparing new hires and interns to understand and perform their role in the audit process. Providing a combination of an introduction to CLA Strategy, business risk and independence with audit theory. Using hands on exercises and simulations to introduce our audit methodology, tools and software. Specific audit areas covered include audit planning, cash, fixed assets, accounts payable and financial statement preparation.
- **Experience.** Designed for the CLA associate with about one year of experience. This four-day conference is typically attended in the second year of employment. This training is similar to the "Learn" training outlined above, but at a deeper level.
- **Achieve.** Designed for the CLA associate with about two years of experience. This four-day conference is typically attended in the third year of employment. This internally developed and presented training focuses on leadership and performance management of audit engagements utilizing CLA audit methodology from the perspective of the experienced in-charge. This is a highly interactive session covering the experienced in-charge's role and challenges in the audit process, and prepares participants to manage and perform efficient and effective audits.
- **Propel.** Designed for the CLA associate with about three years of experience. This four-day conference is typically attended in the fourth year of employment. This training focuses on project management of audit engagements from start to finish and includes exercises and case studies on improving the audit, supervision, analytical procedures and tests of controls and identifying and responding to fraud risks. This session is taught by an external instructor from 20/20 Services.



## Prior Engagements with the Entities

CLA has not performed any services for the Entities within the last five years.



## Similar Engagements with Other Government Entities

CLA offers its clients the better of two worlds — a firm with national higher education experience, complemented by local office support. We are pleased to provide you with the following references, who can describe their experience in greater detail.

We recognize that quality of service, relevant experience, and depth of resources will be key factors as you prepare to select a firm to serve your audit needs. We encourage you to contact our references for a first-hand account of our ability to meet contract objectives, adhere to deliverable schedules, and provide added value. We are confident that our references will attest to the competence, professionalism, and client service provided by CLA. We are pleased to provide you with the following references, who can describe their experience in greater detail.

Although we serve many public universities and university systems, we selected these five existing clients as references because they provide a sample of the experience your engagement team has as each of these clients is served by a member of your proposed engagement team.

Pennsylvania State System of Higher Education	
<b>Client Contact</b>	Annette K. Mathew, Controller
<b>Phone Number</b>	717-720-4124
<b>Engagement Principal</b>	Nancy Gunza, Andy Lee, Mike Johns, Dave Jacobson, Chrissy Bowman, Vicki Raivitch, and Paul Kelly
<b>Total Hours</b>	7,200
<b>Date Work Performed</b>	2017 – present
<b>Services Provided</b>	Financial statement audit for 14 universities, the Office of the Chancellor, and the State System as a whole for a total of 16 separate audits and 16 separate audit opinions and single audit

University of Colorado	
<b>Client Contact</b>	Robert Kuehler, Associate Vice President/University Controller
<b>Phone Number</b>	303-837-2112
<b>Engagement Principals</b>	Jean Bushong
<b>Total Hours</b>	2,300-3,000
<b>Date Work Performed</b>	2009 - present
<b>Services Provided</b>	Financial audit, single audit, NCAA AUP – Div. 1 and Div. 2 every 3 years



### Oregon State University

<b>Client Contact</b>	Patricia A. Snopkowski, Chief Audit Executive
<b>Phone Number</b>	541-737-0505
<b>Engagement Principals</b>	Jean Bushong
<b>Total Hours</b>	1,850 -2,000
<b>Date Work Performed</b>	2013 - present
<b>Services Provided</b>	Financial audit, single audit, NCAA AUP – Div. 1

### West Virginia University System

<b>Client Contact</b>	Anjali Halabe, Associate Vice President of Finance
<b>Phone Number</b>	304-293-8768
<b>Engagement Principals</b>	Don Loberg and Chris Knopik
<b>Total Hours</b>	1,600
<b>Date Work Performed</b>	2014 – present
<b>Services Provided</b>	Financial audit and Research Corporation research and development cluster audit.

### University of Illinois and Health System

<b>Client Contact</b>	Brent Rasmus, Interim Controller and Assistant Vice President Cathy Abad, Director of Financial Reporting, University of Illinois Hospital & Clinics
<b>Phone Number</b>	Brent Rasmus (217) 244-7347 Cathy Abad (312) 355-0178
<b>Engagement Principals</b>	Chris Suda (University) and Darryn McGarvey (Health System)
<b>Total Hours</b>	14,000
<b>Date Work Performed</b>	2012 – present
<b>Services Provided</b>	Financial and compliance audit, single audit, health system audit, NCAA AUP – Div. 1



The following is a representative list of higher education clients we serve across the country, including those for which we perform financial statement audits, NCAA AUPs, hospital audits and foundation audits. All of these clients have federal programs which require single audits.

*Our continuous growth in working with higher educations has come about because we continually provide assistance to our clients in meeting their objectives.*

*We have been constructive and supportive with as little interruption to their activities as is possible. We have pointed out inefficiencies, poor accounting practices, and in some instances, suspected fraud.*

Alexandria Tech and Community University Foundation<sup>(1)</sup>  
Arizona State University<sup>(2)</sup>  
Bethel University and Foundation<sup>(1)(4)</sup>  
Bradley University<sup>(1)(2)</sup>  
Cameron University<sup>(1)</sup>  
Carroll Community University and Foundation<sup>(1)(4)</sup>  
University of Southern Maryland and Foundation<sup>(1)(4)</sup>  
Colorado School of Mines<sup>(1)(2)</sup>  
Concordia University of St. Paul<sup>(1)(2)</sup>  
Eastern Illinois University<sup>(1)</sup>  
Eastern Oregon University<sup>(1)</sup>  
Florida Gulf Coast University Foundation, Inc. <sup>(4)</sup>  
Harford Community University and Foundation<sup>(1)(4)</sup>  
Hillsborough Community University and Foundation<sup>(1)(4)</sup>  
Humboldt State University<sup>(1)(4)</sup>  
Illinois Central University and Foundation<sup>(1)(4)</sup>  
Lafayette University<sup>(1)(2)</sup>  
Minnesota State University & Universities<sup>(1)(2)</sup>  
Metro State University<sup>(1)(2)(4)</sup>  
Missouri Western State University<sup>(1)</sup>  
Montgomery University and Foundation<sup>(1)(4)</sup>  
Naval Academy Athletic Association<sup>(1)(2)</sup>  
Oregon Institute of Technology<sup>(1)</sup>  
Oregon State University<sup>(1)(2)</sup>  
Pennsylvania State System of Higher Education<sup>(1)</sup>  
Polk State University Foundation<sup>(4)</sup>  
Portland State University<sup>(1)(2)</sup>  
South Dakota State Foundation<sup>(4)</sup>  
Southern Illinois University<sup>(1)(3)(4)</sup>  
Southern Oregon University<sup>(1)</sup>  
Southwestern Illinois Community University and Foundation<sup>(1)(4)</sup>  
St. Cloud State University Foundation<sup>(4)</sup>  
St. Mary's University of Maryland Foundation<sup>(4)</sup>  
Union County University and Foundation<sup>(1)</sup>  
University of Alaska<sup>(1)(4)</sup>  
University of Colorado<sup>(1)(2)</sup>  
University of Denver<sup>(1)(2)</sup>  
University of Illinois<sup>(1)(3)</sup>  
University of Iowa Research Foundation<sup>(4)</sup>  
University of Minnesota Foundation<sup>(4)</sup>  
University of New Mexico Hospital<sup>(3)</sup>  
University of North Carolina Healthcare System<sup>(3)</sup>  
Walla Walla Community University Foundation<sup>(4)</sup>  
Walsh University<sup>(1)(2)</sup>  
Washington State University<sup>(1)(2)</sup>  
West Virginia University and Divisions<sup>(1)(2)</sup>  
Western Oregon University<sup>(1)(2)</sup>

- (1) University, including Single Audit*
- (2) NCAA Agreed-upon procedures*
- (3) Hospital or other health care entity*
- (4) Foundation*

References will be provided upon request.



# Specific Audit Approach

## Financial statement audit approach

CLA is one of a few firms that have developed its own proprietary audit program. Many firms use canned, off-the-shelf audit programs, which limits their flexibility in determining what procedures they can and cannot perform because they must follow the audit methodology they have purchased. Our audit teams are able to customize our audit programs to address the specific risks and unique characteristics of your operation. We do not perform the exact same procedures for every client. In addition, our audit programs are interactive, providing guidance to the staff while they are performing the audit procedures.

Our audit objective extends beyond the issuing of an opinion on financial statements. We believe that a good audit yields substantial information for management, and is a valuable tool in recognizing opportunities and identifying areas that can be strengthened. An effective audit performed by our team will also provide:

- An objective look at your policies and procedures
- Valuable suggestions for improvements in your financial operations and other areas
- An analysis of trends and unusual variations from year-to-year
- Protection for current and future resources through improved internal controls
- A deterrent to embezzlement and other fraudulent activities

### Benefits of CLA's Risk-Based Approach

Our audit services are designed to protect the interests of the members, governance, and management by concentrating on high-risk areas. Risk identification is the first step of the audit process, providing the basis upon which the overall plan is developed. Our risk assessment process involves consideration of the following types of risk:

- Inherent risk - that an error in the accounting and reporting process may occur
- Control risk - that internal control systems designed to prevent/detect errors may fail
- Audit detection risk - the risk that audit procedures may fail to detect errors

### ***Commitment to Communication with Management***

As you will see, we are committed to ongoing communication throughout the engagement. Continual communication starts when an engagement letter is issued, continues until the completion or closeout of an engagement, and throughout the remainder of the year. We believe effective communication is critical to a successful engagement. This communication includes the exchange of ideas and advice as changes are considered or implemented by the entity or the accounting profession.

During the engagement we will hold regular status meetings with the System to enhance day-to-day operations, results, and any issues are commonly understood and addressed. The objectives of tracking and formally reporting the engagement status are to:

- Provide a consistent technique for monitoring progress against plan
- Identify any issues quickly to allow for timely corrective action
- Provide an objective rather than subjective evaluation of status
- Provide timely information on a regular basis
- Assist with obtaining buy-in of any audit recommendations on a timely basis

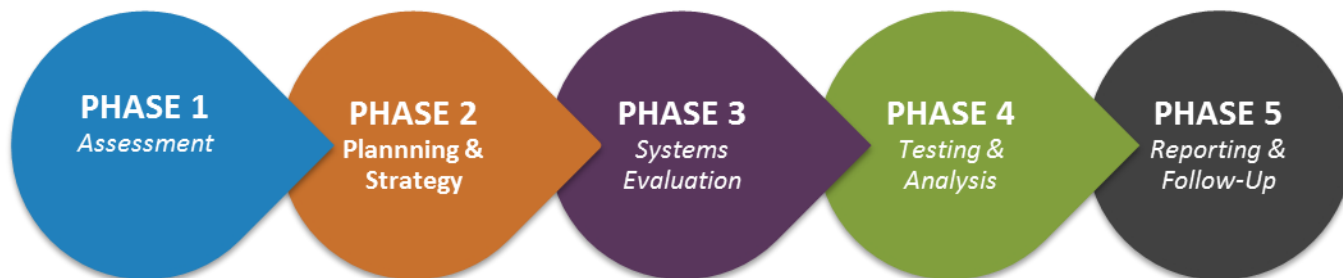
Our proactive measures foster communications, both written and oral, which are ongoing, relevant and routine to our engagements. Our commitment to this practice encourages open lines of communication and often prevents and/or mitigates service delivery issues. Our professionals are trained in documenting observations, recommendations, business issues, and new developments as part of their daily routine.





We explain exactly what we're doing and what we've found in plain, everyday language. We translate our findings into ideas on how you can address them. We believe our services are a contributing factor to better business and administrative practices. We gain a better understanding of your organization by working closely with your staff. This involvement enables us to offer you recommendations or suggestions for improvement in your systems and procedures that are more comprehensive, better understood, and more frequently implemented.

We will conduct our audit in four primary phases, as shown below.



### Continuous Communication Throughout

**Methodology.** *Our audit is performed based on a risk-based approach. We conduct our audits under the concept of “understanding the entity.” This concept is based fundamentally on the fact that the System is unique. By understanding the System, we gain the necessary perspective for performing an effective audit. Our audit approach places particular emphasis on the planning phase to determine maximum efficiency and effectiveness.*

#### Phase 1: Assessment

The assessment phase of an engagement starts when an engagement letter is issued.

Upon notice of contract award, we will prepare a contract and engagement letter. We will communicate our plan to start the work and to discuss the audit process. These discussions are intended to accomplish the following:

- Identify key management and staff involved in the audit
- Identify primary audit liaisons
- Introduce our audit team and identify key CLA contact personnel
- Discuss the timetable
- Explain our means and ways of communication
- Inquire about any issues, which we may need to be aware of
- Complete a preliminary assessment of risk based on a review of prior year workpapers and knowledge of your organization

Through all phases of the audit, we think it is important to have regular communications with the System's management to discuss the status of the engagement. We will provide timely communication of any critical issues, concerns, and potential findings with the person primarily responsible for the area and our audit liaisons.

We will be available to meet with key management prior to issuance of the final audit report. This meeting will highlight some of the results of the audit, any outstanding items, and reporting and issuing processes.



## Phase 2: Planning & Strategy

The main objective of the planning phase is to identify significant areas and design efficient audit procedures. We will accomplish our planning by following the methodology below:

- Conduct an entrance meeting with the System – The audit team will meet with the System personnel to mutually agree on an outline of responsibilities and timeframes.

The agenda will include but not be limited to the following:

- Establish audit approach and timing schedule
  - Assistance to be provided by the System's personnel
  - Application of generally accepted accounting principles
  - Initial audit concerns
  - Concerns of the System's management
  - Establishment of report parameters and timetables
  - Progress reporting process
  - Establish principal contacts
- Gain an understanding of the operations of the System, including any changes in its organization, management style, and internal and external factors influencing the operating environment. We will utilize reference materials such as the budget and related materials, organizational charts, manuals and programs, financial, and other management information systems
  - Identify significant accounts and accounting applications, critical audit areas, significant provisions of laws and regulations, and relevant controls over operations
  - Determine the likelihood of effective Information Systems (IS) - related controls
  - Perform a preliminary overall risk assessment
  - Confirm protocol for meeting with and requesting information from relevant staff
  - Establish a timetable for the fieldwork phase of the audit
  - Determine a protocol for using Interactive Data Extraction and Analysis (IDEA), our data extraction and analysis software, to facilitate timely receipt and analysis of reports from management
  - Compile an initial comprehensive list of items to be prepared by the System, and establish mutually agreed upon deadlines

We will document our planning through preparation of the following:

- ✓ **Entity Profile.** This profile will help us gain an understanding of the System's activities, organizational structure, services, management, key employees and regulatory requirements.
- ✓ **Preliminary Analytical Procedures.** These procedures will assist in planning the nature, timing and extent of auditing procedures that will be used to obtain evidential matter. They will focus on enhancing our understanding of the financial results, and will be used to identify any significant transactions and events that have occurred since the last audit date, as well as to identify any areas that may represent specific risks relevant to the audit.
- ✓ **General Risk Analysis.** This will contain our overall audit plan, including materiality calculations, fraud risk assessments, overall audit risk assessments, effects of our IS assessment, timing, staffing, client assistance, a listing of significant provisions of laws and regulations and other key planning considerations.
- ✓ **Account Risk Analysis.** This document will contain the audit plan for the financial statements, including risk assessment and the extent and nature of testing by assertion.
- ✓ **Prepared by Client Listing.** This document will contain a listing of schedules and reports to be prepared by the System's personnel with due dates for each item.
- ✓ **Assurance Information Exchange.** CLA utilizes a secure web-based application to request and obtain documents necessary to complete client engagements. This application allows clients to view detailed information, including due dates for all of the items CLA is requesting. Additionally, clients have the



ability to attach electronic files and add commentary related to the document requests directly on the application. The following is a link to our brief tutorial on Assurance Information Exchange.

<https://www.youtube.com/watch?v=obcoLovjHaw>

One of the key elements in the planning of this audit engagement will be the heavy involvement of principals and managers. We will clearly communicate any issues in a timely manner, and will be in constant contact with the System as to what we are finding and where we expect it will lead.

We will develop our audit programs during this phase. Utilizing the information we have gathered and the risks identified we will produce an audit program specifically tailored to the System. This program will detail by major section the nature and types of tests to be performed. We view our programs as living documents, subject to change as conditions warrant.

### Phase 3: Systems Evaluation

During the systems evaluation phase, we will gain an understanding of the internal control structure of the System for financial accounting and relevant operations. Next, we will identify control objectives for each type of control that is material to the financial statements, and then identify and gain an understanding of the relevant control policies and procedures that effectively achieve the control objectives. Finally, we will determine the nature, timing, and extent of our control testing and perform tests of controls. This phase of the audit will include testing of certain key internal controls:

- Electronic data, including general and application controls reviews and various user controls
- Financial reporting and compliance with laws and regulations

We will test controls over certain key cycles. One audit efficiency initiative is to rely heavily on internal controls when appropriate, and to creatively look at internal control testing to make it as efficient as possible. This means not routinely performing detailed tests of transactions using large samples. We first seek to identify key controls, and then identify possible testing through alternative methods, such as observation, interviews, and re-performance. These tests serve not only to gather evidence about the existence and effectiveness of internal control for purposes of assessing control risk, but also to gather evidence about the reasonableness of an account balance.

We will also develop our internal control tests to assess the compliance with certain provisions of laws, regulations, contracts, and grants for which noncompliance could have a direct and material effect on the determination of financial statement amounts. Our use of multi-purpose tests allows us to provide a more efficient audit without sacrificing quality.

Our assessment of internal controls will determine whether the System has established and maintained internal controls to provide reasonable assurance that the following objectives are met:

- Transactions are properly recorded, processed, and summarized to permit the preparation of reliable financial statements and to maintain accountability over assets
- Assets are safeguarded against loss from unauthorized acquisition, use, or disposition
- Transactions are executed in accordance with laws and regulations that could have a direct and material effect on the financial statements

We will finalize our audit programs during this phase. We will also provide an updated Prepared by Client Listing based on our test results and our anticipated substantive testing.

During the internal control phase, we will also perform a review of general and application Information Systems (IS) controls for the applications that are significant to financial statements to conclude whether IS general controls are properly designed and operating effectively, and consider application controls as part of the internal



control assessment in the financial statement audit. Our strategy for the IS review of the applications will involve reviewing all of the general control activities, including the computerized and manual processes. We will determine the scope of work by applying the concepts of materiality and risk assessment to effectively reduce examination inefficiencies. When planning this examination, we will gain an understanding of the System's operations by reviewing its current controls and control objectives as documented, and will also review prior years' audit work and the status of corrective actions.

Based on our preliminary review, we will perform an initial risk assessment of each critical element in each general control category, as well as an overall assessment of each control category. We will then proceed to assess the significant computer-related controls.

For IS-related controls that we deem to be ineffectively designed or not operating as intended, we will gather sufficient evidence to support appropriate findings and will provide recommendations to improve internal controls. For those IS controls that we deem to be effectively designed, we will perform testing to determine if they are operating as intended through a combination of procedures, including observation, inquiry, inspection, and re-performance.

#### Phase 4: Testing & Analysis

The extent of our substantive testing will be based on results of our internal control tests. It has been our experience that governmental entities, like the System, often have a system of internal controls that, with appropriately designed tests and correlation to account balances, can be used to limit the extent of account balance substantiation testing.

Audit sampling will be used only in those situations where it is the most effective method of testing. Before deciding to sample, we will consider all possible approaches and audit techniques. Items where, in our judgment, acceptance of some sampling risk is not justified will be examined 100 percent. These may include unusual items or items for which potential misstatements could individually equal or exceed tolerable error.

After identifying individually significant or unusual items, we will decide on the audit approach for the remaining balance of items by considering tolerable error and audit risk. This may include (1) testing a sample of the remaining balance; (2) lowering the previously determined threshold for individually significant items to increase the percent of coverage of the account balance; or (3) applying analytical procedures to the remaining balance. When we elect to sample balances, we will use IDEA to efficiently control and select our samples.

Our workpapers during this phase will clearly document our work as outlined in our audit programs. We will also provide the System with status reports during the course of the audit fieldwork. As in all phases of the audit, we will be in communication with the System to determine that all identified issues are resolved in a timely manner. We will also hold a final exit conference with the System to summarize the results of our fieldwork and review significant findings.

#### Phase 5: Reporting & Follow-up

Reports to management will include oral and/or written reports regarding:

- Independent Auditors' Report
- Independent Auditors' Report on Internal Control over financial reporting and on compliance and other matters based on an audit of Financial Statements Performed in Accordance with Government Auditing Standards
- Independent Auditor's Report on Compliance for Each Major Federal Program, Report on Internal Control Over Compliance, and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance



- Management Letter (if necessary)
- Written Communication to Those Charged with Governance, which includes the following areas:
  - Our responsibility under auditing standards generally accepted in the United States of America
  - Changes in significant accounting policies or their application
  - Unusual transactions
  - Management judgments and accounting estimates
  - Significant audit adjustments
  - Other information in documents containing the audited financial statements
  - Disagreements with the System
  - The System’s consultations with other accountants
  - Major issues discussed with management prior to retention
  - Difficulties encountered in performing the audit
  - Fraud or illegal acts

Once the final reviews of working papers and financial statements are completed, which is a process that actually starts while the fieldwork is in process, our opinion, the financial statements and management letter will be issued.

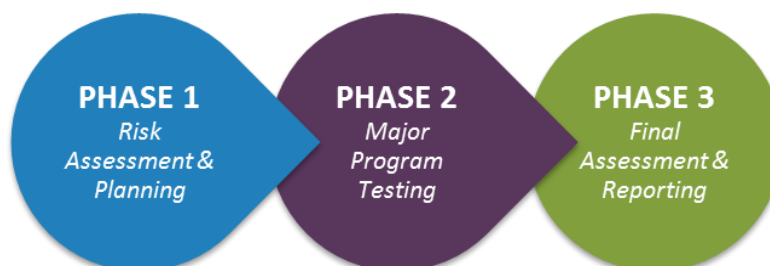
### Single audit approach

In the current environment of increased oversight, it is more important than ever to find qualified auditors who have significant experience with federal grants specific to the System and can enhance the quality of the System’s single audit. Therefore, the single audit will be performed by a team of individuals who specialize in single audits in accordance with *OMB’s Uniform Guidance* and who will offer both knowledge and quality for the System. As part of our quality control process, the single audit will be reviewed by a firm Designated Single Audit Reviewer.

The OMB’s Uniform Guidance (2 CFR Part 200) is effective for federal grants made on or after December 26, 2014. This affects how federal grants are managed and audited and impacts every organization that receives federal assistance. Grant compliance can be a confusing topic and many of our clients rely on their federal funding as a major revenue source, so it is important that they understand what these changes mean to their organization. As a leader in the industry, CLA was out in front of these changes and informed our clients of how to be proactive about these changes could impact their entity. CLA professionals are available to provide guidance and tools tailored to the System’s needs, and to assist in compliance with the new rules.

The AICPA clarified auditing standard, AU-C 801 “Compliance Audits” requires risk-based concepts to be used in all compliance audits including those performed in accordance with 2 CFR Part 200. Our risk-based approach incorporates this guidance.

We will conduct our single audit in three primary phases, as shown, below:



## Phase 1: Risk Assessment & Planning

The risk assessment and planning phase will encompass the overall planning stage of the single audit engagement. During this phase, we will work closely with the System's management to determine that programs and all clusters of programs are properly identified and risk-rated for determination of the major programs for testing. We will also review the forms and programs utilized in the prior year to determine the extent of any changes which are required.

We will accomplish this by following the methodology below:

- Determine the threshold to distinguish between Type A and B programs, including the effect of any loans and loan programs
- Utilizing the preliminary Schedule of Expenditure of Federal Awards, we will identify the Type A and significant Type B programs (25% of Type A threshold) in accordance with the Uniform Guidance (UG)
- Identify the programs tested and the findings reported for the past two fiscal years. Determine and document the program risk based on the past two single audits
- Prepare and distribute Type B program questionnaires to determine risk associated with Type B programs
- Determine the major programs to be tested for the current fiscal year based on the previous steps
- Based on our determination of the major programs, we will obtain the current year compliance supplement to aid in the determination of Direct and Material Compliance requirements, and customize the audit program accordingly
- Determine the preferred methods of communication during the audit

## Phase 2: Major Program Testing

We will determine the programs to be audited based on the risk assessment performed in the planning phase. We will perform the audit of the programs in accordance with UG.

To accomplish this, we will perform the following:

- Schedule an introductory meeting and notify the System's management of the major programs for the current fiscal year
- Plan and execute the testing of the expenditures reported on the Schedule of Expenditures of Federal Awards
- Perform tests of compliance and internal controls over compliance for each major program identified
- Schedule periodic progress meetings to determine that schedules are adhered to and identify issues as they arise
- Conduct entrance and exit conference meetings with each grant manager

## Phase 3: Final Assessment & Reporting

We will re-perform the steps noted in the preliminary assessment and planning stage once the final Schedule of Expenditures of Federal Awards is received to determine if additional major programs were identified.

Based on the final determination of the programs we will perform the following:

- Identify Type A and significant Type B programs which were not previously identified.
- Re-assess the risk and determine if we are required to audit additional programs.
- Perform compliance testing at the entity wide level related to procurement and cash management requirements.
- Perform testing to validate the status of prior year findings for those programs not selected for audit.
- Prepare the Schedule of Findings and Questioned Costs.
- Conduct exit conference with the System's management to review drafts of required reports:

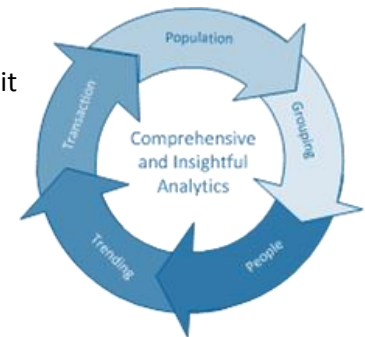


- Independent Auditors’ Report on Internal Control over financial reporting and on compliance and other matters based on an audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- Independent Auditor’s Report on Compliance for Each Major Federal Program, Report on Internal Control Over Compliance, and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Throughout the single audit, we will maintain communication through periodic progress meetings with those designated by the System. These meetings will be on a set schedule, but as frequently as the System determines. During these meetings, we will discuss progress impediments and findings as they arise.

## Data analytics

In addition to standard auditing methodology, a distinguishing aspect of CLA’s audit services incorporates the power of data analytics to multiply the value of the analyses and the results we produce for clients. CLA’s data methodology is a six-phase, systematic approach to examining an organization’s known risks and identifying unknown risks. Successful data analysis is a dynamic process that continuously evolves throughout the duration of an engagement and requires collaboration of the engagement team.



Data analytics are utilized throughout our audit process, our *Risk Assessment, Data Analytics and Review* (“RADAR”) is a specific application of general ledger data analytics that has been implemented on all audit engagements. RADAR is an innovative approach created and used only by CLA that aims to improve and replace traditional preliminary analytics that were being performed.

The phases in our data analytics process are as follows:

### 1. Planning

In the planning stage of the engagement, the use of data analysis is considered and discussed to determine that analytics are directed and focused on accomplishing objectives within the risk assessment. Areas of focus, such as journal entries, cash disbursements, inventory, and accounts receivable are common.

### 2. Expectations

We consider the risks facing our client and design analytics to address these risks. Through preliminary discussions with management and governance, we develop and document expectations of financial transactions and results for the year. These expectations will assist in identifying anomalies and significant audit areas in order to appropriately assess risk.

### 3. Data Acquisition

Sufficient planning, a strong initial risk assessment, and an adequate understanding of your systems will serve as the foundation necessary to prepare our draft data request list. We will initially request information in written format and conduct follow-up conversations helping CLA practitioners our staff share a mutual understanding of the type of data requested and the format required. If there are going to be any challenges/obstacles related to obtaining data, or obtaining data in the preferred format, they will generally be discovered at this point.

### 4. Technical Data Analysis

Technical analysis of the data *requires* the skillful blend of knowledge and technical capability. Meaningful technical analysis provides the engagement team with a better understanding of the organization. The additional clarity assists the engagement team to better assess what is “normal” and, in turn, be better suited to



spot anomalies, red-flags and other indications of risk. Analytics generally fall into five categories, each looking into the data set in a different way and deployed with a different purpose.

**5. Interpret Results and Subsequent Risk Assessment**

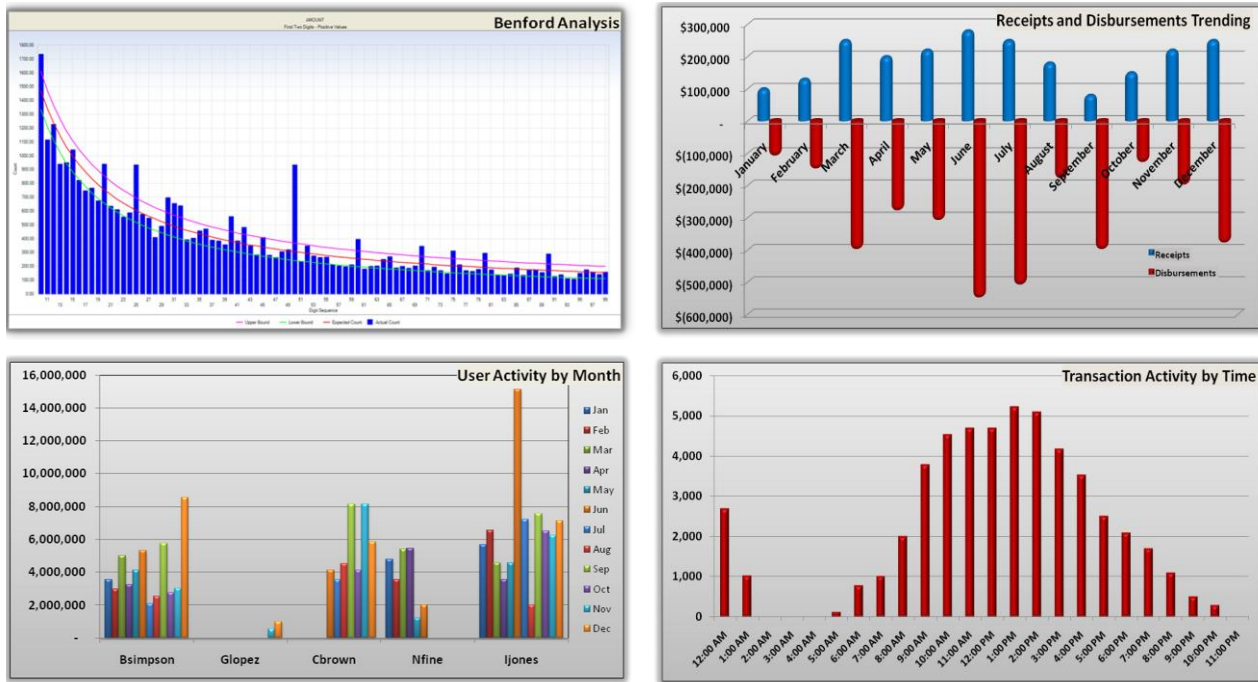
Trends and anomalies will be identified through the performance of the above referenced analytics. Comments regarding the interpretation of those trends and anomalies will be captured. When trends are identified they are reconciled against expectations. For anomalies identified, the approach to further audit procedures will be considered.

**6. Response and Document**

The last process is to capture responses and determine that our procedures are properly documented. Abstracts, charts or summaries of both trends and anomalies are retained in the audit documentation to support our identification of risks .Our analysis can be tailored and customized to help analyze an array of information, including client specific and proprietary data. Key benefits of data analytics include:

- Built-in audit functionality including powerful, audit specific commands and a self-documenting audit trail
- 100 percent data coverage, which means that certain audit procedures can be performed on entire populations, and not just samples
- Unlimited data access allows us to access and analyze data from virtually any computing environment
- Eliminates the need to extrapolate information from errors (a common effort when manually auditing data) and allows for more precise conclusions

The below figure illustrates typical data analytics scenarios.



**Data Analytics.** At the end of a series of pre-determined analytics (often retrieved from multiple proprietary accounting systems) that are customized to the project at hand, we identify anomalies and potential errors in transactions. In every case, we review what appears to be inappropriate activity, including supporting documentation evidencing the transactions.





## Procedures used to understand internal processes and controls

We understand changing audit firms would require a new set of auditors to develop an understanding of the System and its internal control and operating structure. We also strive to develop our understanding in the least intrusive manner possible, while still maintaining our professional responsibilities. We would utilize a combination of internal control forms and interviews with key accounting personnel to gain and document our understanding of the System. We will also use as a baseline any existing internal control processes, policies, organizational charts, etc. the System may have already documented. Tests of design and operating effectiveness would then be performed to confirm our understanding.

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) has established a framework for internal control systems. Under the COSO framework, internal control is a process to provide reasonable assurance that those internal objectives, including effectiveness and efficiency of business operations, reliability of financial reporting, and compliance with applicable laws and regulations, will be met.



COSO Internal Control: Integrated Framework

Our audit approach is designed to evaluate and test the departmental internal controls in accordance with COSO concepts. Our procedures include a review of the overall control environment, determination of the internal controls which are determined to be direct and material to the federal program under review, determination of the adequacy of those procedures, and testing of the procedures to determine if they are functioning as designed.

During the planning and internal control phases of our audit, we will develop our understanding of the System's business operations and internal control structure for financial accounting and relevant operations through observation, discussion, and inquiries with management and appropriate personnel. During this phase of the audit, we will review budgets and related materials, organization charts, accounting and purchase manuals, and other systems documentation that may be available.

Once we understand your operations, we will then identify control objectives for each type of control that is material to the financial statements. The next step will be to identify and gain an understanding of the relevant control policies and procedures that effectively achieve the control objectives. We will then determine the nature, timing and extent of our control testing, and perform tests of controls.

This phase of the audit will include extensive testing of controls over transactions, financial reporting, and compliance with laws and regulations. Whenever possible, we will use dual-purpose tests to reduce the need to select multiple samples for internal control and compliance testing. We will be as efficient as possible, thereby reducing the disruption to your operations while achieving our audit objectives.

Our assessment of internal controls will determine whether the System has established and maintained internal controls to provide reasonable assurance that the following objectives are met:

- Transactions are properly recorded, processed, and summarized to permit the preparation of reliable financial statements and to maintain accountability over assets
- Assets are safeguarded against loss from unauthorized acquisition, use, or disposition
- Transactions are executed in accordance with laws and regulations that could have a direct and material effect on the financial statements

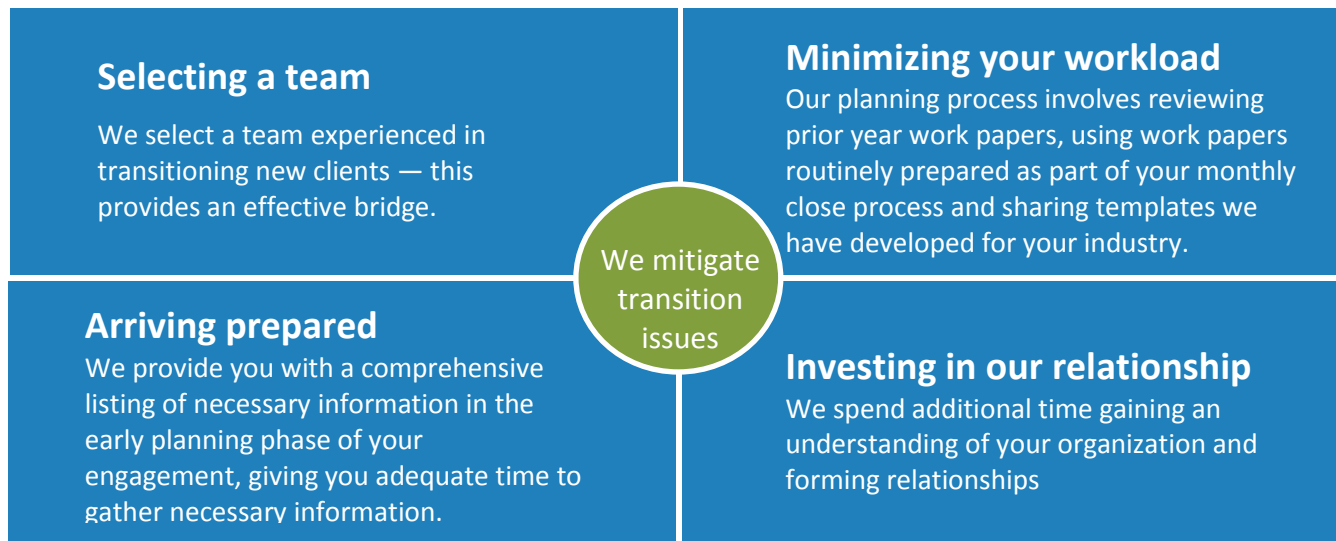


Our workpapers during this phase will clearly document our work through the preparation of the following for each significant transaction cycle or accounting application:

- Audit program
- Cycle memo and supporting documentation
- Account risk analysis (ARA)
- Specific control evaluation (SCE)

## First year transition

We recognize changing accounting firms presents an opportunity (a fresh look) as well as a challenge. Our approach deliberately and effectively minimizes the impact of transition. In order to mitigate disruptions to you, we will execute the following transition plan as we rotate into the engagement. We understand that you have been with your current service provider for several years and that a common fear of changing firms is the “pain” of transition. As shown in the discussion below, we have developed a plan specific to the System to address any transition issues and to mitigate their impact on your organization. Our goal is that we provide a simple, easy transition – a transition of which at the end of the experience, the System is appreciative and pleased with the results, not feeling challenged and regretful.



Upon appointment as auditors, we will initiate a planning meeting with the appropriate management of the System. This meeting will take place shortly after we are notified about your selection. The purpose of the meeting will be to:

- Review our approach and roles, and solicit comments and concerns;
- Schedule work;
- Establish key meeting and reporting dates; and
- Review the audit requirements.

**A simple transition** — We recognize changing accounting firms presents an opportunity as well as a challenge. Our approach deliberately and effectively minimizes the impact of transition.

Our approach to transition includes:

- A well-structured, experienced engagement team



- More intensive involvement by principals and managers in the transition
- Careful and complete communications at all levels of the team to resolve issues and concerns
- User-friendly audit tools
- Use of review of prior auditor's workpapers as a way to gather pertinent historical accounting information and documents to limit your team's time in producing them for us

All transition activities will involve the on-site participation of the audit service team in order to:

- Focus our efforts only upon relevant matters
- Avoid unnecessary efforts by your personnel
- Make the audit process more responsive

**We tailor the audit just for you** — We begin the audit with a thorough planning and preparation phase and culminate with the timely delivery of our reports. We will work with you immediately to coordinate and schedule the engagement to minimize any potential disruptions to your business. We would envision that we immediately begin our planning process upon receipt of a signed engagement letter. We will then work with you to finalize dates that accommodate your schedules. While our audit programs provide typical approaches for given audit areas, CLA tailors and designs a client-specific, risk-based audit approach. We don't follow a "cookie cutter" approach. We use custom, industry-tailored programs, procedures, and other tools that are designed specifically to focus on the issues that are applicable to public sector.

We explain exactly what we're doing and what we've found in plain, everyday language. We translate our findings into ideas on how you can address them. We believe our services are a contributing factor to better business and administrative practices. We gain a better understanding of your organization by working closely with your staff. This involvement enables us to offer you recommendations or suggestions for improvement in your systems and procedures that are more comprehensive, better understood, and more frequently implemented.

When performing an audit, we are sensitive and understanding of the fact that we report to those charged with governance. We maintain objectivity and independence in order to be able to issue our audit opinions. We will act within our philosophy of total client service, maintain the professional relationship refined with management, and fulfill our responsibilities with the utmost professionalism.

**Year-long support** — We encourage your staff to take advantage of our accessibility throughout the year for questions that may arise. Our people, working with you and your staff, can provide proactive advice on new accounting or GAAP pronouncements and their potential impact; help with immediate problems including answers to brief routine questions; and share insights and best practices to assist you in planning for your future success.

## Sample size and statistical sampling

We follow the guidance of AU-C Section 350, Audit Sampling, in using statistical and nonstatistical approach. We use quality control material in all our audit engagements. These AU-C Section 530 – "Audit Sampling" forms guide our staff through a logical process of assessing inherent risk, control risk, and combined audit risk, followed by an assessment of appropriate sample size for testing.

Sample sizes will vary depending on the nature of the testing (compliance versus substantive) and the size of the population being sampled. Sampling techniques are utilized in compliance and internal control testing, as well as substantive testing of certain asset and liability account balances. Sample sizes used for internal control testing depend on a number of factors, namely the number of expected or actual control deviations, size of population, and level of control assurance anticipated. Sample sizes can range from 20 to 90 possible selections.



To illustrate, if no internal control deviations are anticipated and the frequency of the population (i.e., the number of times the control is performed in a given year) is less than 100, then we will test 20 transactions in order to obtain moderate control assurance. If 2 internal control deviations are anticipated, and the frequency of the population is greater than 200, then we will test 90 transactions in order to obtain low control assurance. We are usually able to cover a substantial portion of the compliance and controls testing with one sample, resulting in a very efficient approach.

## Approach to be taken in drawing audit samples for purposes of tests of compliance

We follow the guidance of AU-C Section 530, Audit Sampling, in using statistical and nonstatistical approach. We use quality control material in all our audit engagements. These forms guide our staff through a logical process of assessing inherent risk, control risk, and combined audit risk, followed by an assessment of appropriate sample size for testing.

Because our sample sizes are affected by many variables, a statement about sample sizes cannot be made in absolute terms. However, with regard to sample selection, we will generally utilize representative sampling for internal control and compliance tests, including those related to single audit compliance. Samples will also be used in conjunction with other tests of compliance (e.g. Florida Statutes, Ordinances, etc.).

In general terms, sample sizes for compliance and controls testing obtained via our guidance usually fall into categories of 25, 40, or 60 depending on circumstances. Where the population being tested is less than 100 items, we will use the 20%, 30%, or 40% of the population depending on our control risk assessment.

We are usually able to cover a substantial portion of the compliance and controls testing with one sample, resulting in a very efficient approach.

## Use of computer assisted audit techniques

One of CLA's advantages is access to advanced audit tools and technology. Throughout the audit we may employ the use of Computer Assisted Audit Techniques (CAATs) to increase efficiency and effectiveness. The key CAATs that we will use include:

- **Interactive Data Extraction and Analysis (IDEA)** – IDEA is a statistical data analysis tool that has the ability to import data from virtually any data source or file type, with no limitations on the size of the data files that can be examined. IDEA utilizes powerful, built-in tools designed for the performance of audits and fraud investigations, providing the ability to:
  - Statistically sample, summarize, stratify and/or perform an aging of large data sets
  - Compare, join, append or otherwise manipulate multiple, related populations of data
  - Identify gaps or duplicates in record sequences
  - Extract subsets of data using a variety of criteria or filters
  - Build reports and graphs to summarize testing results
- **FX Engagement** – FX Engagement is our “paperless” audit product. This product allows us to file and save all of our audit workpapers in an electronic storage capacity; allowing our firm to save time and resources associated with maintaining and storing paper files. FX Engagement also boasts a trial balance software program, which is utilized to produce financial statements, lead schedules, and allows us to perform trend analysis utilizing our clients’ trial balances.



- **A Program Generator (APG)** – In order to provide a uniform approach to all engagements, the firm requires the use of APG, a software program custom-written for CLA. This software package allows the tailoring of procedures, based on the requirements of your engagement. We have developed a customized CLA audit program, which effectively makes our audit processes paperless and will enhance our present electronic practices.

In an audit engagement, the primary use of APG is to take a standard audit program and modify, add, and delete procedures to create a program that has been specifically tailored to meet the needs of your engagement. Once tailored, the document can be completed electronically. Specific reports in addition to the basic program are generated to accommodate planning and review of your engagement. APG is an example of a technology tool that is designed to promote audit efficiencies. This software produces an industry-specific base program that is intended to encourage more thoughtful and specific tailoring. For an engagement to be effective in dealing with the risk of errors and efficient in avoiding riskless work, the engagement team will create a plan – the program – that contains the steps necessary to accomplish the goals of your engagement. Using APG is viewed as a thinking process, not just a documentation process.

- **Client Portal** – In addition to secure file transfer, clients can take advantage of a secure document portal to easily share documents and store files. This tool provides anytime, anywhere access to uploaded tax returns, financial statements and more from anywhere you have an Internet connection. Clients and CLA professionals can share and store confidential files in a secure environment. The portal has capacity for both long-term and transient file storage and provides access to all your documents in one place.
- **LeapFILE and Secure File Transfer Protocol** – CLA is committed to keeping client and member data secure. We utilize LeapFILE, a secure file transfer protocol (SFTP) software program, to receive and send encrypted files. LeapFILE allows us to transfer files to and receive files from our clients in a secure manner and keeps files with sensitive data out of our email boxes and hard drives.

## Estimated Audit Hours

The hours estimated for each audit and segment are presented below. This excludes our estimate for the amount of additional effort required for first year transitional matters, which are of no cost to the System and are estimated to be approximately 900 hours.

Audit Hours by Phase	Planning	Interim	Fieldwork	Reporting	Total
<b>Consolidated</b>	400	680	1,355	270	2,705
<b>Single Audit (Uniform Guidance)</b>	115	190	380	75	760
<b>Integrated Clinical Services, Inc.</b>	65	105	215	40	425
<b>UNLV Medicine</b>	70	115	225	45	455
<b>NCAA Agreed-upon procedures (UNLV, UNR)</b>	<u>35</u>	<u>55</u>	<u>110</u>	<u>20</u>	<u>220</u>
<b>TOTAL</b>	<b>685</b>	<b>1,145</b>	<b>2,285</b>	<b>450</b>	<b>4,565</b>



## Identification of Anticipated Potential Audit Problems

In situations where authoritative guidance on a particular transaction or accounting issue is unclear or subject to interpretation, our approach is to proactively meet with management to discuss the issue and reach a conclusion that is hopefully agreed upon by both parties. We do not have specific “firm policies” that dictate our conclusions to be reached on all complex accounting issues. Rather, each issue must be evaluated independently by our engagement team. As discussed above, we will not only meet internally, but also facilitate discussion with the System’s management team in order to obtain a mutual understanding of the particular accounting issue, determine the applicable authoritative guidance that most closely relates to the issue, and strive to reach an approach agreed upon by both parties. If there still remains any ambiguity or disagreement, we can approach our National Assurance Technical Group where we have several professionals dedicated to the GASB public sector industry. We can also explore other resources that could possibly assist, such as subject matter professionals within the Government Accounting Standards Board staff or the Government Finance Officers Association (GFOA) or perhaps other universities who may have dealt with similar issues (given the number of CLA higher education institutional clients across the nation).”



# Report Format

The System requested sample formats for the required reports. In the Appendix you will find the following sample reports. These reports have not been modified to the exact specifications and needs of the System. They do provide generic illustrations that are similar (not certainly not exact) to what will be issued for the System.

1. Independent Auditor's Report on the financial statements for a public university
2. Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance
3. Independent Auditors' Report on Compliance for Major Federal Programs
4. Independent Auditors' Report on the financial statements for the a health care entity
5. NCAA Agreed-upon procedures

We have inputted hyperlinks below to reports that CLA has recently issued and are publicly available.

**Independent Auditor's Report on the financial statements:**

[Pennsylvania State System of Higher Education Financial Audit](#)

**Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance:**

[Pennsylvania State System of Higher Education Single Audit \(Uniform Guidance\)](#)

**Independent Auditors' Report on Compliance for Major Federal Programs:**

[Pennsylvania State System of Higher Education Single Audit \(Uniform Guidance\)](#)

**Independent Auditors' Report on the financial statements for the health care entities (UNR and UNLV School of Medicine):**

[University of Illinois Health Systems](#)



## Exceptions

CLA has reviewed the terms, conditions and requirements of the RFP and identified a single proposed change - insert “wrongful” before “act” in Section 11 indemnification section. Hopefully the System is amenable to this proposed change, but if not we are hoping for a discussion so that we can come to an agreement on language acceptable to both parties.





# Additional Information

## Additional services

In addition to the services outlined in this proposal, CLA collectively offers a wide breadth of highly-customized services and capabilities to meet our clients' wants and needs, including a sampling of the following:

- Financial statement and forensic audits
- Internal audit, risk assessments, and evaluations
- Implementation assistance for complex accounting standards
- ACA Reporting
- Operational and financial systems consulting
- Operations and performance improvement
- Self-insured medical and PBM claim audits
- IT security and network vulnerability assessments
- Fraud risk assessment and investigations
- Strategic, financial, and operational consulting
- Outsourced accounting and public administration
- Strategic, business, and capital planning
- Organizational and financial health assessment
- Training and educational seminars
- Telecom cost savings assessments

## Innovation

Our clients are hungry for more than standard services; they are seeking out professionals who know them well and can help them with a wide variety of business issues. To meet your unique needs, CLA consistently innovates to keep our resources and approach fresh and relevant. Our culture sees change as an opportunity to enhance efficiency, embrace new technologies, and fully employ data analytics.



## Certificate of achievement assistance

The Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting is awarded to state and local governments that go beyond the minimum requirements of generally accepted accounting principles. It is awarded to state and local governments who produce a comprehensive annual financial report that evidences the spirit of transparency and full disclosure. Members of the GFOA staff and the GFOA Special Review Committee (SRC) review reports submitted to the CAFR program.

CLA provides audit services to many entities that received the GFOA Certificate of Excellence in Financial Report. All of the procedures noted in our audit approach and our technical review of the CAFR are done to help the System prepare and publish the top product possible. Our managers and principals who review the CAFR have a strong understanding of the GFOA requirement for the certificate. We understand that this is a prestigious award for the System and a great accomplishment for the Finance and Accounting departments.

We will review the GFOA comment letter for each CAFR and provide the System advice regarding the response to the GFOA reviewer's comments. Our procedures with respect to the CAFR will be the review of the comments from GFOA on the prior year submission to determine they were adequately addressed, completion of the CAFR checklist, and review of the transmittal letter and statistical data to determine that information presented is



reasonable and agrees with the information in the financial statements and management’s discussion and analysis (MD&A), where applicable.

We understand the interrelationships of the many and varied components of a governmental entity’s financial statements, allowing us to quickly determine errors or problems with the financial statements. Our depth of knowledge and experience also allows us to assist the System with the preparation of the CAFR and improvement of the System’s financial statements.

Our involvement with clients in the GFOA Certificate program helps to determine that we are on the leading edge of reporting trends and techniques. We have been engaged by various entities to review their statements for compliance with program requirements. We have aided clients in the early implementation of professional pronouncements and regularly provide our clients with updates on new pronouncements which will affect them and will do the same for the System.

The table below identifies the professionals who are currently members of the GFOA Special Review Committee together with their length of service with the Committee:

Name	Title	Location	Years Served
Julie S. Fowler, CPA	Signing Director	Sebring, FL	10+
Rich Gonzalez, CPA	Principal	Roseville, CA	5+
Michelle Hoffman, CPA	Manager	Minneapolis, MN	4+
Christopher Kessler, CPA	Manager	Fort Myers, FL	< 1
Christopher G. Knopik, CPA, CFE	Principal	Minneapolis, MN	5+
Jacob S. Lenell, CPA	Principal	Milwaukee, WI	10+
Remi Omisore, CPA	Principal	Baltimore, MD	6+
Jeffrey Peek, CPA	Manager	Roseville, CA	2+
Miranda Wendlandt, CPA, CFE	Principal	Alexandria, MN	3+
Elba Zuniga, CPA	Principal	Sacramento, CA	1+

### Assistance from client

We request that the System provide access to all records required for the audits and other requirements of the contract. In addition, we request that you assign a “project coordinator” through whom we will communicate and coordinate activities. We do not foresee needing the System’s staff other than during normal business hours.

To assist in this process, we will provide a detailed Prepared by Client list early in the engagement. We will ask that your accounting staff provide us with standard schedules, as well as additional requested supporting items. We anticipate that your accounting personnel will need to locate and submit to us certain invoices, vouchers, cancelled checks, and other documents and records. We are extremely flexible as to the format in which we receive this information and will determine through the use of the latest technology that your personnel will not be asked to perform any unnecessary or extensively disruptive tasks.



We will depend on your staff to provide us with as much information as possible, in an effort to limit everyone's time on the engagement and, ultimately, to save your organization money.

### ***Relationships between the Department of Audits, the Department of Finance, and the project team***

In addition to the specific tasks and responsibilities outlined in this proposal, we will utilize the System's Department of Audits in all aspects of the audit. In addition, the Department of Finance will be asked to prepare schedules to our staff to provide us with as much information as possible, in an effort to limit everyone's time on the engagement and, ultimately, to meet the revised deadlines and save your organization money. We will depend on the System's support account balances, prepare confirmations, provide copies of invoices and other documentation as required, and provide explanations for questions as they arise. Additionally, we will require time from department staff to discuss key planning issues, to meet with staff involved with operations to develop our understanding of the System's systems and processes, and to conduct other key meetings throughout the audit. We anticipate utilizing the System's Department of Audits to the extent outlined in the RFP.

### ***Participation in quality improvement programs***

We work with governmental entities across the country, and our exposure to the circumstances and issues that surround your industry will allow us to serve you with exceptional knowledge and insight. We understand the specific needs and challenges of the public sector and have been serving clients similar to the System for decades.

We are actively involved in and/or are members of the following professional organizations:

- American Institute of Certified Public Accountants (AICPA)
- AICPA's State and Local Government Expert Panel
- AICPA's Government Audit Quality Center (GAQC)
- Government Finance Officers Association (GFOA)
- Special Review Committee for the GFOA's
- Certificate of Achievement for Excellence in Financial Reporting (Certificate) Program
- AICPA Single Audit Quality Task Force
- Association of Government Accountants



Our participation/membership in the aforementioned professional organizations, combined with various other technical services we subscribe to, allows use to be at the forefront of change in the government environment. We take seriously our responsibility for staying current with new accounting pronouncements, auditing standards, other professional standards and laws and regulations.

## **Insurance**

CLA carries commercially reasonable amounts of malpractice insurance. If requested, the firm will provide a certificate of coverage for an amount specified by the System upon being engaged.

## **Telecom cost savings assessments**

In an effort to help our clients eliminate waste by evaluating recurring operating expenses, CLA offers cost saving services such as telecommunications assessments. CLA can provide a detailed assessment of the System's telecommunications-related expenses and offer recommendations to reduce the costs on future bills from its carriers. In fact, we can perform a **complimentary preliminary assessment** to determine whether a deeper investigation makes sense for the System. Our professionals can dissect the System's phone and internet



bills to identify discrepancies and optimization strategies, preparing a comprehensive report outlining precisely how cost savings and refunds might be achieved.

## GASB insight potentially affecting current and future audits

Our significant knowledge of technical issues and GASB pronouncements will be especially beneficial to the System. The below are recent issues and pronouncements which may have a future impact on the audits and financial statement of the System. We will proactively work with the System to address the reporting and auditing impact of each pronouncement or issue in advance of the implementation date.

### *GASB pronouncements*

Our significant knowledge of technical issues and GASB pronouncements will be especially beneficial to the System. The below are recent issues and pronouncements which may have a future impact on the audits and financial statement of the System. We will proactively work with the System to address the reporting and auditing impact of each pronouncement or issue in advance of the implementation date.

GASB – Recent and Pending	
Description of Statement	Potential Impact on the System
<p><b>GASB Statement No. 83, Certain Asset Retirement Obligations</b>                      – The objective of this statement is to provide guidance in recording and disclosing liabilities related to retirement obligations for certain tangible capital assets which have been permanently removed from service.</p>	<p>The Requirements of this statement are effective for the reporting periods beginning after June 15, 2018. This statement will impact disclosures in the System’s financial statements to the extent of the occurrence of these types of capital asset retirement obligations.</p>
<p><b>GASB Statement No. 84, Fiduciary Activities</b> – The objective of this statement is to improve guidance regarding the recognition of fiduciary activities for accounting and financial reporting purposes by establishing criteria for identifying fiduciary activities of all state and local governments.</p>	<p>The Requirements of this statement are effective for the reporting periods beginning after December 15, 2018. This statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship.</p>
<p><b>GASB Statement No. 87, Leases</b> - The objective is to address and establish a single model for accounting and financial reporting of leases by state and local governments. The single model is based on the foundational principle that leases are financings of the right to use an underlying asset. Under this proposed Statement, a lessee would be required to recognize a lease liability and an intangible right-to-use lease asset. A lessor would be required to recognize a lease receivable and a deferred inflow of resources.</p>	<p>The requirement of this statement are effective for the reporting period beginning after December 15, 2019. This statement will require the System to record a liability and an intangible right-to-use lease asset for all non-current (greater than 12 months) leases. There would be little or no change in existing capital leases. The impact of recording the new liabilities on the System’s legal debt margins and coverage calculations would require review and discussion with the System legal, accounting and financial advisors.</p>



**GASB – Recent and Pending**

Description of Statement	Potential Impact on the System
<p><b>GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Replacements</b> – The statement defines debt for purposes of disclosures in the notes to the financial statements. The statement requires additional disclosures related to debt obligations, including direct borrowings and direct placements. Amounts of unused lines of credit, assets pledged as collateral for debt and terms specified in debt agreements related to significant 1) events or default with finance-related consequences; 2) termination events with finance-related consequences; and 3) subjective acceleration clauses are also required to be disclosed.</p>	<p>The guidance in Statement No. 88 is effective for reporting periods beginning after June 15, 2018, with earlier application encouraged.</p>
<p><b>GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period</b> – The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.</p>	<p>The guidance in Statement No. 89 is effective for reporting periods beginning after December 15, 2019, with earlier application encouraged. The requirements of this statement should be applied prospectively. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.</p>
<p><b>GASB Statement No. 90, Majority Equity Interests – an amendment of GASB No. 14 and No. 61</b> – The primary objectives of this statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.</p>	<p>The guidance in Statement No. 90 is effective for reporting periods beginning after December 15, 2018, with earlier application encouraged. The requirements of this statement should be applied retroactively, except for certain provisions that should be applied on a prospective basis.</p>



As of the date of this proposal, the GASB is in the midst of due process on the following projects that may affect the financial reports of the System in the future:

Future Pronouncements and Projects	
Description of Statement	Potential Impact on the System
<p><b>Revenue and Expense Recognition</b> - The objective of this project is to develop a comprehensive application model for the recognition of revenues and expenses that arise from nonexchange, exchange, and exchange-like transactions, including guidance for exchange transactions that has not been specifically addressed in the current literature.</p>	Currently in the invitation to comment redeliberation stage.
<p><b>Conceptual Framework – Recognition and Measurement Approaches</b> – This project may affect financial statements in the future. The concepts being discussed include when to recognize transactions and on what basis to measure them (historical cost, fair value, etc.) It is speculated this these two phases of an eventual concepts statement will lead to an updated financial reporting model.</p>	Currently in the 2 <sup>nd</sup> preliminary views comment period.
<p><b>Financial Reporting Model</b> - The objective of the project is to make improvements to the financial reporting model including GASB Nos. 34, 35, 37, 41, 46 and Interpretation No. 6. The improvements would be to enhance the effectiveness of the model in providing information essential for decision-making, enhance the ability to assess a government’s accounting and address certain application issues.</p>	Currently in the preliminary views comment period.
<p><b>Public-Private Partnerships, including Reexamination of Statement 60</b> – The objective of this project is to address accounting and financial reporting for public-private partnerships (P3s). The project will consider (1) potential amendments to Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements, and potential amended or new implementation guidance to better address accounting and financial reporting for service concession arrangements (SCAs) within its scope, and (2) potential additional accounting and financial reporting guidance for other types of public-private partnerships not within the scope of Statement 60 or subject to the provisions of Statement No. 87, Leases.</p>	Currently in the initial deliberations stage.



# Appendix

Engagement team biographies



# Don Loberg, CPA

CLA (CliftonLarsonAllen LLP)

Principal  
Minneapolis, Minnesota

Phone 612-397-3064  
Don.Loberg@CLAconnect.com



## Profile

Don is a principal in the CLA public sector group. He spends nearly 100 percent of his time serving colleges and universities and related nonprofit organizations.

Don has more than 25 years of experience in our public sector group's audit practice, primarily providing audit, tax, and consulting services. He has been the principal-in-charge of the higher education practice since 1999, and has provided a variety of services to institutions such as Grinnell College, Dunwoody College of Technology, Florida Southern College, West Virginia University, and many other. Don is a frequent speaker and writer and has presented at or for NASFAA, NACUBO, CECU, and a variety of other associations and consortiums.

## Education and professional involvement

- Bachelor of arts in accounting from the University of Minnesota
- Certified Public Accountant in the state of Minnesota
- American Institute of Certified Public Accountants (AICPA) and several state societies of Certified Public Accountants, member
- National Association of College and Organization Business Officers (NACUBO), member
- Central Association of College and Organization Business Officers (CACUBO), member
- National Association of Student Financial Aid Administrators (NASFAA), member

## Speaking and/or Articles Written Topics

- Top Ten Fraudulent Acts in Higher Education
- Trends of Higher Education
- New U.S. Department of Education Audit Guide and How It Affects your Organization
- Best Practices of Internal Controls
- Top Ten Findings in Federal Student Audit and Program Reviews
- How to Weather a Program Review
- Avoid the Pitfalls of a Capital Campaign
- What Benefits are Afforded with a Positive Bottom Line?

## Continuing professional education

- |                                                                               |            |
|-------------------------------------------------------------------------------|------------|
| • 2016 INTERMEDIATE ACCOUNTING AND REPORTING - WINTER                         | 01/26/2016 |
| • Becoming a Writer (Minneapolis)                                             | 03/29/2016 |
| • Participant credit for instructors: Higher Education Virtual Conference     | 04/18/2016 |
| • Higher Education Virtual Conference                                         | 04/18/2016 |
| • Sandler Sales Training                                                      | 04/26/2016 |
| • CLA 23rd Annual Nonprofit and Health Care Conference                        | 05/02/2016 |
| • PSG Virtual Conference                                                      | 05/19/2016 |
| • CLA How to Lower Your Litigation Risk on ERISA Plans (Group Internet Based) | 06/09/2016 |





• Audit: Back to Basics Virtual Conference (Part 1)	11/21/2016
• CLA Trends in Higher Education - and What You Can Do About Them	03/07/2017
• PSG Webcast Series #2: Single Audit (Webcast)	04/19/2017
• 2017 Higher Education Virtual Conference	04/28/2017
• 2017 Higher Education Virtual Conference	04/28/2017
• May 2017 Assurance Update (Webcast)	05/08/2017
• CLA 24th Annual Nonprofit and Health Care Conference	05/09/2017
• Making Connections: The 2017 Regulated Industry Conference PSG breakout	06/16/2017
• Making Connections: The 2017 Regulated Industry Conference PSG breakout	06/16/2017
• Making Connections: The 2017 Regulated Industry Conference General Sessions	06/16/2017
• Institutional Investing in Higher Education: Risks and Rewards	12/06/2017
• The New Audit Guide for Proprietary Institutions	12/14/2017
• Ethics for CPAs	12/27/2017
• Owner Promise Meeting 2018	01/13/2018
• Risk Management and Ethics Update	04/24/2018
• Student Financial Aid Intermediate Virtual Conference 2018	04/26/2018
• CLA 25th Annual Nonprofit and Health Care Conference	05/02/2018
• Higher Education Virtual Conference 2018	05/03/2018
• May MP Meeting 2018	05/03/2018
• Assurance Quarterly Update - May 2018	05/07/2018
• MP Impact Series: June 2018	06/18/2018
• MP Impact Series: July 2018	07/16/2018
• MPI/MPS Impact Series July 2018	07/19/2018
• MP Impact Series: August 2018	08/20/2018
• Virtual Office Training	10/19/2018
• Ethics for New York CPAs	12/31/2018



# Jean Bushong, CPA

CLA (CliftonLarsonAllen LLP)

Principal  
Greenwood Village, Colorado

Phone 303-779-5710  
Jean.Bushong@CLAconnect.com



## Profile

Jean has more than 20 years of public accounting experience serving just the public sector, including 11 years with KPMG LLP. She joined CLA in 2009. During this time, she has provided audit, internal control consulting, agreed-upon procedures and other attest services to numerous higher education institutions. As a result, Jean is very familiar with higher education processes, internal control structure, and compliance matters. Jean is serving/has served the following higher education institutions during her career:

- University of Colorado
- Metropolitan State University of Denver
- University of Denver
- The Colorado College
- Oregon University System
- Oregon State University
- Southern Oregon University
- Oregon Tech
- Eastern Oregon University
- Colorado Community College System
- Colorado State University
- College Assist
- University of Louisiana in Monroe (formerly known as Northeast Louisiana University)
- State of Kansas Universities (seven in total, including the University of Kansas and Kansas State University)
- University of Oregon
- Portland State University

Jean also served as second principal review on several other higher education institutions.

Jean is an instructor for continuing professional education courses, both on a local and national basis. She has led educational sessions for both clients and firm members on GASB Technical updates, Student Financial Aid audit considerations, client matters when undergoing a Single Audit, ethics/fraud, internal control considerations and other governmental technical updates and changes.

## Education and professional involvement

- Bachelor's of science, business administration, University of Louisiana in Monroe (formerly known as Northeast Louisiana University)
- Certified Public Accountant in the states of Colorado and Hawaii
- American Institute of Certified Public Accountants (AICPA), member
- Colorado Society of Certified Public Accountants (COCPA), member
- Colorado Government Finance Officers Association (CGFOA), member
- National Association of College and University Business Officials (NACUBO), member
- Western Association of College and University Business Officials (WACUBO), member

## Continuing Professional Education

- |                                                                              |            |
|------------------------------------------------------------------------------|------------|
| • Assurance Quarterly Update - 2016 Q1 (Group Internet Based)                | 01/11/2016 |
| • PSG Webinar Series #1 2016 - PSG Update (Webcast)                          | 02/03/2016 |
| • PSG Wealth Advisory Pilot: Results, Lessons & Tools (Group Internet Based) | 02/05/2016 |



- Participant credit for instructors: CLA 2016 Spring Public Sector Training 03/23/2016
- CLA 2016 Spring Public Sector Training 03/23/2016
- FINANCIAL AID AUDITING PROCESSES 04/13/2016
- FINANCIAL AID AUDITING PROCESSES 04/13/2016
- Higher Education Virtual Conference 04/18/2016
- Participant credit for instructors: Higher Education Virtual Conference 04/18/2016
- PSG Virtual Conference 05/19/2016
- GASB for Higher Ed Web Series #1 - Overview of Financial Statements & Differences 06/28/2016
- GASB for Higher Ed Web Series #2 - GASB Technical Disclosure & Accounting Topics 07/12/2016
- CLA Way Module 2 12/23/2016
- CLA Way Module 1 12/23/2016
- CLA 2017 Denver Government and Nonprofit Training Academy - Nonprofit Breakout 01/17/2017
- CLA 2017 Denver Government and Nonprofit Training Academy - Nonprofit Breakout 01/17/2017
- CLA Trends in Higher Education - and What You Can Do About Them 03/07/2017
- PSG Webcast Series #2: Single Audit (Webcast) 04/19/2017
- 2017 Higher Education Virtual Conference 04/28/2017
- CLA Oregon Colleges and Universities Accounting Update 05/11/2017
- Making Connections: The 2017 Regulated Industry Conference General Sessions 06/16/2017
- Making Connections: The 2017 Regulated Industry Conference PSG breakout 06/16/2017
- NACUBO 2017 ANNUAL MEETING 08/01/2017
- A&A Update for GASB 08/29/2017
- Owner Promise Meeting 2018 01/13/2018
- CLA 2018 Denver Government and Nonprofit Training Academy 03/14/2018
- CLA 2018 Denver Government and Nonprofit Training Academy 03/14/2018
- Higher Education Virtual Conference 2018 05/03/2018
- CLA State of Oregon Higher Education Training Day 05/15/2018
- CLA State of Oregon Higher Education Training Day 05/15/2018
- Risk Management and Ethics Update 06/20/2018
- CLA Parting with Perkins: What the New Guidance Means for Your Institution 09/25/2018
- CLA Roundtable Discussion: Examining the FASB Standard In Your Nonprofit 11/06/2018
- 2018 GASB Update 12/19/2018
- Common Single Audit Deficiencies 12/27/2018
- Detailed Review 12/27/2018



# David Robydek, MBA, CPA

CLA (CliftonLarsonAllen LLP)

Principal  
Pasadena, California

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David.Robydek@CLAconnect.com



## Profile

David is a principal in CLA's Pasadena, California office. He has more than 10 years of experience. He is a dedicated higher education industry professional, with experience serving public universities, private colleges and universities, community college systems, supporting foundations and other educational institutions.

David has extensive experience in auditing various federally assisted programs awarded by the Department of Education, National Science Foundation, National Institutes of Health, Department of Health and Human Services, and several other funding agencies.

## Technical experience

- Public universities
- Community college systems
- Private colleges and universities
- Non-commercial radio and television
- NCAA agreed-upon procedures
- Uniform Guidance related compliance requirements
- Research and Development
- Student Financial Aid
- Foundations
- Religious organizations
- Independent schools
- Nonprofit acquisitions
- Implementation of financial accounting standards
- Charitable gifts and donor issues, endowments

## Education and professional involvement

- Master's in business administration from the University of Wisconsin
- Bachelor's in accounting from the University of Wisconsin
- Certified Public Accountant from the state of California
- American Institute of Certified Public Accountants (AICPA), member
- National Association of College and University Business Officers (NACUBO), member
- Western Association of College and University Business Officials (WACUBO), member

## Continuing Professional Education

- |                                                            |            |
|------------------------------------------------------------|------------|
| • IN A&A BREAKOUTS PSC                                     | 01/13/2016 |
| • GOVERNMENTAL FORUM-PUBLIC SECTOR CONFERENCE              | 01/14/2016 |
| • GASB UPDATE-PUBLIC SECTOR CONFERENCE                     | 01/14/2016 |
| • COLLEGES AND UNIVERSITIES FORUM-PUBLIC SECTOR CONFERENCE | 01/14/2016 |
| • NON PROFIT & COMPLIANCE UPDATE                           | 06/20/2016 |



• GASB UPDATE-PSC	01/09/2017
• GOVERNMENTAL FORUM-PSC	01/09/2017
• A&A COMPLIANCE BREAKOUTS-PSC	01/10/2017
• NONPROFIT/PUBLIC SECTOR CONFERENCE	01/11/2017
• 2017 Student Financial Aid Beginner Virtual Conference	04/20/2017
• 2017 Student Financial Aid Intermediate Virtual Conference	04/25/2017
• 2017 Higher Education Virtual Conference	04/28/2017
• Making Connections: The 2017 Regulated Industry Conference PSG breakout	06/16/2017
• Making Connections: The 2017 Regulated Industry Conference General Sessions	06/16/2017
• Audit: Be in the Know	07/10/2017
• COLLEGES AND UNIVERSITIES FORUM	08/08/2017
• Independence and Ethics 2017	11/17/2017
• The New Audit Guide for Proprietary Institutions	12/14/2017
• CLA Understanding Topic 606 within Higher Ed Revenue Recognition	01/16/2018
• Assurance Quarterly Update - January 2018	01/31/2018
• Student Financial Aid 2018	02/12/2018
• Student Financial Aid 2018	02/12/2018
• Student Financial Aid Grid 2018	02/13/2018
• 2018 PSG Consulting Leadership Cohort Kickoff	03/09/2018
• Higher Education Virtual Conference 2018	05/03/2018
• Assurance Quarterly Update - May 2018	05/07/2018
• Coaching the CLA Way - Spring 2018	05/11/2018
• Consulting Leadership Cohort Webcast Series #3 - 2018	06/15/2018
• Tax Reform for Individuals	06/27/2018
• Audit: Be in the Know 2018	07/17/2018
• Consulting Leadership Cohort Webcast Series #4 - 2018	07/20/2018
• Assurance Quarterly Update - August 2018	08/06/2018
• Assurance Quarterly Update - October 2018	10/31/2018
• Independence and Ethics 2018	11/16/2018
• CLA California Nonprofit Financial Roundtable	12/04/2018
• Detailed Review	12/31/2018



# Brenda E. Scherer, CPA

CLA (CliftonLarsonAllen LLP)

National Director of Student Financial Aid  
Minneapolis, Minnesota

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## Profile

Brenda is a national director of student financial aid with the CLA public sector group. She has more than 19 years of experience in auditing colleges and universities, including extensive experience in audits of federal grant programs, among them student financial aid. She joined CLA in October 1997 and serves as audit signing director for both public and private higher education institutions.

Brenda also presents audited financial statements and other assurance reports to numerous higher education boards. She provided audit services for Minnesota State Colleges & Universities, Pennsylvania State System of Higher Education, Capella University, Aveda Institute, Hondros College, McNally Smith College of Music, and Regency Institute, among other colleges and universities.

## Education and professional involvement

- Bachelor's of science in accounting with a minor in computer science from University, City, State
- Certified Public Accountant in the states of Arizona, California, Washington, and Wisconsin
- American Institute of Certified Public Accountants (AICPA), member
- Arizona Society of Certified Public Accountants (ASCPA), member

## Continuing professional education

- |                                                                                      |            |
|--------------------------------------------------------------------------------------|------------|
| • Assurance Quarterly Update - 2016 Q1 (Group Internet Based)                        | 01/11/2016 |
| • PSG Webinar Series #1 2016 - PSG Update (Webcast)                                  | 02/03/2016 |
| • Becoming a Writer (Minneapolis)                                                    | 03/29/2016 |
| • Student Financial Aid - Beginner (Minneapolis)                                     | 04/21/2016 |
| • Student Financial Aid - Intermediate (Minneapolis)                                 | 04/22/2016 |
| • Student Financial Aid - Beginner (Denver - combined with Seattle)                  | 04/27/2016 |
| • CLA Changes in Not for Profit Financial Statements (Group Internet Based)          | 05/26/2016 |
| • PSG Webinar Series: Single Audit (Group Internet Based)                            | 06/01/2016 |
| • Understanding the New Lease Standards (Group Internet Based)                       | 06/10/2016 |
| • Auditing & Accounting Update - Q1 of 2016                                          | 06/15/2016 |
| • GASB for Higher Ed Webinar Series #1 - Overview of Financial Statement Differences | 06/28/2016 |
| • GASB for Higher Ed - GASB Technical Disclosure and Accounting Topics               | 07/12/2016 |
| • January 2017 Assurance Update (Webcast)                                            | 01/09/2017 |
| • CLA Trends in Higher Education - and What You Can Do About Them                    | 03/07/2017 |
| • PSG Webcast Series #2: Single Audit (Webcast)                                      | 04/19/2017 |
| • 2017 Student Financial Aid Beginner Virtual Conference                             | 04/20/2017 |
| • 2017 Higher Education Virtual Conference                                           | 04/28/2017 |
| • 2017 Higher Education Virtual Conference                                           | 04/28/2017 |
| • Independence - Historical Insights and Today's Rules                               | 05/11/2017 |
| • Making Connections: The 2017 Regulated Industry Conference General Sessions        | 06/16/2017 |
| • Making Connections: The 2017 Regulated Industry Conference PSG breakout            | 06/16/2017 |
| • The New Audit Guide for Proprietary Institutions                                   | 12/14/2017 |



- CLA Understanding Topic 606 within Higher Ed Revenue Recognition 01/16/2018
- Student Financial Aid 2018 02/12/2018
- Student Financial Aid Grid 2018 02/13/2018
- CLA Five Pillars of Student Financial Aid Compliance 03/15/2018
- Student Financial Aid Beginner Virtual Conference 2018 04/19/2018
- PSG Webcast Series #2: GASB Update #1 04/25/2018
- Student Financial Aid Intermediate Virtual Conference 2018 04/26/2018
- Higher Education Virtual Conference 2018 05/03/2018
- Assurance Quarterly Update - May 2018 05/07/2018
- Risk Management and Ethics Update 05/08/2018
- PSG Virtual Conference 2018 05/31/2018
- Ethics for CPAs 06/19/2018
- Detailed Review 07/05/2018
- PSG Webcast Series #4: GASB Update #2 08/21/2018
- CLA The Clery Act: Is Your Institution at Risk? 08/30/2018
- CLA Parting with Perkins: What the New Guidance Means for Your Institution 09/25/2018
- Virtual Office Training 10/19/2018
- Risk Management and Security Update - October 2018 10/31/2018
- Assurance Quarterly Update - October 2018 10/31/2018
- Independence and Ethics 2018 11/16/2018



# Daniel Persaud, CPA

CLA (CliftonLarsonAllen LLP)

Manager  
Minneapolis, Minnesota

Phone 612-397-3084  
Daniel.Persaud@CLAconnect.com



## Profile

Daniel is a manager in the Public Sector Group of CLA. He has more than 10 years of experience in public accounting and works exclusively in the higher education. Representative clients include Minnesota State Colleges and Universities, Concordia University, St. Paul, West Virginia University, West Virginia University at Parkersburg, and Northwestern Health Sciences University. Daniel also has extensive experience with single audits of federal grant programs.

## Technical experience

- State and local government
- Higher Education
- Nonprofit entities

## Education and professional involvement

- Bachelor's of arts in accounting and business from Concordia College, Moorhead
- Certified Public Accountant for the state of Minnesota
- National Association of College and Organization Business Officers (NACUBO), member

## Speaking and writing engagements

- CLA 19<sup>th</sup> Annual Nonprofit Conference – Ethics
- CLA 21<sup>st</sup> Annual Nonprofit Conference - Ethics
- CLA Roundtable – RESERVES
- Trends in Higher Ed – CFOs of Concordia University System
- Higher Ed: How to prepare for an audit

## Civic organizations

- House of Hope Lutheran Church, Audit Committee Member

## Continuing Professional Education

- |                                                                  |            |
|------------------------------------------------------------------|------------|
| • PSG Webinar Series #1 2016 - PSG Update (Group Internet Based) | 02/03/2016 |
| • CLA 2016 Government Training Academy (Minneapolis)             | 03/04/2016 |
| • Becoming a Writer (Minneapolis)                                | 03/29/2016 |
| • Higher Education Virtual Conference                            | 04/18/2016 |
| • Student Financial Aid - Intermediate (Minneapolis)             | 04/22/2016 |
| • CLA 23rd Annual Nonprofit and Health Care Conference           | 05/02/2016 |
| • Audit: Back to Basics Virtual Conference (Part 1)              | 11/21/2016 |
| • Audit: Back to Basics Virtual Conference (Part 2)              | 11/22/2016 |
| • 2016 Single Audit Update                                       | 12/01/2016 |





• PSG Webcast Series #2: Single Audit (Webcast)	04/19/2017
• 2017 Student Financial Aid Beginner Virtual Conference	04/20/2017
• 2017 Higher Education Virtual Conference	04/28/2017
• May 2017 Assurance Update (Webcast)	05/08/2017
• CLA 24th Annual Nonprofit and Health Care Conference	05/09/2017
• Independence Overview	06/07/2017
• Ethics, Integrity, and the AICPA Code of Professional Conduct	06/07/2017
• CLA Roundtable: An Effective and Efficient Closing Process	06/07/2017
• Making Connections: The 2017 Regulated Industry Conference General Sessions	06/16/2017
• Making Connections: The 2017 Regulated Industry Conference PSG breakout	06/16/2017
• Assurance Update - October 2017	10/23/2017
• LEAP: Achieve Conference 2017	10/26/2017
• PSG Webcast Series #6	12/06/2017
• CLA 25th Annual Nonprofit and Health Care Conference	05/02/2018
• Higher Education Virtual Conference 2018	05/03/2018
• Risk Management and Ethics Update	05/08/2018
• PSG Webcast Series #3: Single Audit Update - 2018	06/06/2018
• Diversity & Inclusion Lunch 'n Learn Series	06/12/2018
• Sandler Sales Training	08/07/2018
• Virtual Office Training	10/19/2018
• Audit: Be in the Know 2018	10/29/2018
• PSG Webcast Series #6 - 2018	12/05/2018
• Detailed Review	12/23/2018



# Syed Farhan, MSA, CPA

CLA (CliftonLarsonAllen LLP)

Director  
Glendora, California

626-857-7300  
Syed.Farhan@CLAconnect.com



## Profile

Syed is a director at our CLA Glendora office. He has more than five years of experience in financial and compliance audits. Syed specializes higher education audits including public universities, community colleges, and nonprofit entities. He has a thorough understanding of the various government accounting and compliance requirements. He brings both knowledge and experience to the engagements to which he is assigned to and is a pivotal member of our team.

## Technical experience

- Public universities
- Community colleges and related foundations
- Uniform Guidance related compliance requirements
- Research and Development
- Student Financial Aid

## Education and professional involvement

- Master's of science in accounting from Wayne State University
- Bachelor's of science in management from Wayne State University
- Certified Public Accountant in the state of Michigan
- California Society of Certified Public Accountants (CalCPA), member

## Continuing professional education

- |                                                                             |            |
|-----------------------------------------------------------------------------|------------|
| • Analytical Procedures                                                     | 12/07/2017 |
| • 2016 FASB Updates to Revenue Recognition                                  | 12/07/2017 |
| • Effective And Efficient Employee Travel, Entertainment & Expense Function | 12/07/2017 |
| • ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES                                | 12/07/2017 |
| • 2017 AUDITING UPDATE                                                      | 12/07/2017 |
| • A BEST PRACTICE ELECTRONIC PAYMENT FRAUD AVOIDANCE PROGRAM-               | 12/07/2017 |
| • ATTESTATION ENGAGEMENTS                                                   | 12/08/2017 |
| • ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES                                | 12/08/2017 |
| • ACCOUNTING FOR LEASES                                                     | 12/08/2017 |
| • ACCOUNTING FOR SERVICE CONCESSION ARRANGEMENTS                            | 12/08/2017 |
| • AP WORST PRACTICES, BETTER OPTIONS AND IC ISSUES, EXTERNAL                | 12/08/2017 |
| • ANALYTICAL FRAUD DETECTION                                                | 12/08/2017 |
| • AUDIT WORKPAPERS: FIELDWORK STANDARDS                                     | 12/08/2017 |
| • AUDITS OF GROUP FINANCIAL STATEMENTS                                      | 12/08/2017 |
| • Pfx Engagement: An Introduction                                           | 04/02/2018 |
| • Pfx Engagement: Trial Balance                                             | 04/02/2018 |
| • GoFileRoom                                                                | 04/03/2018 |



• Single Audit Module 5: Reporting	04/04/2018
• CLA Audit Risk Assessment Forms	04/04/2018
• Analytical Procedures	04/04/2018
• Single Audit Module 2: Major Program Determination	04/04/2018
• Student Financial Aid Beginner Virtual Conference 2018	04/19/2018
• LEAP: Experience Business Skills Virtual Conference 2018	04/30/2018
• LEAP: Experience Assurance Virtual Conference 2018	05/01/2018
• Higher Education Virtual Conference 2018	05/03/2018
• AICPA's Ethics Codification Project	06/16/2018
• Assurance Quarterly Update - August 2018	08/06/2018
• Detailed Review	12/31/2018



# Darryn R. McGarvey, CPA

CLA (CliftonLarsonAllen LLP)

Managing Principal – Hospitals/Health Systems  
Minneapolis, Minnesota

Phone 612-376-4624  
Darryn.McGarvey@CLAconnect.com



## Profile

Darryn serves as the Managing Principal for Hospitals and Health Systems at CLA. Professionally, Darryn leads assurance services consisting of audit, tax, and reimbursement for hospitals and health systems across the country. He provides strategic, operational, finance and compliance related services to academic medical centers, health systems, community hospitals, and critical access hospitals.

## Experience in serving clients

Darryn has more than 17 years of experience in public accounting, entirely devoted to the health care industry. He routinely manages engagements of health care facilities including health systems, hospitals, medical group practices, long-term care organizations, and home health agencies. His background includes consulting and auditing services for health care facilities, focusing mainly on hospitals and health systems. Darryn has also extensive experience with reimbursement and tax issues.

## Project specific experience

- Considerable knowledge concerning the health care industry
  - Hospital and health system assurance services, including academic medical centers
- Assessing risks, redesigning internal control structures to properly assess, monitor, and manage risks
- Trained staff in the delivery of audit and reimbursement services to health care entities
- Worked with and developed numerous spreadsheets which are routinely used in financial models, forecasts, budget preparation, reimbursement analyses, and operational and process improvements by the clients he serves
- Considerable nonprofit tax knowledge; has trained and developed staff in the tax preparation and review process

## Education/professional involvement

- Bachelors of arts in accounting and minor in English writing, cum laude, from Concordia College in Moorhead, Minnesota
- Healthcare Financial Management degree Concordia College in Moorhead, Minnesota
- Certified Public Accountant in the states of Minnesota, Wyoming, and Massachusetts
- American Institute of Certified Public Accountants (AICPA), member
- Minnesota Society of Certified Public Accountants (MCCPA), member
- Health Care Financial Management Association (HFMA), member

## Continuing professional education

- |                                                               |            |
|---------------------------------------------------------------|------------|
| • Assurance Quarterly Update - 2016 Q1 (Group Internet Based) | 01/11/2016 |
| • Health Care Annual Reimbursement Update (Webcast)           | 01/15/2016 |
| • Assurance Quarterly Update - 2016 Q2 (Group Internet Based) | 05/02/2016 |
| • PSG Webinar Series: Single Audit (Group Internet Based)     | 06/01/2016 |



- The Strength Behind Board of Directors: Accountability and Oversight 06/15/2016
- Trends in Governmental Accounting 06/15/2016
- Assurance Quarterly Update - 2016 Q3 (Group Internet Based) 08/08/2016
- Leases (New Standard – ASU 2016-02) 08/16/2016
- Audit: Back to Basics (Minneapolis - 2 of 3 offerings) 09/23/2016
- Health Care Virtual Conference 09/27/2016
- Assurance Quarterly Update - 2016 Q4 (Webcast) 10/24/2016
- Independence and Ethics Update 2016 (Webcast) 11/18/2016
- A&A Update for Health Care Group 12/16/2016
- January 2017 Assurance Update (Webcast) 01/09/2017
- 2017 Health Care Annual Reimbursement Update (Webcast) 01/13/2017
- May 2017 Assurance Update (Webcast) 05/08/2017
- CLA 24th Annual Nonprofit and Health Care Conference 05/09/2017
- Making Connections: The 2017 Regulated Industry Conference General Sessions 06/16/2017
- Making Connections: The 2017 Regulated Industry Conference Health Care breakout 06/16/2017
- Risk Management and Ethics Update 06/23/2017
- August 2017 Assurance Update (Webcast) 08/07/2017
- A&A Update for Health Care 09/18/2017
- CMS's Proposed SNF Payment Change from RUGs to RCS 09/21/2017
- Assurance Update - October 2017 10/23/2017
- Risk Management Update - October 2017 10/23/2017
- Audit: Be in the Know 10/27/2017
- Independence and Ethics 2017 11/17/2017
- Owner Promise Meeting 2018 01/13/2018
- Assurance Quarterly Update - January 2018 01/31/2018
- May MP Meeting 2018 05/03/2018
- Assurance Quarterly Update - May 2018 05/07/2018
- Risk Management Update - May 2018 05/09/2018
- Health Care Virtual Conference 2018 07/17/2018
- Assurance Quarterly Update - August 2018 08/06/2018
- Telehealth Opportunities: Your Questions from the Virtual Conference Answered 08/21/2018
- PSG Webcast Series #4: GASB Update #2 08/21/2018
- Audit: Be in the Know 2018 09/05/2018
- A&A Update for Health Care 2018 10/01/2018
- Virtual Office Training 10/18/2018
- TeamMate Data Analytics Training 10/26/2018
- Detailed Review 10/26/2018
- Assurance Quarterly Update - October 2018 10/31/2018
- November MP Meeting 2018 11/08/2018
- Independence and Ethics 2018 11/16/2018
- Coaching the CLA Way - Winter 2018 11/28/2018



# Adam Roth, CPA

CLA (CliftonLarsonAllen LLP)

Director  
Sacramento, California

916-784-7800  
Adam.Roth@CLAconnect.com



## Profile

Adam joined CLA as a director with the health care group in July 2018. Before joining CLA, Adam worked for four years at Ernst & Young and then another two years at Moss Adams. He has been practicing public accounting since graduating from California State University, Sacramento in 2011.

Adam is an experienced professional in providing assurance services to nonprofit, governmental, and for-profit integrated health systems, hospitals, and ancillary providers. Previously, Adam worked as an Accounting Supervisor for UC Davis Health System where he was responsible for providing technical accounting guidance for complex transactions.

## Technical experience

- Health care
- Nonprofit
- State and local government

## Education and professional involvement

- Bachelor of science in accounting from California State University, Sacramento
- Certified Public Accountant in the state of California
- American Institute of Certified Public Accountants (AICPA), member

## Continuing professional education

- PPG PRESENTS: EXTERNAL VIEWS ON THE IMPORTANCE OF INTERNAL CONTROL OVER FINANCIAL REPORTING & THE AUDITOR'S ROLE 01/08/2016
- TAX EXEMPT HOSPITALS: ENSURE YOUR COMPLIANCE WITH IRS SECTION 501(R) 02/24/2016
- COMPUTER ASSISTED AUDIT TECHNIQUES (CAATS) FOR ALL 04/20/2016
- RIA CHECKPOINT BASIC FUNCTIONALITY ASSURANCE TRAINING 05/03/2016
- 2016 EBP INTERMEDIATE TRAINING 05/31/2016
- NORTHERN CALIFORNIA HEALTH CARE EDUCATION CONFERENCE 2016 07/21/2016
- SECURITY BASICS 07/25/2016
- ASSURANCE SERVICES CONFERENCE FOR MANAGERS 09/08/2016
- 2016 HEALTH CARE CONFERENCE: POSITIONING FOR THE FUTURE 11/04/2016
- NEW MANAGER TRAINING 12/14/2016
- 2016 YEAR END ASSURANCE ALERT 12/16/2016
- 2017 MANAGERS & SUPERVISORS AUDIT PLANNING FOR EBPS 04/28/2017
- ETHICS FOR CALIFORNIA CPAS 06/05/2017
- SAS 99: CONSIDERATION OF FRAUD IN A FINANCIAL STATEMENT AUDIT 06/13/2017
- GASB 34: BASIC FINANCIAL STATEMENTS FOR STATE & LOCAL 06/13/2017
- NORCAL NOT-FOR-PROFIT INDUSTRY-ACCOUNTING, AUDITING & TAX 06/14/2017



• HEALTH CARE EDUCATION CONFERENCE 2017	07/17/2017
• HEALTH CARE EDUCATION CONFERENCE 2017	07/17/2017
• SECURITY BASICS	08/10/2017
• CAREER ADVISOR TRAINING	08/18/2017
• A&A UPDATE: WHAT YOU NEED TO KNOW TO PLAN YOUR 2017 ASSURANCE WORK	09/06/2017
• ASSURANCE SERVICES CONFERENCE FOR MANAGERS	09/13/2017
• 2017 HEALTH CARE CONFERENCE: EXPECT THE UNEXPECTED	11/17/2017
• SAFETY & TECHNICAL EXCELLENCE 2017	11/29/2017
• PROFESSIONAL ETHICS: 2017 UPDATE & REFRESHER	11/29/2017
• 2017 YEAR END ASSURANCE ALERT	01/05/2018
• TAX REFORM OVERVIEW	01/11/2018
• PPG PRESENTS: A&A UPDATE-A DEEPER DIVE ON STANDARDS (PART 20	01/11/2018
• CURRENT ACCOUNTING & REPORTING DEVELOPMENTS	3/21/2018
• LEASE ACCOUNTING - THE LATEST ON IMPLEMENTATION ISSUES	03/22/2018
• GOVERNMENT INSTITUTE WEBCAST: GASB ACTIVITIES UPDATE 2018	05/31/2018
• HOW TO BE SECURE IN THE CLOUD	07/23/2018
• Tax Reform for Healthcare	08/07/2018
• California Regulatory Review RRS-026-0418	08/10/2018
• Telehealth Opportunities: Your Questions from the Virtual Conference Answered	08/21/2018
• A&A Update for Health Care 2018	10/01/2018
• Detailed Review	12/21/2018



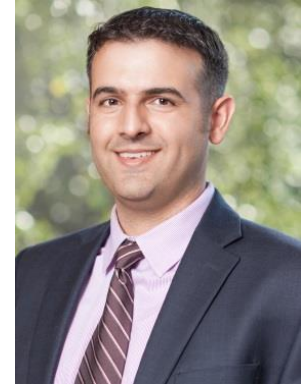
# Christopher Walton, CPA

CLA (CliftonLarsonAllen LLP)

Manager  
Bellevue, Washington

425-250-6063

Christopher.Walton@CLAconnect.com



## Profile

Chris is an assurance and consulting manager with the health care group of CLA. He currently focuses on assurance, consulting and, transaction advisory services, including, CLA Institution<sup>®</sup> financial planning and projections, buy-side/sell-side due diligence support, and strategic reimbursement analysis.

## Technical experience

Chris has more than five years of experience in public accounting, concentrating exclusively in the health care industry. He has performed auditing and consulting for health care facilities including hospitals, physician groups and closely held health care organizations. Chris also has experience providing reimbursement consulting services, assisting health care organizations with internal control testing, design and implementation and transaction advisory support services.

Chris has trained and developed staff in the delivery of assurance, reimbursement, and consulting services to health care organizations. Chris has extensive experience utilizing data extraction techniques to develop effective audit processes and trend analysis. He has worked with and developed Excel based financial models for forecasts, budget preparation, reimbursement analyses, and transaction advisory services for the clients he serves.

## Education and professional involvement

- Bachelor of Science in accounting with a minor in finance from Iowa State University, Ames Iowa
- Certified Public Accountant in the state of Washington
- Healthcare Financial Management Association, member
- Washington Hospital Association, member
- American Institute of Certified Public Accountants (AICPA), member

## Continuing professional education

- |                                                                               |            |
|-------------------------------------------------------------------------------|------------|
| • Assurance Quarterly Update - 2016 Q1 (Group Internet Based)                 | 01/11/2016 |
| • Assurance Quarterly Update - 2016 Q2 (Group Internet Based)                 | 05/02/2016 |
| • WA-AK HFMA SPRING CONFERENCE                                                | 05/12/2016 |
| • Private Client Tax Quarterly Update - 2016 Q2                               | 05/24/2016 |
| • Assurance Quarterly Update - 2016 Q3 (Webcast)                              | 08/08/2016 |
| • Transparent Investment Valuations with Harvest (Webcast)                    | 09/07/2016 |
| • WASHINGTON-ALASKA HFMA FALL CONFERENCE & TRADE FAIR                         | 09/22/2016 |
| • SALT Bootcamp Series #1 - Nexus (Webcast)                                   | 11/01/2016 |
| • DIGITAL INNOVATION: OPPORTUNITIES AND CHALLENGES FOR FINANCIAL INSTITUTIONS | 11/01/2016 |
| • SUSTAINABILITY DISCLOSURES WEBCAST                                          | 11/01/2016 |
| • GOVERNANCE INSIGHTS CENTER QUARTERLY WEBCAST                                | 11/03/2016 |
| • SALT Bootcamp Series #2 (Webcast)                                           | 11/03/2016 |





• SALT Bootcamp Series #3 - Sales and Use Tax (Webcast)	11/09/2016
• Independence and Ethics Update 2016 (Webcast)	11/18/2016
• Coaching the CLA Way (Webcast)	11/29/2016
• Ethics – Understanding and Applying the AICPA Code of Professional Conduct	12/15/2016
• 2016 Tax Advisors Update - Part 1 - Federal Individual Tax Update	12/15/2016
• Accounting for Consolidations –Cost, Equity and Acquisition #1	12/27/2016
• Accounting for Consolidations: Cost, Equity & Acquisition #2	12/28/2016
• Investment Decision: Techniques to determine the optimal allocation of resources	12/29/2016
• January 2017 Assurance Update (Webcast)	01/09/2017
• 2017 Health Care Annual Reimbursement Update (Webcast)	01/13/2017
• PREPARING YOUR PRACTICE FOR SALE	01/18/2017
• The Value of a Sell Side Quality of Earning Analysis (Webcast)	01/24/2017
• May 2017 Assurance Update (Webcast)	05/08/2017
• HIPAA Privacy and Security Requirements: What that Means for CLA and Our Clients	05/17/2017
• August 2017 Assurance Update (Webcast)	08/14/2017
• Coaching the CLA Way - Fall 2017 Celebrating Season (Webcast)	08/15/2017
• A&A Update for Private Sector	08/29/2017
• A&A Update for GASB	08/29/2017
• A&A Update for Health Care	09/18/2017
• WA/AK HFMA FALL CONFERENCE & TRADE FAIR	10/12/2017
• PROFESSIONAL ETHICS: THE AICPA'S COMPREHENSIVE COURSE	10/17/2017
• IDEA Data Analysis Foundations Course	12/29/2017
• CLA Audit Risk Assessment Forms	12/30/2017
• Improper Payments: Legislation and Mitigation	12/30/2017
• New Manager and Director Conference 2018	07/11/2018
• Assurance Quarterly Update - August 2018	08/06/2018
• PSG Webcast Series #4: GASB Update #2	08/21/2018
• Risk Management and Ethics Update	09/17/2018
• A&A Update for Health Care 2018	10/01/2018
• Audit: Be in the Know 2018	10/04/2018
• Detailed Review	10/29/2018

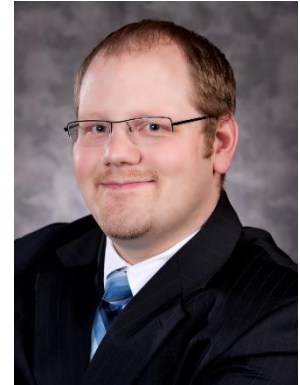


# Kurt Bennion, CPA, MAcc

CLA (CliftonLarsonAllen LLP)

Director  
Bellevue, Washington

Phone 425-250-6074  
Kurt.Bennion@CLAconnect.com



## Profile

Kurt is a health care director at CLA and has more than 12 years of professional experience in the tax and exemption issues facing tax-exempt organizations in the health care industries. Kurt provides a technical knowledge in addressing the most recent developments in laws and regulations that impact tax-exempt health care organizations.

## Technical experience

Currently, Kurt is focusing on helping hospitals exempt under Section 501(c)(3) understand and comply with the Section 501(r) requirements, including the Community Health Needs Assessment, the Financial Assistance Policy, and related policies. He presents this and other topics at conferences across the country and published a white paper on the topic.

His experience also includes the reporting requirements of Forms 990 and 990-PF; federal and state unrelated business income tax (“UBIT”) filings; registering for and maintaining charitable status with state agencies; applying for income tax exemption from the IRS; applying for sales and property tax exemption from state agencies; and analysis of activities for unrelated business activities. Kurt’s professional background includes a tax analyst position at a large health system, serving the system’s needs related to income, sales and property taxes, registering for tax-exemption, and addressing the tax implications of accountable care organizations.

## Education and professional involvement

- Master of accounting, Brigham Young University, Provo, Utah
- Bachelor of science in accounting, minor in economics, Brigham Young University, Provo, Utah
- Two years of course work toward a doctorate in accounting, Cornell University, Ithaca, New York
- Certified Public Accountant in the state of Washington
- American Institute of Certified Public Accountants (AICPA), member
- Washington State Society of Certified Public Accountants (WSCPAs), member
  - Washington State CPA Society’s annual Nonprofit and Healthcare Conference, Chair
- Minnesota Society of Certified Public Accountants (MNCPA), Inactive member
- Washington-Alaska Chapter of the Healthcare Financial Management Association, member
- Minnesota Chapter of the Healthcare Financial Management Association, Past Officer
- American Health Lawyers Association, member

## Speaking engagements

- April 2018 – Montana HFMA/MHIMA – “Impact of 2017 Tax Reform on Tax-Exempt Hospitals”
- May 2018 – Washington State CPA Society – “Functional Expenses in the Form 990”

## Continuing professional education

- Health Care Annual Reimbursement Update (Webcast) 01/15/2016
- CLA 23rd Annual Nonprofit and Health Care Conference 05/02/2016



• Credit for instructors: CLA 23rd Annual Nonprofit and Health Care Conference	05/02/2016
• Credit for instructors: CLA Nonprofit CFO Annual Update (Bellevue)	05/16/2016
• CLA Nonprofit CFO Annual Update (Bellevue)	05/16/2016
• WSCPA/AHIA HEALTH CARE CONFERENCE 2016	05/17/2016
• Tax Quarterly Update - 2016 Q3 (Webcast) - IRS CE #ERGQW-T-00162-16-I	08/08/2016
• Health Care Virtual Conference	09/27/2016
• NOT FOR PROFIT COMMITTEE MEETING	09/28/2016
• LEAP: Achieve (October 2016)	10/06/2016
• TAX ISSUES FOR HEALTH CARE ORGANIZATIONS 2016	10/21/2016
• Tax Quarterly Update - 2016 Q4 (Webcast) - IRS CE #ERGQW-T-00171-16-I	10/24/2016
• NOT FOR PROFIT COMMITTEE MEETING - THE NEW LEASE STANDARD	10/26/2016
• SALT Bootcamp Series #1 - Nexus (Webcast)	11/01/2016
• SALT Bootcamp Series #2 (Webcast)	11/03/2016
• NOT-FOR-PROFIT CONFERENCE 2016	11/17/2016
• NOT FOR PROFIT COMMITTEE MEETING - PRESENTATION OF FINANCIAL STATEMENTS	12/01/2016
• January 2017 National Tax Highlights (Webcast) - IRS CE #ERGQW-T-00181-16-I	01/09/2017
• 2017 Health Care Annual Reimbursement Update (Webcast)	01/13/2017
• CCH ProSystem fx Training - Tax Update 2017 (Webcast)	01/20/2017
• NOT FOR PROFIT COMMITTEE MEETING - INTERNAL CONTROL IN A QUICKBOOKS	01/25/2017
• NOT FOR PROFIT MEETING - ACCOUNTING CLOSE MANAGEMENT SOFTWARE FOR	02/22/2017
• NOT FOR PROFIT COMMITTEE MEETING - 17CMNFPMPR	03/22/2017
• Making Connections: The 2017 Regulated Industry Conference General Sessions	06/16/2017
• Making Connections: The 2017 Regulated Industry Conference Health Care breakout	06/16/2017
• 990 Training For Preparers and Reviewers (Yakima) - IRS CE #ERGQW-T-00206-17-I	08/03/2017
• NOT-FOR-PROFIT AND HEALTH CARE CONFERENCE 2017	11/07/2017
• Tax Reform Update #3	11/29/2017
• NOT FOR PROFIT COMMITTEE -GAAP UPDATE	01/31/2018
• Coaching the CLA Way - Spring 2018	05/11/2018
• FUNCTIONAL EXPENSE REPORTING ON THE 990	05/30/2018
• Health Care Virtual Conference 2018	07/17/2018
• NOT-FOR-PROFIT AND HEALTH CARE CONFERENCE 2018	11/15/2018
• Coaching the CLA Way - Winter 2018	11/28/2018
• 2018 Washington State Ethics	12/21/2018
• Introduction to CLA Tax Policies	12/28/2018



# Lee Painter, CISSP, HCSSP, CRSIC, CCSFP

CLA (CliftonLarsonAllen LLP)

Principal  
Peoria, Illinois

309-495-8709  
Lee.Painter@CLAconnect.com



## Profile

Lee is a principal in the CLA Information Security Services Group. Lee has 18 years of experience in CyberSecurity and technology positions. As the director of threat analysis/network forensics at Navy Cyber Defense Operations Command, Lee was responsible for the day to day protection and strategic vision for the defense of the world's largest enterprise network. Transitioning to the private sector, Lee realized he had a passion for assisting clients in identifying potential threats and vulnerabilities that exist within their environment and providing solutions to enhance both the security and compliance with regulations and Information Security best practices. Since Lee has been with CLA, he has spent the majority of his time providing IT, security risk, and consulting services to clients in health care, state and local governments, and higher education.

## Technical experience

Lee's experience includes managing consultative projects and includes outsourced and co-sourced internal auditing, enterprise risk management processes, process design efforts for purposes of identifying process inefficiencies, operational improvements, process solutions and implementation for those solutions across the organization. Specific experience includes, but is not limited to, the following:

- Internal audit outsourcing and co-sourcing, including information technology, financial, and operational audits
- HITRUST Assessments
- Service Organization Controls Audits (SOC)
- Enterprise-wide risk assessments
- Current state assessments, including inefficiency and process improvement identification
- Future state design and process reengineering and implementation
- IT risk assessments
- IT general control reviews
- National Institute of Standards and Technology (NIST) Assessments
- HIPAA Risk Analysis and Consulting
- Policy and procedure development
- Workshop facilitation

## Education and professional involvement

- Bachelor of science degree in information systems management from Colorado Technical University
- Certified Information Systems Security Professional (CISSP)
- Certified Health Care Information Security and Privacy Practitioner (HCISPP)
- Certified in Risk and Information Systems Controls (CRISC)
- Certified CSF Practitioner (CCSFP)



## Continuing professional education

- Specialized Advisory Services Learning - ISSG/BRS (Invitation Only) 01/06/2016
- HITRUST TRAINING FOR PRACTITIONERS 03/11/2016
- CLA 3rd Annual Central Illinois Government Training Academy 03/18/2016
- Instructors: CLA 3rd Annual Central Illinois Government Training Academy 03/18/2016
- CLA Way Module 1 12/23/2016
- CLA 2017 Denver Government and Nonprofit Training Academy 01/17/2017
- CLA 2017 Denver Government and Nonprofit Training Academy 01/17/2017
- 2017 ISSG/BRS Update 01/26/2017
- CSF PRACTITIONER 1ST ANNUAL REFRESHER COURSE 02/27/2017
- CLA Oregon Colleges and Universities Accounting Update 05/11/2017
- Making Connections: The 2017 Regulated Industry Conference General Sessions 06/16/2017
- Making Connections: The 2017 Regulated Industry Conference Health Care breakout 06/16/2017
- CLA 2018 Denver Government and Nonprofit Training Academy 03/14/2018
- CLA 2018 Denver Government and Nonprofit Training Academy 03/14/2018
- CERTIFIED CSF PRACTITIONER 2ND ANNUAL REFRESHER 03/24/2018
- CLA 2018 NCHFMA Healthcare Auditing & Accounting Update 04/19/2018
- New Principal and Signing Director Conference 2018 05/16/2018
- Defending Your Organization Against Hackers, Fraudsters, and Cyber thugs 06/19/2018
- Telehealth Opportunities: Your Questions from the Virtual Conference Answered 08/21/2018
- GDPR - HOW DOES THIS APPLY TO THE CREDIT UNION INDUSTRY 09/14/2018



## Certification and References



Proposer certifies that their proposal meets all specifications, terms and conditions contained herein.

Yes X No \_\_\_\_\_

If no, proposer must explain all deviations and exceptions in writing and attach to their bid response.

COMPANY NAME: CliftonLarsonAllen LLP

Authorized Business Partner Company Name: *(If applicable)*

Jean Bushong, Principal

TAX IDENTIFICATION NUMBER: 41-0746749

NAME AND TITLE: Jean Bushong, Principal

ADDRESS: 401 Ryland, Suite 300

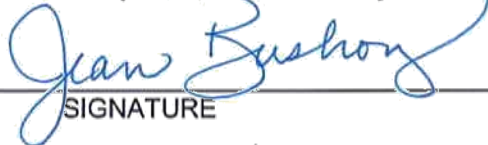
CITY, STATE, ZIP: Reno, NV 89502

TELEPHONE : ( 775 ) 786-4900 FAX NUMBER : ( 775 ) 786-4902

WEB PAGE: CLAconnect.com EMAIL ADDRESS: [Jean.Bushong@CLAconnect.com](mailto:Jean.Bushong@CLAconnect.com)

**This form must be completed and signed (manual or electronic)  
by an authorized person and returned with bid.**

**If this is not completed, entire bid may be considered non-responsive and void.**

  
SIGNATURE

1/21/2019

Date

**A. References**

Provide the name and contact number of at least 3 references. \*See Similar Engagements with Other Government Entities for detailed information and contact information

Company Name	Contact Name	Address	Telephone	E-mail	Years of experience with this client
1. *					
2. *					
3. *					



## Sample Reports





## INDEPENDENT AUDITORS' REPORT

Members of the Board of Regents

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and aggregate discretely presented component units of the University (the University), as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the 2019 and 2018 financial statements of the Foundation, a blended component unit, which represents approximately 10%, 10%, and 10%, and 10%, 10%, and 10% of the assets, net position, and revenues of the business-type activities of the University for 2019 and 2018, respectively. In addition, we did not audit the 2019 and 2018 financial statements of the Real Estate Foundation, which represents 50% of the assets, net position, and revenues of the aggregate discretely presented component units for 2019 and 50% and 50%, respectively, of the assets, 50% and 50%, respectively, of the net position, and 50% and 50%, respectively, of the revenues in 2019. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for Foundation and Real Estate Foundation, are based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundation, discretely presented component unit, and Real Estate Foundation, blended component unit, were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the University's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we express no such opinion. An audit also includes

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University as of June 30, 2019 and 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the University's proportionate share of the pension liability, the schedule of University's Proportionate Share of the OPEB Liability, the schedule of the University's Contributions to the pension plan and the schedule of University's Contributions to the OPEB Plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated November 1, 2019, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

### **CliftonLarsonAllen LLP**

City, State  
November 1, 2019

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Members of the Board of Regents:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and aggregate discretely presented component units of the University, as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the University's basic financial statements and have issued our report thereon dated November 1, 2019. Our report includes a reference to other auditors who audited the financial statements of the Foundation, a blended component unit, and the Real Estate Foundation, discretely presented component unit, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Foundation, blended component unit, and the Real Estate Foundation, discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

**Internal Control over Financial Reporting**

In planning and performing our audits of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described earlier in this report that we consider to be a significant deficiency.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**CliftonLarsonAllen LLP**

City, State  
November 1, 2019

SAMPLE

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Regents  
The University

**Report on Compliance for Each Federal Program**

We have audited The University's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the University's major federal programs for the year ended June 30, 2019. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for the University's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of The University's compliance.

***Opinion on Each Major Federal Program***

In our opinion, The University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2019.

**Report on Internal Control Over Compliance**

Management of The University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine

the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The University's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

#### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the University as of and for the year ended June 30, 2019, and have issued our report thereon dated November 1, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

#### **CliftonLarsonAllen LLP**

City, State  
November 1, 2019

## INDEPENDENT AUDITORS' REPORT

Members of the Board of Regents

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Health Care, Inc., which comprise the statement of net position as of June 30, 2019, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Organization as of June 30, 2019 and the changes in their net position and their cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated November 1, 2019, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

**CliftonLarsonAllen LLP**

City, State  
November 1, 2019



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Members of the Board of Regents:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and aggregate discretely presented component units of the Organization, as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements and have issued our report thereon dated November 1, 2019. Our report includes a reference to other auditors who audited the financial statements of the Foundation, a blended component unit, and the Real Estate Foundation, discretely presented component unit, as described in our report on the Organization's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Foundation, blended component unit, and the Real Estate Foundation, discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

**Internal Control over Financial Reporting**

In planning and performing our audits of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described earlier in this report that we consider to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**CliftonLarsonAllen LLP**

City, State  
November 1, 2019

SAMPLE

**UNIVERSITY  
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS**

**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING  
NATIONAL COLLEGIATE ATHLETIC ASSOCIATION  
AGREED-UPON PROCEDURES**

**For the Year Ended June 30, 2019**

**SAMPLE**

**TABLE OF CONTENTS**

	<b>PAGE</b>
<b>INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING NCAA AGREED-UPON PROCEDURES .....</b>	<b>1</b>
Statement of Revenues and Expenses (unaudited) .....	21
Notes to Statements of Revenues and Expenses .....	22

SAMPLE



**INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING NCAA AGREED-UPON PROCEDURES**

Members of the Legislative Audit Committee  
Management of the University

We have performed the procedures enumerated below, which were agreed to by management of the University, solely to assist in evaluating whether the accompanying Statement of Revenues and Expenses (the Statement) of the University Department of Intercollegiate Athletics (the Department) are in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.15 for the year ended June 30, 2019. The University's management is responsible for the Statement and the Statement's compliance with those requirements. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

If a specific reporting category is less than 4.0% of the total revenues or expenses, no procedures are required for that specific category.

The procedures that we performed and the findings are as follows:

**Agreed-Upon Procedures Related to the Statements of Revenues and Expenses**

**A. Internal Control**

1. We obtained and documented information from management, and verified through interview of the Associate Athletic Director for Business Operations, and observation, concerning the internal control environment for the Department. This included the general control environment, use of internal audit, recording of revenues, authorization of expenses, review of budget to actual reports, and processing of specific elements of controls for the Department, such as ticket sales, and initiating, authorizing, processing, and recording entries in the general ledger and financial statements. No exceptions noted.
2. We obtained a listing of all Department personnel. From that list, we selected three individuals - the senior associate athletic director for sports performance, the director of student athlete support services, and the assistant athletic director for development, and performed the following, noting no exceptions:
  - Determined whether the individual participated in the annual meeting when the Chancellor reviews the compliance regulations with the athletic staff.
  - Contacted the individuals selected to inquire whether they understand their responsibilities for NCAA compliance, monitoring compliance and reporting violations.

## B. External Organizations

1. We obtained a listing from the University of outside organizations that made contributions directly to the Department. Per discussion with management, the only such organization was the Foundation.
2. We obtained from the sole outside organization (the Foundation) whose contributions exceeded 10% of total contributions reported by the Department for the year ended June 30, 2019, the amount of its contributions. We compared these to the revenues recorded by the Department in the general ledger without exception.
3. We obtained the audited financial statements and required communications to governance letter for the Foundation for the year ended June 30, 2019.
4. We were asked to obtain from the University a listing of expenditures paid by an outside organization on behalf of the Department and compare the amounts to the revenues recorded by the Department. We did not note any expenditures paid by the Foundation on behalf of the Department to outside vendors per discussion with management and review of the communication from the Foundation.

## C. Revenues

<u>Procedure</u>	<u>Result</u>
<b>All Revenue Categories</b>	
1. Compared and agreed each operating revenue category reported in the Statements during the reporting period to supporting schedules provided by the institution.	No exceptions noted.
2. Compared and agreed a sample of five operating revenue receipts obtained from the above revenue supporting schedules to adequate supporting documentation.	See procedures performed in specific revenue categories.
3. Compared each major revenue account over 10% of the total revenues to prior period amounts and budget estimates. We obtained and documented an understanding of any significant variances greater than 10% from the prior year.	We compared actual revenues reported on the Statements for the year ended June 30, 2019, to those for the year ended June 30, 2018, and to budgeted amounts. We obtained explanations from management for line item variances exceeding 10% from the prior year and from the budget. No additional procedures were performed with respect to management's representations as to the reasons for the variances. The variances meeting the threshold for explanation are as follows:

### *Current Year to Prior Year:*

*Ticket Sales* – The \$1,559,604 (36.8%) increase in ticket sales is due to the University's newly constructed football stadium being open for the 2017-18 season. Attendance was higher with the larger seating capacity.

*Guarantees* – The \$1,212,744 (433.8%) increase in guarantee revenue is due to the \$1,486,000 in guarantee revenue received from the football team playing at the University of Alabama on September 6, 2017.

*Contributions* – The \$3,945,664 (116.7%) increase in contributions is due to the opening of the newly constructed football stadium. When construction was wrapping up and season tickets went on sale, University fans and patrons had the opportunity to make contributions in order to acquire premium seats or move up on the selection list for the better seats.

*Budget to Actual:*

We noted during our testing that the budget is adopted on a basis that is slightly different from that of the Statement. The Department budgeting process does not include Statement of Revenue and Expenses line items such as indirect institutional support, the allocation to athletics for the University general and administrative expenses, 3<sup>rd</sup> party support, capital expenses, and gifts in kind. This is not an exception. As such, the comparison performed used budget and actual amounts that are grouped differently than the Statement and does not include all revenues and expenses on the Statement. There were three variances over 10% for revenue categories budgeted by the Department. See the analysis below.

**Procedure**

**Result**

**Ticket Sales**

- |                                                                                                                                                                                                                                                                   |                                                                                                                                                      |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4. Compared tickets sold during the reporting period, complimentary tickets provided during the reporting period and unsold tickets to the related revenue reported by the institution in the Statements and the related attendance figures. Recalculated totals. | No exceptions noted. We were able to reconcile tickets sold, complimentary tickets, and unsold tickets to revenue recorded within \$67,295 (1.153%). |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|

**Student Fees**

- |                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                           |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5. We were asked to compare and agree the budget student fees reported by the institution in the Statements for the reporting period to the budgeted student enrollments during the same reporting period and to recalculate totals.                                                                                  | No exceptions noted. We were able to recalculate budegeted student fees within \$105,309 (1.8%) and actual student fees within \$105,524 (1.8%).                                                                                                          |
| 6. We were asked to obtain and document an understanding of the University’s methodology for allocating student fees to the institution.                                                                                                                                                                              | The University charges each student a separate fee for athletics each year. In the 2019 fiscal year the standard athletic student fee that was charged to each student was \$229.84 for the full year.                                                    |
| 7. We were asked to obtain the athletics department’s methodology for allocation of student fees as generated revenue, if applicable, and recalculate the totals of for each sport. We were asked to tie the calculation to supporting documents such as seat manifests, ticket sales reports and student fee totals. | As the University’s athletic department does not allocate student fee revenue to specific sports, this procedure was not applicable. All student fees collected are unallocated and used to cover general operating expenses for the athletic department. |

### **Direct State or Other Governmental Support**

8. We were asked to compare direct state or other governmental support recorded by the institution during the reporting period with state appropriations, institutional authorization and/or other corroborative supporting documentation and recalculate totals.

As there was no direct state or other governmental support for the year ended June 30, 2019, the procedure was not performed.

### **Direct Institutional Support**

9. Compared the direct institutional support recorded by the institution during the reporting period with the institutional supporting budget transfers documentation and other corroborative supporting documentation. Recalculated totals.

As direct institutional support is authorized as part of the budget process, we compared the amount in the Statement to the fund approved budget of \$12,166,970, noting a difference of \$5,963,749. The difference of \$5,963,749 from the budgeted support total was caused by the year end transfer to cover the operating deficit for athletics. In our work over this procedure, we reviewed the ending balance in the athletics organization prior to the final transfer from the institution with the Associate Athletic Director for Business Operations, and the ending deficit was \$5,963,749 mentioned above. The final transfer in the transaction detail was a transfer from the institution to athletics to cover the net deficit of \$5,963,749.

### **Transfers Back to Institution**

10. We were asked to compare the transfers back to institution with permanent transfers back to institution from the athletics department and recalculate totals.

As the total category balance was less than 4.0% of total revenues, it did not meet the threshold for testing. As such, procedure was not performed.

### **Indirect Institutional Support**

11. We were asked to compare the indirect institutional support recorded by the institution during the reporting period with expense payments, cost allocation detail and other corroborative supporting documentation and to recalculate totals.

As the total category balance was less than 4.0% of total revenues, it did not meet the threshold for testing. As such, procedure was not performed.

### **Guarantees**

12. We were asked to select a sample of five settlement reports for away games during the reporting period and agree each selection to the institution's general ledger and/or the statements and recalculate totals.

As the total category balance was less than 4.0% of total revenues, it did not meet the threshold for testing. As such, procedure was not performed.



13. We were asked to select a sample of five contractual agreements pertaining to revenues derived from guaranteed contests during the reporting period and compare and agree each selection to the institution's general ledger and the Statement and to recalculate totals.

As the total category balance was less than 4.0% of total revenues, it did not meet the threshold for testing. As such, procedure was not performed.

### Contributions

14. Obtained a detailed listing of contributions of moneys, goods or services received directly by the Department from any affiliated or outside organization, agency or group of individuals (two or more) or single person not included above (e.g., contributions by corporate sponsors) that constituted 10% or more in aggregate for the reporting year of all contributions received for the Department for the year ended June 30, 2019 and reviewed supporting documentation for each contribution.

No exceptions noted.

### In-Kind

15. We were asked to compare the in-kind recorded by the institution during the reporting period with a schedule of in-kind donations and to recalculate totals.

As the total category balance was less than 4.0% of total revenues, it did not meet the threshold for testing. As such, procedure was not performed.

### Compensation and Benefits Provided by a Third Party

16. We were asked to obtain the summary of revenues from affiliated and outside organizations (the Summary) as of the end of the reporting period from the institution and recalculate totals.

As the total category balance was less than 4.0% of total revenues, it did not meet the threshold for testing. As such, procedure was not performed

17. We were asked to select a sample of five funds from the Summary and compare and agree each selection to supporting documentation, the institution's general ledger and/or the Statements.

As the total category balance was less than 4.0% of total revenues, it did not meet the threshold for testing. As such, procedure was not performed

18. If the third party was audited by independent auditors, we were asked to obtain the related independent auditors' report.

As the total category balance was less than 4.0% of total revenues, it did not meet the threshold for testing. As such, procedure was not performed

### Media Rights

19. Obtained and inspected agreements to understand the institution's total media (broadcast, television, radio) rights received by the institution or through their conference offices.

As the total category balance was less than 4.0% of total revenues, it did not meet the threshold for testing. As such, procedure was not performed.

20. Compared and agreed related revenues to the institution's general ledger and the Statement. Ledger totals may be different for total conference distributions if media rights are not broken out separately. Recalculated totals.

As the total category balance was less than 4.0% of total revenues, it did not meet the threshold for testing. As such, procedure was not performed

### **NCAA Distributions**

21. We were asked to compare the amounts recorded in the revenue and expense reporting to general ledger detail for NCAA distributions and other corroborative supporting documents. Recalculated totals.

As the total category balance was less than 4.0% of total revenues, it did not meet the threshold for testing. As such, procedure was not performed.

### **Conference Distributions**

22. We obtained and inspected agreements related to the institution's conference distributions and participation in revenues from tournaments during the reporting period to gain an understanding of the relevant terms and conditions.

No exceptions noted.

23. Compared and agreed the related revenues to the institution's general ledger, and/or the Statements. Recalculated totals.

No exceptions noted.

### **Program Sales, Concessions, Novelty Sales and Parking**

24. We were asked to compare the amount recorded in the revenue reporting category to a general ledger detail of program sales, concessions, novelty sales and parking as well as any other corroborative supporting documents and to recalculate totals.

As the total category balance was less than 4.0% of total revenues, it did not meet the threshold for testing. As such, procedure was not performed.

### **Royalties, Advertisements and Sponsorships**

25. Selected a sample of five agreements and obtained and inspected agreements related to the institution's participation in revenues from royalties, licensing, advertisements and sponsorships during the reporting period to gain an understanding of the relevant terms and conditions.

No exceptions noted.

26. Compared and agreed the related revenues to the institution's general ledger and the Statement. Recalculated totals.

No exceptions noted.

### **Sports Camp Revenues**

27. We were asked to select a sample of five sports camps and inspect sports-camp contracts between the institution and persons conducting institutional sports-camps or clinics during the

As the total category balance was less than 4.0% of total revenues, it did not meet the threshold for testing. As such, procedure was not performed.

reporting period to obtain an understanding of the institution's methodology for recording revenues from sports-camps.

28. We were asked to obtain schedules of camp participants.

As the total category balance was less than 4.0% of total revenues, it did not meet the threshold for testing. As such, procedure was not performed.

29. We were asked to select a sample of five individual camp participant cash receipts from the schedule of sports-camp participants and agree each selection to the institution's general ledger and the Statements and to recalculate totals.

As the total category balance was less than 4.0% of total revenues, it did not meet the threshold for testing. As such, procedure was not performed.

### **Athletics Restricted Endowment and Investment Income**

30. We were asked to obtain and inspect five endowment agreements to gain an understanding of the relevant terms and conditions.

As the total category balance was less than 4.0% of total revenues, it did not meet the threshold for testing. As such, procedure was not performed.

31. We were asked to compare and agree the classification and use of endowment and investment income reported in the Statements during the reporting period to the uses of income deferred within the related endowment agreements and to recalculate totals.

As the total category balance was less than 4.0% of total revenues, it did not meet the threshold for testing. As such, procedure was not performed.

### **Other**

32. We were asked to perform minimum agreed upon procedures referenced for all other revenue categories and recalculate the totals.

As the total category balance was less than 4.0% of total revenues, it did not meet the threshold for testing. As such, procedure was not performed.

### **Bowl Revenues**

33. We were asked to obtain and inspect a sample of five agreements related to the institution's revenues from post-season bowl participation during the reporting period to gain an understanding of the relevant terms and conditions

As the total category balance was less than 4.0% of total revenues, it did not meet the threshold for testing. As such, procedure was not performed.

34. We were asked to compare and agree the related revenues to the institution's general ledger and/or the Statements and recalculate totals.

As the total category balance was less than 4.0% of total revenues, it did not meet the threshold for testing. As such, procedure was not performed.

## D. Expenses

### Procedure

### Result

#### All Expense Categories

- |                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Compared and agreed each expense category reported in the Statement during the reporting period to supporting schedules provided by the institution.                                               | No exceptions noted.                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 2. Compared and agreed a sample of five expenses obtained from the operating expense supporting schedules, referred to in the procedure above, to adequate supporting documentation.                  | See procedures performed in specific expense categories.                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 3. Compared each major expense account over 10% of the total expenses to prior period amounts and to budget estimates. We obtained and documented an understanding of any variances greater than 10%. | We compared actual expenses reported on the Statement for the year ended June 30, 2019, to those for the year ended June 30, 2018, and to budgeted amounts. We obtained explanations from management for line item variances exceeding 10% from the prior year and budget. No additional procedures were performed with respect to management's representations as to the reasons for the variances. The variances meeting the threshold for explanation are as follows: |

#### *Current Year to Prior Year:*

*Coaching Salaries, Benefits, Bonuses (University Paid)* – The \$947,488 (10.58%) increase was due to an increase of salaries for all employees of 2.5%. Additionally there was a new contract for the Football Coach. Additionally, the University hired a new basketball coach and during the transition from one coach to another, the University was paying both individuals.

*Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the University and Related Entities* – The \$678,850 (10.97%) increase is due to a salary increase of 2.5% for all athletic personnel. Additionally, there was a new contract negotiated for the Athletic Director.

*Support Salaries (Camps)* – The \$11,747 (18.43%) decrease is due to fewer football and basketball camps running during FY 2018.

*Game Expenses* – The \$1,151,895 (70.59%) increase is due to the opening of the new football stadium. The University engineered a higher quality game experience for fans in order to help promote the new stadium.

#### *Budget to Actual:*

We noted during our testing that the budget is adopted on a basis that is slightly different from that of the Statements. This is not an exception. As such, the comparison performed used budget and actual amounts that are grouped differently than the Statements and does not include all revenues and expenses on the Statements. There were seven variances over 10% for expense categories budgeted by the Department.

*Debt Service* – The \$53,064 (13.8%) increase is due to the Department taking on more facility projects than were budgeted for. This caused a higher allocation of debt service payments from the institution.

**Procedure**

**Result**

**Athletic Student Aid**

- |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| 4. Selected a sample of students (no less than 10% of the total student athletes, with a maximum sample size of 40, as the institution uses the NCAA's Compliance Assistant software to prepare athletic aid detail) from the listing of institutional student aid recipients during the reporting period. Data was captured by the institution through the creation of a squad list for each sponsored sport.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | No exceptions noted. |
| 5. Obtained individual student-account detail for each selection and compared total aid allocated in the institution's student system to the student's detail from the NCAA Membership Financial Reporting System.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | No exceptions noted. |
| 6. Performed a check of each student selected to ensure their information was reported accurately in either the NCAA's Compliance Assistant software or entered directly into the NCAA Membership Financial Reporting System using the following criteria:<br><ul style="list-style-type: none"><li>a. The equivalency value for each student-athlete in all sports, including head-count sports, needs to be converted to a full-time equivalency value. The full-time equivalency value is calculated using the athletic grant amount reported on the Calculation of Revenue Distribution Report (CDRE) from CA as the numerator and the full grant amount which is the total cost for tuition, fees, books, room and board for an academic year as the denominator. If using the NCAA Compliance Assistant software, this equivalency value should already be calculated for you on that CDRE report labeled "Revenue Distribution Equivalent Award."</li><li>b. Grants-in-aid is calculated by using the revenue distribution equivalencies by sport and in aggregate. (Athletic grant amount divided by the full grant amount).</li><li>c. Other expenses related to attendance (also known as gap money or cost of attendance) should not be included in grants-in-aid revenue distribution equivalencies. Only tuition, fees, room board and course-related books are</li></ul> | No exceptions noted. |

countable for grants-in-aid revenue distribution per Bylaw 20.02.07

- d. The full grant amount should be the full cost of tuition for an academic year, not semester or quarter.
- e. Student-athletes are to be counted once and should not receive a revenue distribution equivalency greater than 1.00.
- f. Athletic grants are valid for revenue distribution purposes only in sports in which the NCAA conducts championship competition, emerging sports for women and bowl subdivision football.
- g. Grants-in-aid are valid for revenue distribution purposes in NCAA sports that do not meet the minimum contests and participants' requirements of Bylaw 20.9.6.3.
- h. Institutions providing grants to student-athletes are listed on the CDRE as "Exhausted Eligibility (fifth-year)" or "Medical" receive credit in the grants-in-aid component.
- i. The athletics aid equivalency cannot exceed minimum equivalency limits. However, the total revenue distribution equivalency can exceed maximum equivalency limits due to exhausted eligibility and medical equivalencies (reference Bylaw 15.5.3.1).
- j. If a sport is discontinued and the athletic grant is still being honored by the institution, the grant is included in student-athlete aid for revenue distribution purposes.
- k. All equivalency calculations should be rounded to two decimal places.
- l. If a student received a Pell Grant, ensure the value of the grants is not included in the calculation of equivalencies or the total dollar amount of student athletic aid expense.
- m. If a selected student received a Pell Grant, ensure the student's grant was included in the total number and total value of Pell Grants reported for Revenue Distribution purposes in the NCAA Membership

Financial Reporting Database.

7. Recalculated totals for each sport and overall. No exceptions noted.

**Guarantees**

8. We were asked to obtain and inspect a sample of five visiting institution's away-game settlement reports received by the institution during the reporting period and agreed related expenses to the institution's general ledger and/or the Statement. As the total category balance was less than 4.0% of total expenses, it did not meet the threshold for testing. As such, procedure was not performed.
9. We were asked to obtain and inspect a sample of five contractual agreements pertaining to expenses recorded by the institution from guaranteed contests during the reporting period. We were asked to compare and agree related amounts expensed by the institution during to the institution's general ledger and/or the Statement and to recalculate totals. As the total category balance was less than 4.0% of total expenses, it did not meet the threshold for testing. As such, procedure was not performed.

**Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities**

10. Obtained and inspected a listing of coaches employed by the institution and related entities during the reporting period. No exceptions noted.
11. Selected a sample of five coaches' contracts or annual salary letter that included football, and men's and women's basketball from the above listing. No exceptions noted.
12. Compared and agreed the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the institution and related entities in the statements during the reporting period. No exceptions noted.
13. Obtained and inspected payroll summary registers for the reporting year for each selection. No exceptions noted.
14. Compared and agreed payroll summary registers from the reporting period to the related coaching salaries, benefits and bonuses paid by the institution and related entities expense recorded by the institution in the Statement during the reporting period for each selection. No exceptions noted.
15. Compared and agreed the totals recorded to any employment contracts executed for the sample selected. No exceptions noted.

16. Recalculated totals.

No exceptions noted.

**Coaching Other Compensation and Benefits Paid by a Third Party**

17. We were asked to obtain and inspect a listing of coaches employed by third parties during the reporting period.

As the total category balance was less than 4.0% of total expenses, it did not meet the threshold for testing. As such, procedure was not performed.

18. We were asked to select a sample of five coaches that included football, men's, and women's basketball from the listing and agree the financial terms and conditions of each selection to the related coaching other compensation and benefits paid by a third party and recorded by the institution in the Statement during the reporting period.

As the total category balance was less than 4.0% of total expenses, it did not meet the threshold for testing. As such, procedure was not performed.

19. We were asked to obtain and inspect reporting period payroll summary registers for each selection.

As the total category balance was less than 4.0% of total expenses, it did not meet the threshold for testing. As such, procedure was not performed.

20. We were asked to compare and agree the related payroll summary register to the coaching other compensation and benefits paid by a third party expenses recorded by the institution in the Statement during the reporting period for each selection and recalculate totals.

As the total category balance was less than 4.0% of total expenses, it did not meet the threshold for testing. As such, procedure was not performed.

**Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the University and Related Entities**

21. Selected a sample of five support staff/administrative personnel employed by the institution and related entities during the reporting period.

No exceptions noted.

22. Obtained and inspected reporting period summary payroll register for each selection.

No exceptions noted.

23. Compared and agreed related summary payroll register to the related support staff/administrative salaries, benefits and bonuses paid by the institution and related entities expense recorded by the institution in the statements during the reporting period for each selection. Recalculated totals.

No exceptions noted.

**Support Staff/Administrative Other Compensation and Benefits Paid by a Third Party**

24. We were asked to select a sample of five support staff/administrative personnel employed by the third parties during the reporting period.

As the total category balance was less than 4.0% of total expenses, it did not meet the threshold for testing. As such, procedure was not performed.



25. We were asked to obtain and inspect reporting period payroll summary registers for each selection.

As the total category balance was less than 4.0% of total expenses, it did not meet the threshold for testing. As such, procedure was not performed.

26. We were asked to compare and agree the related payroll summary registers to the related support staff/administrative other compensation and benefits expense recorded by the institution in the statements during the reporting period for each selection and recalculate totals.

As the total category balance was less than 4.0% of total expenses, it did not meet the threshold for testing. As such, procedure was not performed.

### **Severance Payments**

27. We were asked to select a sample of five employees receiving severance payments by the institution during the reporting period and agreed each severance payment to the related termination letter or employment contract and to recalculate totals.

As the total category balance was less than 4.0% of total expenses, it did not meet the threshold for testing. As such, procedure was not performed.

### **Recruiting**

28. We were asked to obtain and document an understanding of the institution's recruiting expense policies.

As the total category balance was less than 4.0% of total expenses, it did not meet the threshold for testing. As such, procedure was not performed.

29. We were asked to compare and agree to existing institutional and NCAA-related policies.

As the total category balance was less than 4.0% of total expenses, it did not meet the threshold for testing. As such, procedure was not performed.

30. We were asked to obtain general ledger detail and compare to the total expenses reported.

As the total category balance was less than 4.0% of total expenses, it did not meet the threshold for testing. As such, procedure was not performed.

### **Team Travel**

31. We were asked to obtain and document an understanding of the institution's team travel policies.

No exceptions noted.

32. We were asked to compare and agree to existing institutional and NCAA-related policies.

No exceptions noted.

33. We were asked to obtain general ledger detail and compare to the total expenses reported.

No exceptions noted.

### **Equipment, Uniforms and Supplies**

34. We were asked to obtain general ledger detail and compare to the total expenses reported. We were asked to select a sample of five transactions to validate existence of transaction and accuracy of recording and to recalculate totals.

No exceptions noted.

### **Game Expenses**

35. Obtained general ledger detail and compared to the total expenses reported. Selected a sample of five transactions to validate existence of transaction and accuracy of recording. Recalculated totals.

No exceptions noted.

### **Fund Raising, Marketing and Promotion**

36. We were asked to obtain general ledger detail and compare to the total expenses reported. We were asked to select a sample of five transactions to validate existence of transaction and accuracy of recording and to recalculate totals.

As the total category balance was less than 4.0% of total expenses, it did not meet the threshold for testing. As such, procedure was not performed.

### **Sports Camp Expenses**

37. We were asked to obtain general ledger detail and compare to the total expenses reported. We were asked to select a sample of five transactions to validate existence of transaction and accuracy of recording and to recalculate totals.

As the total category balance was less than 4.0% of total expenses, it did not meet the threshold for testing. As such, procedure was not performed.

### **Spirit Groups**

38. We were asked to obtain general ledger detail and compare to the total expenses reported. We were asked to select a sample of five transactions to validate existence of transaction and accuracy of recording and recalculate totals.

As the total category balance was less than 4.0% of total expenses, it did not meet the threshold for testing. As such, procedure was not performed.

### **Athletic Facility Debt Service, Leases and Rental Fees**

39. Obtained a listing of debt service schedules, lease payments and rental fees for athletics facilities for the reporting year. Compared a sample of five facility payments, including the top two highest facility payments, to additional supporting documentation (e.g. debt financing agreements, leases, rental agreements.)

No exceptions noted.

40. Compared amounts recorded to amounts listed in the general ledger detail for each selection. Recalculated totals.

No exceptions noted.

### **Direct Overhead and Administration Expenses**

41. Obtained general ledger detail and compared to the total expenses reported. Selected a sample of five transactions to validate existence of transaction and accuracy of recording. Recalculated totals.

As the total category balance was less than 4.0% of total expenses, it did not meet the threshold for testing. As such, procedure was not performed.

### **Indirect Institutional Support**

42. This procedure is performed in conjunction with testing of Indirect Institutional Support – Revenue.

As the total category balance was less than 4.0% of total expenses, it did not meet the threshold for testing. As such, procedure was not performed.

### **Medical Expenses and Medical Insurance**

43. We were asked to obtain general ledger detail and compare to the total expenses reported. We were asked to select a sample of five transactions to validate existence of transaction and accuracy of recording. Recalculated totals.

As the total category balance was less than 4.0% of total expenses, it did not meet the threshold for testing. As such, procedure was not performed.

### **Memberships and Dues**

44. We were asked to obtain general ledger detail and compare to the total expenses reported. We were asked to select a sample of five transactions to validate existence of transaction and accuracy of recording and recalculate totals.

As the total category balance was less than 4.0% of total expenses, it did not meet the threshold for testing. As such, procedure was not performed.

### **Other Operating Expenses and Transfers to Institution**

45. Obtained general ledger detail and compared to the total expenses reported. Selected a sample of five transactions to validate existence of transaction and accuracy of recording. Recalculated totals.

No exceptions noted.

### **Student-Athlete Meals (non-travel)**

46. We were asked to obtain general ledger detail and compare to the total expenses reported. We were asked to select a sample of five transactions to validate existence of transaction and accuracy of recording and to recalculate totals.

As the total category balance was less than 4.0% of total expenses, it does not meet the threshold for testing. As such, procedure was not performed.

### **Bowl Expenses**

47. We were asked to obtain the general ledger detail and compare to the total expenses reported. We were asked to select a sample of five transactions to validate existence of transaction and accuracy of recording and to recalculate totals.

As the total category balance was less than 4.0% of total expenses, it did not meet the threshold for testing. As such, procedure was not performed.

## **E. Additional Minimum Agreed Upon Procedures**

1. Compared and agreed the sports sponsored reported in the NCAA Membership Financial Reporting System to the Calculation of Revenue Distribution Equivalencies Report (CDRE) from the institution. The NCAA Membership Financial Reporting System populates the sports from the

NCAA Membership Database as they are reported by the institution. For any discrepancies in the sports sponsored between the NCAA Membership Financial Reporting System and the CDRE, we were asked to inquire about the discrepancies and report the justification of the discrepancy in the report. No discrepancies/exceptions noted.

2. Obtained the institution's Sports Sponsorship and Demographics Forms Report for the reporting year. We validated that the countable sports reported by the institution met the minimum requirements set forth in Bylaw 20.9.6.3 for the number of contests and the number of participants in each contest that is counted toward meeting the minimum contest requirement. Post season contests are not countable toward the contest requirements; regular season only. If the institution requested and/or received a waiver related to minimum contests or minimum participants for a particular sport, that sport would not qualify as a sponsored sport for the purposes of revenue distribution. Also, only sports in which the NCAA conducts championships competition, emerging sports for women and bowl subdivision football are eligible. We ensured that the institution had properly reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System. No exceptions noted.
3. Compared and agreed the total number of Division I student-athletes who, during the academic year, received a Pell Grant award (e.g. Pell Grant recipients on Full Grant-In-Aid, Pell Grant recipients on Partial Grants-In Aid and Pell Grant recipients with no Grants-In-Aid) and the total value of these Pell Grants reported in the NCAA Membership Financial Reporting System to a report, generated out of the institution's financial aid records, of all student-athlete Pell Grants. Note: individual student-aid files testing in step D.6 above should tie any selected student athletes who received Pell Grants back to the report of all student athlete Pell Grants to test the completeness and accuracy of the report. No exceptions noted.

#### **F. Minimum Agreed Upon Procedures for Other Reporting Items**

##### **Excess Transfers to Institution and Conference Realignment Expenses**

1. We were asked to obtain general ledger detail and compare it to total expenses reported, as well as select a sample of five transactions to validate existence and accuracy of recording, and recalculate totals. As there were no excess transfers to institution and conference realignment expenses for the year ended June 30, 2019, the procedure was not performed.

##### **Total Athletics Related Debt**

2. Obtained repayment schedules for all outstanding intercollegiate athletics debt during the reporting period. Recalculated annual maturities (consisting of principal and interest) provided in schedules obtained. No exceptions noted.
3. Agreed total annual maturities and total outstanding athletic related debt to supporting documentation and the institution's general ledger. No exceptions noted.

##### **Total Institutional Debt**

4. Agreed the total outstanding institutional debt to supporting documentation and the institution's audited financial statements (or institution's general ledger). No exceptions noted.

##### **Value of Athletics Dedicated Endowment**

5. Obtained the schedule of all athletics dedicated endowments maintained by the affiliated organization (Foundation). Agreed the fair value in the schedule to supporting documentation. No exceptions noted.

##### **Value of Institutional Endowments**

6. Agreed the total fair value of institutional endowments to audited financial statements. No exceptions noted.

**Total Athletics Related Capital Expenditures**

- 7. Obtained the schedule of athletics related capital expenditures made by athletics, the institution, and affiliated organizations during the reporting period.
- 8. Obtained the general ledger detail and compared to the total expenses reported. Selected a sample of five transactions to validate existence of transaction and accuracy of recording, Recalculated totals. No exceptions noted.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the compliance of the accompanying Statement of Revenues and Expenses of the Intercollegiate Athletics Department of the University for the year ended June 30, 2019. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the University Board of Governors and is not intended to be and should not be used by anyone other than those specified parties.

**CliftonLarsonAllen LLP**

City, State  
November 1, 2019

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