



April 8, 2016

**Proposal to provide
professional auditing services to the:**

Oregon Institute of Technology

**RFP # 2016-02
Audit Services**

ORIGINAL

Prepared by:

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1. PROPOSER'S GENERAL QUALIFICATIONS

1. *Proposer's General Qualifications:*

- *Cover letter describing the organizational structure and history of the Proposer, including parent corporations (if applicable)*

Cover letter

April 8, 2016

Ms. Michelle Meyer, Director of Business Affairs
The Oregon Institute of Technology
Procurement and Contract Services
3201 Campus Drive
Snell Hall 204
Klamath Falls, OR 97601-8801

Email: Purchasing@oit.edu

Re: Request for Proposal No. 2016-02 to provide audit services

Dear Ms. Meyer:

Thank you for allowing us to propose our services to you. We welcome the opportunity to share our approach and to continue to assist The Oregon Institute of Technology (Oregon Tech) satisfy your financial audit and compliance obligations. The enclosed proposal responds to your request for audit services for the fiscal year ending June 30, 2016, with the option to extend for four additional one-year periods.

It has been our pleasure serving the former Oregon University System (the System), including Oregon Tech, over the past four years. As Oregon Tech continues to transition into a legally separate entity, it is our sincere desire that we continue to serve Oregon Tech as your professional services provider. Our hope is that our proposal clearly articulates how CliftonLarsonAllen LLP (CLA) is ideally suited to best meet your service needs. If selected as Oregon Tech's service provider, we will serve Oregon Tech using resources completely dedicated to higher education entities. As you will see, the proposed team has extensive experience serving higher education institutions, including the former System and Oregon Tech. With our wealth of resources, we have an unparalleled reputation for providing quality service and proactive communication with our clients to ensure an efficient and effective audit, while providing deliverables and meaningful feedback in a timely manner.

Organizational structure and history of CLA

CLA is among the nation's leading professional services firms with nearly 100 offices across the United States. The firm is organized across four regions, of which the Western Region would predominately serve Oregon Tech.

CLA's 4,500 people are dedicated to helping businesses, governments, nonprofits, and the individuals who own and lead them. From offices coast to coast, our professionals **practice in specific industries** to deliver audit, tax, consulting, and outsourcing capabilities best aligned with our clients' needs. Of our specific industry groups, our largest industry niche is that of the public sector (governmental and nonprofit organizations). Higher education is a major sub-niche of our public sector niche. We have teams across the nation dedicated to the higher education sub-niche who receive extensive training on topics and issues that are important to institutions such as Oregon Tech.

The single-most important factor in our firm's success over the past 60 years has been our uncompromising commitment to the highest standards of quality and professionalism. Providing quality service to our clients is our sole focus, and we have developed review procedures and communications to foster high standards of performance.

Why choose CLA?

In today's competitive environment, we understand that you have a wide selection of CPA firms when it comes to choosing your service provider for this project. In the following pages, we hope to demonstrate why CLA is your best choice. The following are some of the key benefits of choosing CLA as your service provider:

- **We know Oregon Tech.** As discussed above, CLA has been the service provider for the former System since 2012. As part of this relationship, we have worked with the management of Oregon Tech and learned your culture, your processes, and your visions, as well as coordinated directly with Oregon Tech's financial reporting service provider, University Shared Service Enterprises (USSE). We assisted Oregon Tech with your first stand-alone audit and have been in numerous conversations regarding financial reporting implications as it relates to Oregon Tech's transition from the System to a stand-alone entity. For example, we recently worked through with the State Department of Administrative Services on the treatment of legacy state-paid debt. We have worked closely with management on generally accepted accounting technical issues and we are deeply interested in the success of Oregon Tech. We hope to continue our professional relationship.
- **We are committed to the public sector industry.** Our professionals are immersed in your field. Those selected to serve you are not just accounting practitioners; they have significant exposure, training, and knowledge in the higher education industry. The professionals at CLA have extensive experience providing accounting, auditing, tax and other services to higher education organizations throughout the nation. With a national client base of more than 9,700 governmental and nonprofit organizations, the firm has established this industry as one of our core industry sectors.
- **We are committed to the higher education industry.** With a national client base of more than 300 colleges and universities, CLA has established the higher education industry as one of our core industry sectors. In order for Oregon Tech to obtain an in-depth, yet efficient audit, the audit team must be familiar with the risks, processes, and environment in which Oregon Tech operates. The proposed CLA team has the experience to provide you just that – a quality, efficient audit. CLA was the auditor of the former System, and is currently the auditor of Oregon State University, Portland State University, Southern Oregon University and Eastern Oregon University. The engagement team proposed to perform this work specializes in audits of universities and has several university clients of similar size and complexity to Oregon Tech.



- ***We have the credibility, reputation, and resources of a top 10 firm without sacrificing the small-firm touch.*** Public sector organizations and privately held companies are the backbone of our economy, and at CLA, we have renewed and deepened our commitment to you at a level most other firms reserve for only the largest corporate public clients. We have national resources focused on higher education and the relevant standards that impact Oregon Tech. Such resources are continuously available to your proposed engagement team to ensure all complex issues are quickly resolved.
- ***We are committed to exceptional customer service.*** Oregon Tech will benefit from constant executive level involvement and experience from the principals and managers throughout the year. All business professionals accentuate the importance of commitment to deadlines throughout the year, and a member of Oregon Tech's dedicated engagement team will always be available to assist in responding to your questions and concerns.

CLA is ideally suited to meet your service needs. With our wealth of resources and experience serving higher education institutions, we have an excellent reputation for helping clients like Oregon Tech effectively accomplish their objectives. The engagement team we have assembled for Oregon Tech is an experienced group of professionals. As our client, you will experience first-hand our client service philosophy. On the following pages, we have detailed further reasons why Oregon Tech will benefit from engaging CLA to perform this work.

We are eager to work with you and would welcome the chance to present our proposal to your management team and the Board of Trustees. If you have any questions about our offerings, please do not hesitate to contact me via phone (303-265-7884) or email at jean.bushong@CLAconnect.com. As a principal, I am authorized to make presentations and contractually bind the firm, and negotiate the contract on behalf of the firm.

Sincerely,

CliftonLarsonAllen LLP



Jean Bushong, CPA, Principal
Enclosure



Experience providing auditing services to similar clients

Description of experience providing auditing services to universities of a similar size and complexity to Oregon Tech. Provide evidence of similar audits performed within the last five (5) years, including the following information:

- Client Name
- Primary contact person, including title, email address, and phone number
- Audit objectives and/or deliverables.
- Audit start and end dates.
- Number and qualifications of audit personnel
- Approximate number of hours expended.
- Any additional information, which will help Oregon Tech understand the scope and complexity of the engagement and how it is similar to Oregon Tech.

For over 35 years, our principals and staff have worked with both large and small colleges and universities. We serve over 300 higher educational institutions ranging in budget size of less than \$1 million to over \$4 billion; therefore, when it comes to accounting and compliance questions that apply to higher education, we know the answers. As illustrated in the figure below, one of our largest industry niches is that of the public sector.



Higher education clients

A sampling of institutions of higher education clients that our professionals have provided audit, tax, and consulting services provided in past five years is listed below.

Oregon University System

Name, title, telephone number and email of primary audit contact

Diane Barkelew, USSE Director of Financial Reporting
541-737-4361
Diana.Barkelew@oregonstate.edu

Audit objectives and deliverables

- Financial Statement Audit, including standalone audits for all universities (including Oregon Tech)
- Single Audit procedures (on behalf of the State Audits Division). Major programs included Student Financial Aid Cluster and Research and Development Cluster.
- NCAA Agreed Upon Procedures for two separate campuses
- Internal Bank Agreed Upon Procedures

Audit start and end date

- Interim Fieldwork: April - May. (This includes Information Technology controls testing.)
- Final Fieldwork: September through October.

Number and qualifications of audit personnel

- Two principals, one senior manager/director, one to two managers, two senior associates, three to four associates.



Approximate number of hours expended

- Ranging from 2,800 to 4,200 depending on scope of services (not including agreed upon procedures)

Additional Information

The former Oregon University System was responsible for governing the state's seven public universities, Oregon State University, Oregon Institute of Technology, University of Oregon, Portland State University, Southern Oregon University, Western Oregon University and Eastern Oregon University. As of July 1, 2015, all seven universities became individual institutions, each governed by a separate institutional board.

Metropolitan State University of Denver

Name, title, telephone number and email of primary audit contact

Liza Larsen, Director of Accounting Services
303-556-3030
Larsenl@msudenver.edu

Audit objectives and deliverables

- Financial Statement Audit
- Single Audit procedures (on behalf of the State Auditor's Office.)
 - Student Financial Aid Cluster
- NCAA Agreed Upon Procedures
- Unrelated Business Income Tax Risk Assessment Review

Audit start and end date

- Interim Fieldwork: May - June. (This includes Information Technology controls testing.)
- Final Fieldwork: September through December.

Number and qualifications of audit personnel

- Two principals, one senior manager/director, one to two managers, two senior associates, two to three associates.

Approximate number of hours expended

- 1,000 hours

Additional information

Metropolitan State University of Denver is public, four-year institution located in the heart of Downtown Denver. Total assets of the University are \$180 million and total operating revenues of the University exceed \$125 million. The University awarded more than \$35 million in Student Financial Aid in 2015.

Pennsylvania State System of Higher Education (PASSHE)

Name, title, telephone number and email of primary audit contact

Annette Mathes, PASSHE Controller
717-720-4124
amathes@passhe.edu

Audit Objectives and Deliverables

- Financial Statement Audit for the System
- Stand-alone audits for its fourteen Universities, many of which are similar in size to Oregon Tech.
- Single Audit for the System.
 - Major programs included Student Financial Aid Cluster, Migrant Education, and Higher Education Institutional Aid – Title IIIB.

Audit start and end date

- Interim Fieldwork: May - July. (This included Information Technology controls testing.)
- Final Fieldwork: Mid-August through mid-September.

Number and qualifications of audit personnel

- Five principals, one director, two senior managers, seven managers, 15 senior associates, 20 associates.



Approximate number of hours expended

- Ranging from 8,000 to 9,000 annually
- Hours fluctuate depending on the number of major programs

Additional information

PASSHE is the largest provider of higher education in the Commonwealth of Pennsylvania. It is the tenth-largest university system in the United States and 43rd largest in the world. The system comprises 14 state-owned schools and the Office of the Chancellor. PASSHE institutions are the only colleges and universities in Pennsylvania that are publicly owned and governed. In addition, PASSHE has over 35 discretely presented component units. Total assets of the System exceed \$3.1 billion and total revenues exceed \$1.8 billion. PASSHE served more than 114,000 students and awarded over \$941 million in federal student financial aid.

Minnesota State Colleges and Universities**Name, title, telephone number and email of primary audit contact**

Laura King, Vice Chancellor, Finance and Administration
651-201-1732
Laura.King@so.mnscu.edu

Audit objectives and deliverables

- Financial Statement Audit over the System as a whole
- Stand-alone Financial Statement Audits for four of the Universities
- Single Audit (on behalf of the State Auditor's Office)
 - Major program included Student Financial Aid Cluster.
- Revenue Bond Fund Financial Statement Audit
- Separate nonprofit financial statement audit of which the System is a joint member

Audit start and end date

- Interim fieldwork: July - August. (This included Student Financial Audit interim procedures as well as information technology control testing.)
- Final fieldwork: September - October

Number and qualifications of audit personnel

- Two principals, one senior manager, three managers, five seniors, nine staff

Approximate number of hours expended

- 1,600 to 2,500 hours, but with changes in scope, these hours will increase

Additional information

With its 31 institutions, including 24 two-year colleges and seven state universities, the Minnesota State Colleges and Universities system is the largest single provider of higher education in the state of Minnesota. The colleges and universities operate 54 campuses in 47 Minnesota communities and serve about 273,000 students in credit-based courses and an additional 163,000 in non-credit courses. Total assets exceed \$3.1 billion and total revenues exceed \$1.9 billion. Federal awards exceed \$1.1 billion with \$1 billion in federal student financial aid awarded to students in the System.

Southern Illinois University**Name, title, telephone number and email of primary audit contact**

Kim LaBonte, Executive Director, Internal Audit
618-650-2789
klabont@siu.edu

Audit Objectives and Deliverables

- Financial Statement Audit
- Single Audit procedures (on behalf of the State Auditor's Office.)
 - Major programs included Student Financial Aid Cluster and Research and Development Cluster
- State Funded Aid Compliance Report



Audit start and end date

- Interim Fieldwork: May - June. (This included Information Technology controls testing.)
- Final Fieldwork: Mid-September through Mid- November.

Number and qualifications of audit personnel

- Two partners, three senior managers, three managers, six to seven senior associates, seven associates.

Approximate number of hours expended

- Ranging from 8,000 to 8,500 annually

Additional information

Chartered in 1869, Southern Illinois University opened for instruction in Carbondale in 1874 in a one-building teacher training institution known as Southern Illinois Normal University. Today, two institutions constitute Southern Illinois University; Southern Illinois University Carbondale, with a School of Medicine in Springfield, and Southern Illinois University Edwardsville, with a School of Dental Medicine in Alton and the East St. Louis Center. The enrollment at the institutions is approximately 32,000.

Oregon State University**Name, title, telephone number and email of primary audit contact**

Patricia Snopkowski, Chief Audit Executive
541-737-0505
patricia.snopkowski@oregonstate.edu

Audit Objectives and Deliverables

- Financial Statement Audit
- Single Audit Procedures over Student Financial Aid Cluster and Research and Development Cluster
- NCAA Agreed Upon Procedures
- Other Agreed Upon Procedures engagements as specified by the University

Audit start and end date

- Interim Fieldwork: April - July. (This included Information Technology controls testing.)
- Final Fieldwork: September-October.

Number and qualifications of audit personnel

- Two principals, one director, one manager, one senior associate, two associates.

Approximate number of hours expended

- Approximately 1,800 hours for Fiscal Year 2015. Fiscal Year 2015 was the first year of engagement for the University as a separate legal entity from the former Oregon University System.

Additional information

Located in Corvallis, Oregon and founded in 1868, Oregon State University is the state's Land Grant university and is the only university in the United States that has Sea, Space and Sun Grant designations. With more than \$300 million in external funding in fiscal year 2015, Oregon State University is the state's leading public research university. The university comprises 11 colleges, 15 agricultural experiment stations, 35 county extension offices, the Hatfield Marine Science Center in Newport, Oregon, and the Cascades campus in Bend, Oregon.

West Virginia Higher Education Policy Commission**Name, title, telephone number and email of primary audit contact**

Ed Magee, Vice Chancellor for Finance
304-558-0679
emagee@hepc.wvnet.edu

Audit Objectives and Deliverables

- Financial Statement Audit

Audit start and end date

- Interim Fieldwork: May - June. (This included Information Technology controls testing.)
- Final Fieldwork: Mid-August through mid-October.



Number and qualifications of audit personnel

- Seven different CLA teams each with one principal, one manager, and varying staff depending on institutions audited. In addition, we have 2 subcontractors who have about 30% of the total fees.

Approximate number of hours expended

- Approximately 8,500

Additional information

The West Virginia Higher Education Policy Commission (“Commission”), which includes 11 different institutions, and the West Virginia Community and Technical College Council (“Council”), which includes 11 different institutions, are collectively referred to as the “Systems,” along with the institutions and entities under their respective jurisdictions comprise the West Virginia Higher Education Fund (“the Fund”), which is a discretely presented component unit of the State of West Virginia (the “State”).

Other higher education experience

In addition to the institutions and systems listed above, below is a sample of other higher education institutions served by our Western Region (some similar in size to Oregon Tech):

Clients	Length of Service	Scope of Work
University of Colorado	2010 to present	- Financial Statement Audit - Single Audit (Student Financial Aid and Research and Development) - NCAA Agreed Upon Procedures - State Funded Student Financial and Compliance Audit - Program specific compliance audit
University of Denver	2014 to present	- Financial Statement Audit - Single Audit (Student Financial Aid) - NCAA Agreed Upon Procedures - 403(b) Financial Statement Audit - State Funded Student Financial and Compliance Audit
State Universities of Kansas	2014 to present	- Financial Statement Audit - Single Audit (Student Financial Aid and Research and Development)
Portland State University	2014 to present	- Financial Statement Audit - Single Audit (Student Financial Aid and Research and Development) - NCAA Agreed Upon Procedures
The Colorado College	2010 to present	- Financial Statement Audit - Single Audit (Student Financial Aid and Research and Development) - State Funded Student Financial and Compliance Audit - Radio Station Financial Statement Audit
Colorado Community College System	2007 to present	- Internal Audit Outsourcing - Grant Compliance Agreed Upon Procedures - Forensics Consulting
Colorado School of Mines	April 2015 to present	- Financial Statement Audit - Single Audit (Student Financial Aid and Research and Development)
Eastern Washington University	2014 to present	- Financial Statement Audits for Foundation, Pense Union Building, Associated Students, and Housing & Dining
Washington State University	2008 to present	- Financial Statement Audit for Research Foundation, Parking & Transportation Services, Intercollegiate Athletic Department, Housing & Dining, and Foundation



The following list is a sampling of our higher education clients who we have provided tax, audit, and consulting services for firm wide. Due to the large number of higher education clients we serve, we have chosen to focus on the most relevant clients that we have recently gained and have worked with in the past two years.

- AIB College of Business
- Air Force Academy Athletic Association
- Arizona State University
- ASU Research Park, Inc.
- Augsburg University
- Augustana College
- Ball State University
- Baltimore City Community College Foundation
- Bergen Community College
- Bethel University
- Blandin Foundation
- Bowdoin College, Maine
- Bradley University
- Cabrini College
- Capella University
- Cardinal Stritch University
- Carleton College
- Carroll Community College and Foundation
- Cecil Community College and Foundation
- Century College
- City Colleges of Chicago
- College of Southern Maryland
- College of St. Catherine
- College of St. Scholastica
- Colorado Community College System
- Community Colleges of Baltimore County and Foundation
- Concordia University of St. Paul
- Cottey College
- County College of Morris
- Covenant Theological Seminary
- Crown College
- Cumberland County College
- Danville Area Community College
- Dunwoody College of Technology
- East Carolina University Foundations
- Eastern Illinois University
- Eden Theological Seminary
- Flagler College
- Florida Southern College
- Frederick Community College and Foundation
- Gateway College of Evangelism, Inc.
- Gratz College
- Hamline University
- Harford Community College
- Harrisburg Area Community College and Foundation
- Hillsborough Community College Foundation
- Hodges University and Foundation
- Illinois Central College
- Illinois Eastern Community College
- Illinois State University
- Illinois Wesleyan University
- Immaculata University
- Institute of Italian Studies
- John A. Logan College
- The State Universities of Kansas
- Lakeview College of Nursing
- Lincoln Christian University
- Lindenwood University
- Lutheran Senior Services
- Macalester College
- Marlboro College, Vermont
- Marycrest International University
- McKendree University
- Metropolitan Career Center
- Midwestern University
- Missouri Baptist University
- Missouri Western State University Foundation
- Monmouth College
- Montgomery College and Foundation
- Mount Ida College, Massachusetts
- Naval Academy Athletic Association
- Nevada System of Higher Education
- New York Chiropractic College
- North Central University
- North Dakota University System
- Northeastern Illinois University
- Northern Illinois University
- Northwestern Health Sciences University
- Norwich University
- Ocean County College
- Oregon Health Science University
- Oregon State University
- Parker University
- St. Olaf College
- St. Catherine University
- St. John's University
- State College of Beauty Culture, Inc.
- Saint Xavier University
- Teikyo Post University
- Texarkana College
- Texas Tech University System
- Thaddeus Stevens College of Technology
- The Academy of Fire Sprinkler Technology
- The Medical Alumni Association of SOU of Maryland
- University of Arizona College of Medicine
- University of Connecticut Health Center
- University of Houston System
- University of Illinois Foundation
- University of Iowa Foundation
- University of Massachusetts Dartmouth Foundation
- University of New Mexico Health Sciences
- University of St. Thomas
- University of Wisconsin Foundation
- Urshan Graduate School Of Theology
- VanderCook College of Music
- West Virginia University (NCAA Compliance)
- Widener University



2. SCOPE OF WORK INFORMATION

2. Scope of Work Information:

-For each category contained within the statement of work following information must be submitted:

Experience performing higher education audits

Description of the Proposer's experience in performing the service.

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 deal with these challenges. **We developed a niche in higher education and have been serving institutions of higher education for more than 35 years.**

CLA currently delivers dependable and cost effective audit and accounting services to more than 300 higher education entities across the nation. We have been closely involved in the higher education industry for many years, and the state of higher education has always been a focus for CLA.

The engagement team that would serve Oregon Tech has extensive experience serving higher education organizations, including the former System. 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 Oregon Tech'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.

Along with the higher education industry pressures affecting organizations similar to Oregon Tech across the nation, we have identified some specific challenges that we believe must be addressed in an organization's efforts to engage a professional services firm. We have summarized our understanding of typical challenges we regularly see:

- Engaging a team that **understands** the entire higher education field; your challenges as you become a stand-alone institution, opportunities and the ability to coordinate work that is done as part of the engagement into knowledge and proactive guidance.
- Proactive audit process including **regular and timely** discussions as well as clearly defined planning, main fieldwork, and delivery expectations.
- Receiving **value** beyond a delivered financial statement and a boilerplate management letter.
- Providing assistance as a **trusted advisor** when needed and in a timely manner.
- Understanding the **impact** of accounting pronouncements and industry trends that will directly or indirectly affect Oregon Tech.
- **Clearly communicating** and discussing the services that we are able to provide outside of the assurance services.

We believe that each of these items will be addressed when utilizing CLA. Many of these areas will be addressed in further detail throughout this proposal.

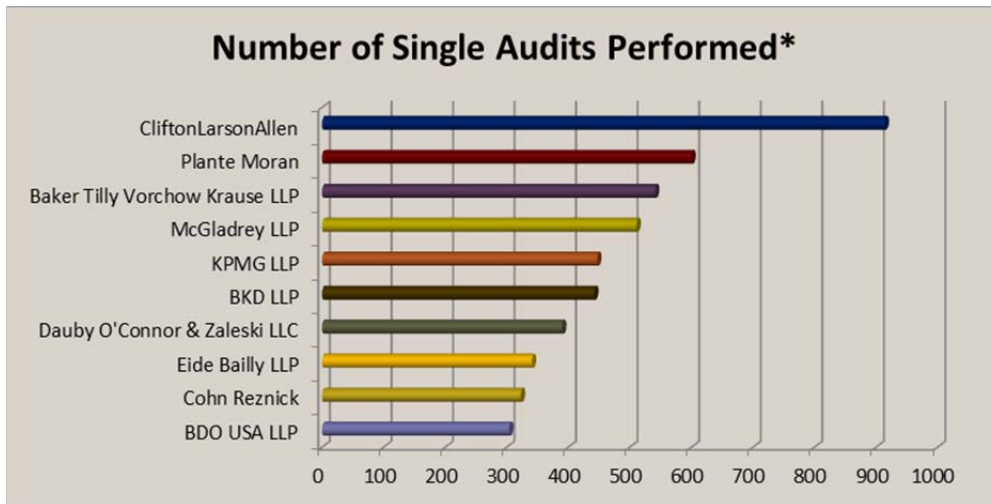


Experience with compliance audits

Single Audit experience

CLA has become the national leader in providing audit, tax and many other services to the public sector, including higher educational entities similar to Oregon Tech. Our client portfolio of nonprofit, government and health care institutions represents nearly half of the firm's total revenues. 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.

Many of the nonprofit and governmental entities served by CLA receive federal funds and require a Single Audit in accordance with Office of Management and Budget regulations (now performed under newly issued OMB Uniform Grant Guidance, referred throughout as simply the Single Audit). The table below illustrates CLA's experience in serving organizations that receive federal funds:



*The information for the firms above was pulled from the Federal Audit Clearinghouse for audits submitted in 2013. CLA's numbers represent single audits with total federal expenditures of more than \$16.9 billion.

Because we perform so many Single Audits, we are familiar with the federal grants Oregon Tech receives and will perform a high quality audit in accordance with OMB and federal regulations. We understand this will be your first Single Audit and we can walk you through many of the nuances that come with working through this process for the first time. Hurdles we have assisted clients on during first time Single Audits include:

- Governance education
- Intricacies and responsibilities of Schedule of Federal Awards preparation
- Requirements of control environment over federal compliance requirements
- Education of changes under the Uniform Grant Guidance
- Time and effort documentation requirements
- Procurement policy requirement
- Other common hurdles

CLA is committed to adhering to the highest quality standards by designating a principal responsible for the quality of our Single Audits. The Designated Single Audit Reviewer (DSAR) reviews and approves Single Audit reports. CLA personnel participated in the Single Audit Task Forces formed by the AICPA to address Single Audit quality issues.

Our designated Single Audit group stays current on all issues related to federal awards and the impact they may have on your Single Audit.



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. In addition to the regional resources, CLA has personnel throughout the firm as well as national technical personnel who specialize in Single Audits and as such, provide resources and insights not found in many firms. CLA personnel were also invited to join and participated in Single Audit Task Forces formed by the AICPA to address Single Audit quality issues.

The principals, managers and staff members assigned to your audit have performed hundreds of Single Audits and have received specialized training in higher educational accounting, auditing and financial reporting. In addition, they receive training on the compliance requirements of OMB Uniform Grant Guidance and the use of the related compliance supplements.

As you are aware, the Office of Management and Budget (OMB) issued new guidelines affecting the Single Audit (OMB Uniform Grant Guidance). The new rules released are more than 700 pages and CLA has provided webcasts, in-person trainings, and educational sessions for employees and clients regarding the impact to organizations such as Oregon Tech. As the number one provider of Single Audits in the nation, CLA is a leader in ensuring our clients clearly understand the impact of these sweeping changes as they take effect. As Oregon Tech enters into your first Single Audit in Fiscal Year 2016, CLA will ensure we clearly articulate new changes, train those responsible for grant compliance, and educate governance as applicable. (We just finished first time Single Audits for Oregon State University and Portland State University. From these experiences, we learned valuable information that will be beneficial to Oregon Tech!)

Student financial aid cluster experience

Student Financial Aid (SFA) is one of your largest federal cluster of grants and is also the most complicated to audit with the most compliance requirements of any grant you receive. It is important to maintain compliance or Oregon Tech could suffer severe financial repercussions. Every member of your Single Audit engagement team has extensive experience auditing Student Financial Aid in that they have performed Single Audits for numerous colleges and universities. In addition, our National Director of Student Financial Aid, Brenda Scherer, will be a full time resource to you and your engagement team. Student Financial Aid audits start with having the right people in the field working with our clients. We have compiled a national group of trained professionals who specialize in performing these audits. Each of our dedicated higher education team members has experienced our internal SFA boot camp, in which we put them through a true training platform with “live files” from our clients. We provide this training to engage, enrich, and arm our staff with the necessary knowledge and experience to work with our clients. Rarely do we hear the comment that our clients had to train our staff. It is more common to have a situation where our clients feel as though they have a principal to discuss SFA issues with them. **As a testament to our expertise and ability, the U.S. Department of Education recently requested that CLA perform its annual audit.**

Experience with the research and development cluster

As your team has years of experience auditing Higher Education institutions, inherently they have years of experience auditing the Research and Development (R&D) Cluster. Your team has experience in auditing R&D programs with as little as \$300,000 in R&D funds and other institutions with up to \$750,000,000 in R&D spending. In addition, the National Science Foundation (NSF) has been an audit client of CLA for several years and demonstrates our level of knowledge and expertise with a primary funding source of R&D monies. The principal-in-charge for the NSF audit in our Washington D.C. office works very closely with the CFO, Marty Rubenstein, and the Inspector General, Allison Lerner. As a result, CLA has numerous resources at your disposal if any difficult audit issues are encountered when testing the R&D Cluster and we are ready to provide best practices to the Institute if areas for enhancement are identified.



Why choose CLA?

Description of what distinguishes the Proposer from other firms performing a similar service.

CLA is different from other firms in that each of our greatest strengths corresponds to your most critical needs. As shown below, we possess the full spectrum of qualities needed to most effectively and efficiently help Oregon Tech meet its goals – all at a very competitive rate.



We Understand Higher Education Organizations

We have built strong relationships with higher education institutions by assisting them not only with standard audit and tax work, but by providing other consulting services as well. We fully understand the issues prevalent in your industry and continuously exceed expectations and provide outstanding value to these clients. Our experience, combined with our deep knowledge of higher education entities, allows for an efficient execution of your engagement.



Security is Priority Number One

We will conduct your audit by paying specific attention to risk and fraud vulnerabilities and propose ways to protect you from both error and malice. We test your internal controls and work collaboratively with your own team to minimize risk and bolster security. Quality control, independence, and mindfulness of related issues are essential components of our attestation efforts.



We will Meet Oregon Tech's Deadlines

We will meet Oregon Tech's deadlines, pay attention to details, arrive prepared and fully respect Oregon Tech's time and schedules. Furthermore, we work with you to find ways to implement strategies that alleviate waste and redundancy, free up resources for better use, and develop policies that comply as efficiently as possible with imposed regulations.



Fair and Competitive Fees

Constant communication is essential. We will be available for routine questions at no additional charge, a welcome investment in an ongoing relationship. Should there be special projects and deliverables, we always clear any additional charges with you before we begin work outside the agreed scope.

Higher Education Industry Recognition

Oregon Tech needs a CPA firm that knows the higher education industry. With CLA, Oregon Tech can have both a CPA firm they can trust and a firm that is committed to the higher education industry. We are aware that to properly serve Oregon Tech, professionals within the firm must concentrate a significant portion of their time servicing educational entity clients in order to maintain a high level of industry specialization.

The state of higher education has always been a focus for our staff. Even outside of the office, involvement with organizations in the education sector is encouraged throughout the firm. Our principals and managers are involved at many local colleges and universities, and many have participated in curriculum and development committees, been active in alumni activities and made presentations on the subjects of accounting, business strategy and other topics. This ensures a high level of specialization in the higher education environment and provides for continuity of staffing for the engagement.

We are one of, if not the only, CPA firm in the country that is actively involved in all of College & University Business Officers (CUBO) organizations, and we speak regularly at the annual meetings and workshops. The following chart provides a summary of the associations your engagement team and their available resources are actively involved with:



Association	CLA's Involvement
AICPA	Our CPAs are members of the AICPA and we actively attend the organization's events. Our lead Quality/Technical principal for our national nonprofit and government audit practice has been a member of the AICPA national conference committee and serves as a reviewer for the annual revisions to the <i>AICPA Non-Profit Audit Guide</i> and the annual AICPA publication, <i>Not-for-profit</i> . We are also standard setters given our firm was part of the writing and implementation of the <i>AICPA Alternative Investment Audit Guide</i> . Other principals serviced on the <i>AICPA's Single Audit Task Force</i> .
NACUBO	NACUBO is the National Association of College and University Business Officers; we have been an active participant in NACUBO's annual meetings for many years.
CACUBO EACUBO WACUBO SACUBO	We have been very involved in each of the regional Associations of College and University Business Officers including being speakers for each region, participants of meetings and supporters of the annual conferences.
NASFAA	We have utilized the information and templates from National Association of Student Financial Aid Administrators for over 20 years and utilized NASFAA's newsletters to keep in front of the changes within the federal student financial aid requirements.
APSCU	We have been very involved in the Association of Private Sector Colleges and Universities including being speakers and supporters of the annual conference.
PCCS	We have been involved with the Private Career Colleges and Schools including being speakers and supporters of their regional conferences.
NWCCF	We have been key sponsors, active speakers at the annual convention, and advisors for the Northwest Career College Federation for many years. The Federation continues to be a client of the firm to this day.

Engagement team

A list of specific persons who will be responsible for the proposed work and a resumes for each person. Resumes should include information on professional certifications or licensure and any previous experience with universities of similar size and complexity to Oregon Tech. Specifically information must be provided for the following personnel:

- Engagement Partner
- Audit Director
- On-Site Audit Manager
- Other staff who will be members of the team assigned to provide the service

Engagement team members

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:

Engagement Team	Title	Role	Years Experience
Jean Bushong	Principal	Overall Engagement and Relationship Principal	18 years
Nancy Jones	Principal	Secondary Engagement Principal	28 years
Caroline Wright	Director	Engagement Manager	25 years
Michelle Hoffman	Manager	Secondary Engagement Manager	7 years
Jake Huolihan	Manager	Secondary Engagement Manager	5 years



Detailed resumes are available in **Appendix A** of this proposal.

Jean Bushong, CPA, Engagement Principal

Jean has more than 18 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, including serving as engagement manager and principal of the former Oregon University System audits. As a result, Jean is very familiar with Oregon Tech's processes, internal control structure, and procedures that would be very helpful if Oregon Tech elects to engage CLA for this work. In addition, Jean is serving/has served in the past the following other higher education institutions:

- University of Colorado
- The Colorado College
- Colorado Community College System
- Colorado State University
- University of Denver
- Oregon State University
- Portland State University
- Southern Oregon University
- Eastern Oregon University
- Metropolitan State University of Denver
- University of Louisiana in Monroe (formerly known as Northeast Louisiana University)
- The State Universities of Kansas

Jean also serves as second review principal on several other higher education institutions. In addition to her higher education experience, Jean has managed a variety of other governmental client engagements over her career, including the City and County of Denver, the Colorado Lottery, Jefferson County School District (one of the largest school districts in the country), Denver International Airport, the City of Arvada, and many more municipalities and school districts.

Jean is an instructor for continuing professional education courses, both on a local and national basis. Jean has led educational sessions for both clients and firm members on GASB technical updates, fundamental/intermediate and advanced governmental accounting, cash flow statement preparation, client considerations when undergoing a Single Audit, and other governmental technical updates and changes.

She is a member of the Colorado Government Finance Officers Association (CGFOA), the American Institute of Certified Public Accountants and the Colorado Society of Certified Public Accountants and an active member of WACUBO.

Nancy Jones, CPA, CFE, Principal

We understand that one of your concerns may be that, with the division of the System into various independent universities across the state, CLA will no longer have the capacity to serve all of the former System universities. This is not the case. In fact, we have other higher education individuals with former System experience to ensure we are meeting Oregon Tech's needs. One of those individuals is Nancy Jones. Nancy served as a quality secondary review for the fiscal year 2015 audits and also performed manager level review in previous years. Nancy has 28 years of auditing experience providing audit, accounting, and consulting services to colleges and universities in the governmental, nonprofit, and commercial sectors. In addition to her System experience, Nancy has extensive experience serving higher education clients. Past higher education clients include: University of Illinois, Illinois Eastern Community College, St. Louis Area Community College, Danville Area Community College, and Parkland Community College. Nancy is one of CLA's regional secondary reviewers for governmental and nonprofit clients and is a designated single audit reviewer. She has been a contributing member of the National Assurance Technical Group, overseeing services provide to government and nonprofit entities until her transfer to the Pacific Northwest, and is a frequent speaker on government accounting and single audits.



Nancy will assist Jean in development and performance of the audit plan, review of critical workpapers, technical review of the financial statements and other deliverables, and providing key communications to management and the Board. Nancy is licensed to practice as a certified public accountant in Washington and Illinois. In addition to being a CPA, Nancy is also a Certified Fraud Examiner. She is a member of the AICPA, Association of Government Accountants, GFOA, and WACUBO.

Caroline Wright, CPA, Director

Caroline has over 25 years of auditing experience, specializing in governmental audits, nonprofits and Single Audits. She is a designated Single Audit reviewer and a key member of CLA's national Student Financial Aid team. As part of this team, she travels the country, training other higher education team members on SFA regulations and recent changes.

Like Jean, Caroline has worked on the System audits since 2012. Some of her other current and prior engagements include University of Colorado, Metropolitan State University of Denver, Clatsop Community College, Divers Institute, Inc., Interface College, the Colorado College, Colorado School Districts Self Insurance Pool, Colorado Intergovernmental Risk sharing Agency, Colorado Special Districts Property and Liability Pool, Colorado Department of Transportation, Poudre School District, Colorado Judicial Department, Parker Water and Sanitation District, California Water State Revolving Fund, and many other governmental entities. Caroline is a member of the Washington Society of Certified Public Accountants and the American Institute of Certified Public Accountants and is an active member of WACUBO.

Michelle Hoffman, CPA, Manager

Like Nancy, Michelle is a key member to assist Caroline to ensuring Oregon Tech receives excellent client service. Michelle will assist Caroline in day-to-day managing of the audit process and supervising the audit procedures being conducted by the audit team. She will work on an ongoing basis with the Oregon Tech staff regarding any issues and questions that come up during the audit. Michelle is licensed to practice as a certified public accountant in Minnesota.

Michelle has over seven years of auditing experience, with the majority of engagements requiring Single Audits. Her experience primarily includes serving state and local governments (including higher education institutions) and current/past clients include Portland State University, Metropolitan State University of Denver, Adams 12 Five Star Schools, Adams/Weld School District 27J, Arapahoe County, City of Longmont, the Minnesota Senate, Minnetonka Public Schools (Minnetonka, MN), Hopkins Public Schools (Hopkins, MN), Burnsville Public Schools (Burnsville, MN), and Wayzata Public Schools (Wayzata, MN).

Michelle is a member of the Minnesota Government Finance Officers Association (MNGFOA), Minnesota Society of Certified Public Accountants (CSCPA), and the American Institute of Certified Public Accountants (AICPA).

Jake Huolihan, CPA, Manager

Jake has over five years of experience working with public sector and higher education audit clients. He has led teams of staff members in completing financial audits, Single Audits (including student financial aid and Research and Development), grant specific audits and reviews, and agreed upon procedures engagements. Jake has experience in managing a variety of engagements in the public sector industry, including the University of Colorado, Oregon State University, Portland State University, the Oregon University System, and the State of Kansas Universities.

Jake is a member of the American Institute of Certified Public Accountants (AICPA) and WACUBO. Jake teaches trainings both internally at CLA and externally to both clients and industry professionals.

Senior associates and associates

Other senior associates and associates will be assigned to assist the Oregon Tech engagement. Our senior associates currently have between two to five years of experience and our associates have between one to two years of experience. Given the volume of public sector clients served from our offices, most of this experience has been devoted to public sector audits, including governmental and higher education organizations.

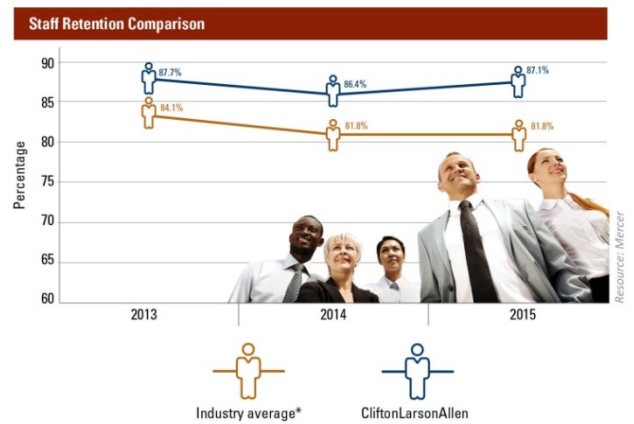


Staff continuity

We are committed to providing continuity throughout this engagement. It is our policy to maintain the same staff throughout an engagement, ensuring maximum efficiency and keeping the learning curve low. We are also flexible in exploring alternative solutions 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 Oregon Tech 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 a positive work/life balance.



Work plan

A comprehensive work plan for performing the service, including:

- a demonstrated understanding of the work to be performed
- the nature and extent of audit procedures to be performed
- a detailed approach and methodology for performing the work
- a timeline for completion of all activities and delivery of final report
- expected timing of audit procedures including critical audit objective completion dates
- expected utilization of staff and audit specialists
- relationship of staff qualifications to planned work assignments
- expected utilization of computer-assisted audit techniques and technology
- supervisory review and quality control procedures to be performed
- description of the method, content, and frequency of conferences and audit progress reports to Oregon Tech staff
- any other information deemed necessary to understand the audit scope, plan and approach

Understanding of the work to be performed

We understand the scope of work, as described in the request for proposal, is to perform an audit of the Oregon Institute of Technology's Financial Statements and a compliance audit in accordance with the Federal Office of Management and Budget (OMB) Uniform Grant Guidance for the fiscal year ending June 30, 2016. Please refer throughout this document for further information regarding our understanding of the work to be performed in accordance with the request for proposal.

Nature and extent of audit procedures

Please refer to **Appendix B** for the nature and extent of the firm's audit procedures.

Audit approach and methodology

Our detailed audit approach and methodology can be found in **Appendix B** of this document. While we believe our approach to be an effective, innovative, and comprehensive audit approach, we understand there are several other firms that also provide an audit methodology that adheres to professional standards. As such, what makes CLA's Audit Methodology different?



Commitment to communication

CLA is committed to ongoing communication throughout the engagement. Continual communication starts when an engagement letter is issued, continues throughout the completion of an engagement and throughout the remainder of the year. We believe effective communication is critical to a successful professional relationship. First, we will begin our professional relationship with an in-depth planning meeting. We understand that expectations and processes for Oregon Tech will change now that you are independent of the System. During this planning meeting, we will identify milestones and deadlines, set expectations, address audit emerging issues, coordinate efforts with the USSE, and other topics critical to a successful engagement.

During the engagement, we will hold regular status meetings (at least weekly) with Oregon Tech to ensure 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 and formalized 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 confirmation of fact pattern of any potential audit adjustments, deficiencies, recommendations, etc. on a timely basis.
- Avoid any “surprises” at the end of the audit.

Our proactive measures ensure communications, both written and oral, are ongoing, relevant and routine to our engagements. Our commitment to this practice ensures open lines of communication and prevents and/or mitigates service delivery issues. Our directors and engagement principals will consistently be available to you for such open and honest communication.

Audit philosophy

The philosophy of CLA is to provide a full range of audit services with an emphasis on responsiveness to our clients that reach beyond standard audit services. Our audit philosophy is based on integrity, objectivity, independence and adherence to professional standards, regulations and laws. We employ a risk-based approach to auditing focusing on areas of highest concern for potential misstatement of the financial statements.

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.
- Best practices and helpful tool.
- 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.
- Operational best practices gained from experiences with numerous public institutions across the county.

Project management

In order for the audit of Oregon Tech to be successful and timely, proper planning and project management are critical elements. The proposed team members have worked on numerous similar size engagements and are accustomed to managing such projects and meeting related timelines. We understand that the timeliness of our procedures directly impacts the timeliness of management's and governance's oversight responsibilities. In order to determine we are meeting required deadlines, we will implement a very detailed project management plan. This plan is a work in progress and can be adjusted to meet management's need to avoid operational disruptions. Our approach to the audit and related services will be specifically tailored to address the unique aspects of the Oregon Tech's structure and complexity.



Timeline

We are committed to performing this work within the desired time periods established by Oregon Tech, and have the resources to efficiently manage this engagement. Our practice is well rounded in terms of industries served and services provided, and therefore we do not experience the workload compression that other firms might experience during particular busy seasons. This means better client service for Oregon Tech and a timelier audit.

We have created the summarized timetable below based upon our experience with Oregon Tech, but we have the capacity to move up/back timelines if this is the preference with Oregon Tech.

Activity	University Financial Statements	Single Audit
Planning and Interim Field Work	Once Engaged, preferably late Spring	July
Final Field Work	September	September
Preliminary Draft	October 15	October 15
Date of Report	October 31	October 31
Governance Meeting	As Directed by Oregon Tech	

The above timing can be adjusted by management as needed. Our objective is to provide timely service to meet management's and the board's financial and compliance needs.

We believe interim fieldwork is a critical time to complete a substantial portion of the audit fieldwork. During this time, we intend to complete our risk assessments, internal control testing, and Single Audit testing. In addition, it would be our desire to begin some substantive testing if certain populations can be provided by Oregon Tech.

Lastly, during the interim timeframe, we would like to resolve any significant, unusual, and/or complex accounting issues rather than wait for final fieldwork. In summary, our goal is to accomplish as much as possible during the interim timeframe so not to burden management with unnecessary demands at final fieldwork during their focus of producing the financial statements.

A more detailed view of our proposed timeline is as follows:

Activities	May/June	July	Aug/Sept	Oct	After Oct
Planning and Systems Evaluation					
Preliminary planning meetings / Entrance Conference	X				
Audit planning, risk assessment and systems evaluation (control testing, including IT)	X				
Approve overall audit plan	X				
Develop group auditor requirements and communicate with other auditors	X				
Testing and Analysis					
Single Audit compliance testing		X	X		
Final fieldwork testing for financial statement audit			X		
Review group auditor package			X		
Review and Delivery					
Review financial statements and notes			X	X	
Hold audit exit conference				X	
Issue financial statements				X	
Present audit and management letter to governance					X



Utilization of staff and audit specialists

On each engagement, CLA utilizes, to an extent, at least one Information Technology audit specialist, whose responsibilities include evaluation the design and control systems related to client information systems and documenting any findings or recommendations noted within the scope of work performed. Many of our IT specialists are also Certified Public Accountants, as well as licensed IT audit professionals.

The IT Assurance and Security Services Team is comprised of nearly 100 dedicated IT security and IT audit professionals with numerous major professional certifications, including the following:

- Certified Information Security Manager (CISM)
- Certified Information System Auditor (CISA)
- Certified Internal Auditor (CIA)
- Certified Information Systems Security Professional (CISSP)
- Certified System Engineer (MCSE)
- Cisco Certified Networking Associate (CCNA)
- Master Certified NetWare Engineer (MCNE)
- Microsoft

In today’s fast-paced environment, your organization faces a wide array of technology choices. From choosing software to network security, the decisions you make affect your business – and your bottom line. Done right, technology can be the driving force behind increased productivity, efficiency, and profitability. Finding and implementing technology solutions that meet your specific needs is an important step in forming a strong business plan. We don’t think any business plan is complete without an integrated technology component.

We can help plan, deliver, support, and train your staff so you can leverage technology to help your business succeed. Specifically, we can help with —

- Business and accounting software
- Infrastructure planning and consulting
- Network security
- Application development
- Strategic planning and review
- Disaster recovery planning

Staff qualifications

Please refer to **Appendix A** for detailed resumes of engagement team members. An overview of planned work assignments is as follows:

Engagement Team Member	Work Assignment
Jean Bushong, CPA, Principal	Jean will oversee efforts in serving Oregon Tech. She will ensure the quality of the audit procedures and serve as an advisor to Oregon Tech throughout the term of the engagement.
Nancy Jones, CPA, Principal	Nancy will assist Jean in the responsibilities described above, ensuring review stays on track. She will also assist in any technical research as well, given her past service on the national technical advisory group.
Caroline Wright, CPA, Director	Caroline will be responsible for the overall project management of the audit, technical review and day-to-day supervision of the audit for Oregon Tech.
Michelle Hoffman, CPA, Manager Jake Huolihan, CPA, Manager	Michelle and Jake will work under the guidance of Caroline, also responsible for managing the day-to-day operations of completing the audit and keeping the team on track. They will be in constant communication with the client staff regarding audit requests and protocol.



Utilization of computer-assisted audit techniques and technology

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; our firm has performed “paperless” audits for over seven years. This product allows us to file and save all of our audit work papers 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 lead schedules and allows us to perform trend analysis utilizing our clients’ trial balances.
- **Audit Program Generator (APG)** – In order to provide a tailored approach to engagements, the firm requires the use of APG, a software program custom-written for CLA. This software package allows the tailoring of audit programs, based on the requirements of your engagement. We have developed a customized CLA higher education audit program, which effectively makes our audit processes paperless and will enhance our present electronic practices.

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.

- **Secured File Transfer Protocol (SFTP)** – CLA has the ability to receive and send encrypted files through the use of a SFTP solution. This provides a safe, secure, and organized method for clients to provide large files without the fear of such files being “misplaced.”

We are an early adopter of industry-leading audit software, processes and programs. With our state-of-the-art risk assessment software, the tools that are at our disposal are as sophisticated as those of the largest national CPA firms. With an extensive repertoire of available auditing strategies, we have the capability to customize the design of our auditing programs to help maintain the Institute's focus and to deliver a highly tailored audit process specific to the Institute's requirements.



Our paperless engagement file system and use of current technologies create noticeable efficiencies. Virtually all of our work papers we require can be provided electronically. We also have many templates available to you to assist you in the process of gathering the necessary support. Effective use of current technologies, such as remote access, secure file sharing, audit-specific software, and portable scanners, provides the structure needed for our efficient approach, and allows us to serve our clients better. We have fostered a culture of efficient reliable technology that will create the best audit approach for the Institute.

Supervisory review and quality control procedures

Supervisory review on the engagement will be performed by our senior associates, managers and directors, and principals. Senior associates will be responsible for the day-to-day workflow and ensuring that all team members have an understanding of the nature and timing of audit procedures to be performed. Managers and Directors will, in addition to overseeing the day-to-day operations of the engagement, perform detailed review to ensure that all work is being performed within industry, firm, regulatory and professional standards. Principals perform the highest level of review of all work performed, as well as ensure that clients are being provided the services for which the firm has been contracted, in addition to ensuring the services being provided are exceeding client expectations.

In addition to engagement supervisory 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 CliftonLarsonAllen strives to act in a way that will honor the public trust.

Continual communications

Communication is an important part of making an audit efficient. Not only do we believe in an open line of communication during the audit period, but year round as well. We want your staff to feel comfortable in calling any one of our audit team members with questions or thoughts they may have concerning accounting, audit, or other issues. We feel it is much more efficient if your staff has us available as a resource throughout the year, allowing you to have the proper guidance when an issue arises rather than when the audit begins.

Communications with management will occur at different times during the audit and throughout the year, as follows:



- ✓ **Entrance conference**
Prior to commencement of audit activities, the engagement team will meet with management, and accounting personnel, to discuss timing of the audit, expectations and audit, accounting, or other issues. We will also meet with representatives of the governing body to identify expectations and conduct fraud inquiries.
- ✓ **Regular status meetings**
Throughout the audit, we will meet with management to discuss milestones, pending requests, potential recommendations, and status of unique reporting issues. The ultimate goal of these meetings is to eliminate any surprises in the audit.
- ✓ **Fraud-risk discussions**
The engagement principal and manager will hold discussions with members of management to obtain an understanding of potential risks of fraud within the organization. These discussions are required by audit standards issued by the American Institute of Certified Public Accountants, and will be held during the planning phase of our audit.
- ✓ **Audit exit conferences**
We will conduct a formal audit exit conference with management, along with other personnel as needed, at the close of preliminary and final audit fieldwork to review any comments relating to internal control and procedures and audit findings and recommendations. We will also present our observations about your organization's operations. Upon review of all deliverables, we will conduct a meeting with management personnel to review draft documents prior to finalization.
- ✓ **Communication of internal control related matters**
The audit standard, *Communicating Internal Control Related Matters Identified in an Audit*, applies in all audits and requires the auditor to communicate significant deficiencies or material weaknesses in internal control in writing.

We will discuss, immediately upon discovery (see above discussion regarding regular status meetings), any instances of material accounting or internal control weakness or suspected fraud, defalcations, collusion or manipulation, and request instruction as to how to proceed with the audits.
- ✓ **Management letter**
At the conclusion of our audit, we will also communicate other recommendations and suggestions for strengthening your policies, accounting procedures, and or processes which represent other opportunities for improvement but do meet the definition of internal control matters defined above, by way of a management letter.
- ✓ **Irregularities and illegal acts**
It is our firm's policy to immediately report alleged irregularities or illegal acts to the level of management having immediate oversight of the department or employee(s) suspected of committing the act. Professional standards also require us to report such matters directly to the governing body, depending upon the materiality of an identified illegal act.
- ✓ **Report to those charged with governance**
We will make certain the Audit (or equivalent) Committee and management are informed of each of the following:
 - Significant accounting policies
 - Management judgments and accounting estimates
 - Significant audit adjustments and passed adjustments, if any
 - Disagreements with management, if any
 - Management consultation with other accountants
 - Major issues discussed with management prior to retention
 - Difficulties encountered in performing the audit, if any

- ✓ **Presentation of the audit**
We will present the auditor's reports, financial statements, executive audit summary including management letter points, and required communication letter to the governing body.
- ✓ **Updates on new standards**
During the planning meeting prior to the engagements, part of our formal discussion will be to communicate changes to audit and accounting standards, which will affect the current engagement. We will also make management aware of upcoming changes as we are made aware of them throughout the year via e-mail, webcasts, meetings or phone communications.
- ✓ **Meetings during non-audit periods**
We also offer to meet with management during the non-audit period to provide optimal client service and audit product quality. We find that these meetings with representatives of management allow the client representatives opportunities to ask questions of current and possible future transactions and activities that might affect the audited financial statements.
- ✓ **Training**
We commit to providing Oregon Tech up to 8 hours of continuing education, at no additional fee, for Oregon Tech staff. The specific topics to be covered by the training will be discussed with your management team on an annual basis to ensure that emerging issues are addressed in a timely fashion. This training will be presented in the form of webinars and in-person instruction.

Additional information regarding the audit

Please see **Appendix B** for additional information regarding the detailed audit scope, plan and approach.

Ability to accomplish work within the service period

We would be prepared to begin communications with Oregon Tech as soon as the contract is in place. We have the resources (as listed in this proposal) to begin work as early as May 2016. In addition, these resources will be available to begin final fieldwork in accordance with the schedule agreed upon by Oregon Tech.

We are committed to meeting your specified timelines and deadlines as outlined in the request for proposal. In order to ensure such deadlines are met, a detailed project management timeline will be developed with management, as shown above. We are committed to this and it is the reason we added new members to your team to ensure timelines are met. This timeline can be adjusted based upon discussions with management and Oregon Tech.

3. COMPLETE AND ITEMIZED PRICING

3. Complete and itemized pricing, including:

Fee proposal and hours

A total cost itemizing the hours and costs to provide the service for the three years provided. Oregon Tech acknowledges that a risk determination on the federal compliance audit will need to be completed to confirm the number of programs to be audited and the associated costs, the RFPs should list the various scenarios pricing for the number of programs that may be selected. A copy of the prior year Schedule of Federal Awards has also been made available to assist with this analysis.

CLA's policy is to estimate fees that are competitive, yet still enable us to respond quickly to Oregon Tech's needs and provide you with the quality of service you deserve. Management should not feel reluctant to contact us when a question arises.



We have estimated fees that are competitive with other regional and national firms and provide Oregon Tech with a level of quality and commitment that will extend for years to come. Assuming no changes in requested services or unplanned hardships during the audit, our fees will not exceed the amounts below. Should significant events occur or regulatory requirements change, we would address with you our fee estimates for these new matters affecting the scope of our work prior to the start of any work performed.

We will bill you for our services as the work progresses.

Estimated fees and hours

Our fees are as follow:

Services	Total Hours	FY 2016 Fees	FY 2017 Fees	FY 2018 Fees
Financial Statement and Compliance Audit for the fiscal year ending June 30, 2016, 2017 & 2018	600	\$63,250	\$65,150	\$67,100
Single Audit Federal Compliance Audit for the fiscal year ending June 30 th (assuming one major program)	170	\$16,000	\$16,480	\$16,975
Total:	770	\$79,250	\$81,630	\$84,075

Hourly rates

An hourly rate for each staff member assigned to providing the service and an estimated number of hours of each staff person to complete the service

An hour and fee breakdown by level is as follows:

Financial Statement Audit	Hours	Standard Fee	Quoted Fee	FY 2016 Total
Principals	60	\$315	\$200	\$12,000
Managers	115	\$225	\$125	\$14,375
Senior Associates	200	\$165	\$100	\$20,000
Associates	225	\$125	\$75	\$16,875
TOTAL	600			\$63,250
Single Audit (one major program)	Hours	Standard Fee	Quoted Fee	FY 2016 Total
Principals	10	\$315	\$200	\$2,000
Managers	20	\$225	\$125	2,500
Senior Associates	40	\$165	\$100	4,000
Associates	100	\$125	\$75	7,500
TOTAL	170			\$16,000

Fiscal year 2017 and 2018 fees are based upon approximately the same hours with a 2 - 3% rate increase. Additional fee of \$6,000 will be charged for additional major programs in the Single Audit.



Method in Determining Fees

Our clients tell us they do not like fee surprises. Neither do we. Our policy is to estimate fees that are competitive, yet enable us to respond to your needs and provide the quality of service you expect and deserve. We do not charge for routine consultations. You should not feel reluctant about picking up the phone when you have a question for fear that you might receive a bill. We want to keep the lines of communication open to avoid any surprises at year-end. Our goal in establishing fees is to charge competitive rates while providing the highest quality professional service.

We frequently have discussions with our higher education clients about ways to contain the cost of the audit. In devoting the appropriate time for the planning of any audit engagement, CLA involves our entire engagement team in the planning process to identify risk areas, generate ideas for maximum efficiency, and to develop a cohesive approach. We will also involve Oregon Tech's personnel and management in the planning process to maximize the benefit of assistance from your staff as well as promote efficiency by gaining an understanding of the types of schedules, reports and analyses the staff typically prepare in the normal course of performing their duties. We leverage the information the staff are already preparing so as to avoid requesting them to prepare and provide additional information to us. Additionally, leveraging this information allows us to reduce the time and effort we spend on preparing our own analyses. We have seen this translate into savings for our clients, including significant amounts of internal time and minimizing any issues associated with a transition.

Our cutting-edge audit technology also leads to an efficient audit. Our report processing function and work papers are fully automated. This significantly reduces the administrative functions traditionally required in the financial statement report process, allowing you to receive more efficient and expedient service, saving Oregon Tech time and money.

Out-of-pocket expenses

A list of expenses that will be billed other than the hourly fee and travel reimbursements.

The above fee estimates are based on professional standards, regulations, and accounting principles currently in effect. You will not be charged for any out-of-pocket expenses by CLA.

Pricing for additional years

Prices quoted shall include all costs for services provided under this contract pertaining to the fiscal years ending June 30, 2016, June 30, 2017, and June 30, 2018. Any unspecified costs shall be borne by the Contractor. Expenses, including travel expenses, will not be reimbursed. Proposers are encouraged, but not required to provide pricing for additional years of engagement beyond the first three fiscal years. Such pricing will be taken into consideration in the evaluation.

Pricing for additional years will be in line with the prices quoted above. We will commit to no more than a 4% increase in rates (most likely 2-3%). Any changes in expected hours due to increased scope of work will be discussed prior to the beginning of the engagement.



4. ADDITIONAL INFORMATION

4. Additional information:

Pending litigation

Disclosure of any and all judgments, pending or expected litigation, or other real or potential financial reversals that might materially affect the viability or stability of the Proposer, or warrant that no such condition is known to exist. If the Proposer is a national firm it must disclose the above information for its region and all material judgments and pending or expected litigation on a nation-wide basis.

CLA has not been suspended or debarred from performing government audits or from other government activity, and has not been the object of any disciplinary action or legal proceedings filed against our firm that would materially affect the viability or stability of our firm or adversely affect our ability to carry out a multi-year audit engagement. In addition, CLA has not had a contract terminated for default during the last five years.

Terminated contracts

If the Proposer has had a contract terminated for default during the past five (5) years, all such incidents must be described. Termination for default is defined as a notice to stop performance due to the Proposer's nonperformance or poor performance, and the issue was either (a) not litigated or (b) litigated and such litigation determined the Proposer to be in default. Submit full details of all terminations for default experienced by the Proposer during the past five (5) years, including the other party's name, address, and telephone number. Present the Proposer's position on the matter. Oregon Tech will evaluate the facts and may, at its sole discretion, reject the Proposer's proposal if the facts discovered indicate that completion of a contract resulting from this RFP may be jeopardized by selection of the Proposer. If no such terminations for default have occurred, indicate as much.

From time to time clients will leave CLA to engage another CPA firm for audit services. It is not our practice to publicly identify the clients we are engaged to serve, including discussing specific reasons organizations chose to leave our firm. In general terms, any clients who decided to engage a new public accounting firm have done so for the following reasons:

- Organization was acquired by or sold to a larger organization and audits were no longer necessary or larger organization had a different audit firm.
- Long-term clients attempting to comply with interpretations of the Sarbanes-Oxley Act and impression they should change auditors.
- Transition at the CEO or CFO position where a decision was made to engage a firm they had previously established relationships with at their prior positions.

As part of this, it is important to note none of the client transitions described above was the result of unresolved auditing or accounting matters or due to poor client service.

Quality control procedures and peer review report

The Proposer must submit a statement that it has an internal quality control system in place and that it is participating in an external quality control review program requiring it to undergo a review at least once (1) every three (3) years.

- *The Proposer must include as an attachment to the Proposal the final report including findings of an external quality control review report ("Peer Review") completed within the last three (3) years.*

As shown in the **Scope of Work** section, CLA has an extensive internal quality control policy for review within the firm. In addition, CLA has received a rating of *pass* in our most recent peer review report and a copy of our report is included in that section. Please see our peer review below.



System Review Report

To the Principals of CliftonLarsonAllen LLP
and the 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 non-SEC issuers in effect for the year ended July 31, 2013. 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.

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 2 engagements].

In our opinion, the system of quality control for the accounting and auditing practice of CliftonLarsonAllen LLP applicable to non-SEC issuers in effect for the year ended July 31, 2013, 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 12, 2013

December 12, 2013

Gordon A Viere, CPA
CliftonLarsonAllen LLP
220 S 6th St Ste 300
Minneapolis, MN 55402

Dear Mr. Viere:

It is my pleasure to notify you that on December 12, 2013 the National Peer Review Committee accepted the report on the most recent system peer review of your firm. The due date for your next review is January 31, 2017. This is the date by which all review documents should be completed and submitted to the administering entity. If your due date falls between January and April, you can arrange to have your review a few months earlier to avoid having a review during tax season.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Sincerely,



Betty Jo Charles
Chair, National Peer Review Committee
nprc@aicpa.org 919 402-4502

cc: Catherine Marie SchweigelSamuel Edward Johnson

Firm Number: 10012475

Review Number 348767

Letter ID: 847869

Independence

In accordance with Government Auditing Standards, the Proposer (both organization and the individual team members) must be free from personal, external, and organizational impairments to independence and should maintain an independent attitude and appearance. Proposer must submit a statement of understanding of independence requirements and that Proposer and all key staff are independent and will comply with this requirement.

CLA and all professionals assigned to this engagement are independent of Oregon Tech as defined by auditing standards generally accepted in the United States of America and the U.S. Government Accountability Office's *Government Auditing Standards*. We performed the necessary steps to ensure there is no independence violation (or appearance of violation) under the required auditing standards.

CLA has detailed procedures in our Audit & Accounting Manual to foster compliance with independence requirements and to avoid other conflicts of interest. Our policies are extensive and designed to meet the requirements of the AICPA, the U.S. Securities and Exchange Commission (SEC), the PCAOB, state licensing agencies and *Government Auditing Standards*. Some of the key elements of our policies include:

- Independence training for all professionals.
- Annual written representations of independence from all personnel who perform client services.
- Extensive client and engagement acceptance and continuance policies.
- Separate sections in our manual specific to independence over *Government Auditing Standards* engagements.
- Requirements for confirming independence of outside accounting firms and independent contractors.
- Maintenance of a firm-wide client list and a restricted entities list.

Disciplinary action

For above proposed team members and any other proposed audit team members that are Certified Public Accountants, include a statement that none of the members has been disciplined by their respective state's licensing board for performing substandard work within the last five (5) years. Also include each member's Oregon license number or if member is not licensed in Oregon please provide applicable State and license number.

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 it 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.

None of the proposed team members on Oregon Tech's engagement have been subject to any disciplinary measures.

Proposed team members CPA license information

All assigned key professional staff are licensed certified public accountants. A majority of states, including Oregon, have adopted mobility legislation – which is a practice privilege that generally permits a licensed CPA in good standing from a substantially equivalent state to practice outside of his or her principal place of business without obtaining another license. All proposed team members are current, active, licensed CPAs. All assigned professional staff has complied with governmental qualification standards, including governmental continuing education requirements.

Below is current license information.



Team Member	State	License Number
Jean Bushong	Colorado	22494
Nancy Jones	Washington Illinois	31943 065-021482
Caroline Wright	Colorado Washington	26191 31149
Michelle Hoffman	Minnesota	25476
Jake Huolihan	Wisconsin Colorado	23871-1 CPA.0031220

Federal tax identification number

Include Proposer's Federal tax identification number and Secretary of State Corporation Division Business Registry number. Provide an explanation if Proposer is not required to be registered with the Business Registry in Oregon.

Our Federal tax identification number is: 41-0746749

CLA is registered with the Secretary of State Corporation Division Business Registry, our Registry Number is 42142893.

License to do business in Oregon

Business organizations that offer public accounting services in Oregon are required to be registered with the Oregon Board of Accountancy (Oregon Revised Statutes Chapter 673). Include statement that proposing firm is registered with the Oregon Board of Accountancy or provide an explanation if proposing firm is not required to be registered.

CLA is licensed to practice public accounting in the state of Oregon. We are currently in the process of renewing our license for the upcoming two-year period. All assigned key professional staff are licensed certified public accountants. A majority of states, including Oregon, have adopted mobility legislation – which is a practice privilege that generally permits a licensed CPA in good standing from a substantially equivalent state to practice outside of his or her principal place of business without obtaining another license. All assigned professional staff has complied with governmental qualification standards, including governmental continuing education requirements. Below is a copy of our license to practice in the state of Oregon.

Data last updated: March 1, 2016

Board of Accountancy Licensee Search

Type individual/firm name, license number or location:

Filter by type:

[All]

Filter by status:

[All]

1 record found.

For information regarding licensing status call 503-378-2235. For information regarding disciplinary action call 503-378-2270.

Type	License	Name	Address	Status	Expires	Disciplinary
Firm	2374	CLIFTONLARSONALLEN LLP	Minneapolis, MN 55402-1436	Active	12/31/2017	NO

View Detail					
Firm Information		Licensees		Expires	Status
Print					
Firm Number	2374	Clenin, Kenneth L	6/30/2017	ACTIVE	9283
Name	CLIFTONLARSONALLEN LLP	Conner, Ralph A	6/30/2016	ACTIVE	11664
Address	220 SOUTH SIXTH ST #300 MINNEAPOLIS, MN 55402-1436	Dalgaard, Shirley Joyce	6/30/2017	ACTIVE	13231
Status	ACTIVE	Davis, Christopher D	6/30/2016	ACTIVE	13646
Type	LLP	Fisher, John Taguchi	6/30/2017	ACTIVE	9781
Date License Granted	1/11/2012	King, Bradley Neal	6/30/2017	ACTIVE	3665
Expires	12/31/2017	Wright, Caroline Renee	6/30/2016	ACTIVE	13852
Managing Partner	Jefforie Kvilhaug				
Disciplinary	NO				



Understanding of timetables

A statement of understanding regarding the required timetables that confirms the Proposer's ability to accomplish the necessary work within the timetables.

We would be prepared to begin communications with Oregon Tech as soon as the contract is in place. We have the resources (as listed in this proposal) to begin work as early as May 2016. In addition, these resources will be available to begin final fieldwork in accordance with the schedule agreed upon by Oregon Tech.

We are committed to meeting your specified timelines and deadlines as outlined in the request for proposal. In order to ensure such deadlines are met, a detailed project management timeline will be developed with management. A summary of a proposed timeline is provided previously in our proposal under the **Scope of Work** section. This timeline can be adjusted based upon discussions with management and Oregon Tech.

Continuing professional education

A statement that in accordance with Government Auditing Standards, each member of the engagement will complete the following:

- *every two (2) years, eighty (80) hours of continuing education and training which contributes to the auditor's professional proficiency*
- *at least twenty (20) hours will be completed in any one (1) year of the two (2) year period*
- *at least twenty-four (24) hours of the eighty (80) hours continuing education and training will be in subjects directly relating to the government environment and to government auditing.*

CLA is committed to making sure our staff remains current on all accounting and auditing standards. All of our professional staff, both CPAs and non-CPAs, are required to attend a minimum of 40 hours per year of continuing education courses, which are paid for by our firm. All personnel on your team have completed in excess of 24 hours of qualified government continuing education courses every two years.

This education is obtained by attending various courses such as our internal assurance conference held annually in Minneapolis, Minnesota, or virtually, where we cover all significant changes in auditing pronouncements, accounting principles, independence requirements, Single Audit requirements and other government related matters. This conference is supplemented with other government related courses provided through the Government Finance Officers Association (GFOA), National Association of College and University Business Officers (NACUBO), the American Institute of Certified Public Accountants (AICPA) and the respective state society of Certified Public Accountants (CSCPA) where we concentrate on education specific to governmental auditing and Single Audits.

A CPE summary for the last three year for the professional staff proposed for Oregon Tech's engagement is available upon request.

5. MINIMUM QUALIFICATIONS

5. Detailed information about how the Proposer meets the minimum qualifications described in the Scope of Work.

We believe the statements herein have demonstrated our ability to complete the work as described in your request for proposal. In addition, our firm is able to perform business in Oregon and is registered with the Oregon Board of Accountancy. Lastly, as described above, all of our team members meet/exceed the required and preferred years of experience and all team members are CPAs in good standing.



6. PREFERRED QUALIFICATIONS

6. Detailed information about how the Proposer meets the preferred qualifications described in the Scope of Work.

As outlined in the **Engagement Team** section above, each one of your proposed engagement team members have years of experience working with institutions of higher education of the same size and complexity of Oregon Tech. Additionally, if Oregon Tech prefers a rotation of team members to provide the proposed services, CLA has many other principals, managers, directors, and staff that have similar experience of from which to choose.

7. REFERENCES

7. Provide three references from clients your firm has served in the past three years, including one client that has newly engaged the firm in the past 36 months and one long-term client. Provide the name, address, and phone number of the references.

Please find our completed list of references below.

Metropolitan State University Denver	The Colorado College	Oregon State University
<p>Address: 890 Auraria Pkwy, Suite 320, Denver, CO 80204</p> <p>Contact: Liza Larsen</p> <p>Phone: 303-556-3030</p> <p>Email: larsenl@msudenver.edu</p> <p>Scope of Work: Financial and compliance audit</p>	<p>Address: 14 East Cache La Poudre St., Colorado Springs, CO 80903</p> <p>Contact: Stacy Lutz-Davidson</p> <p>Phone: 719-389-6000</p> <p>Email: sdavidson@coloradocollege.edu</p> <p>Scope of Work: Financial and compliance audit</p>	<p>Address: 8236 Kerr Administration, Corvallis, OR 97331</p> <p>Contact: Patricia Snopkowski</p> <p>Phone: 541-737-0505</p> <p>Email: Patricia.snopkowski@oregonstate.edu</p> <p>Scope of Work: Financial and compliance audit</p>



SUMMARY STATEMENT

As Oregon Tech enters a new era as a separately governed organization outside of the System, our goal as your CPA firm is not merely to provide audit services, but rather to help grow and enhance your organization by becoming your trusted advisor. As a trusted advisor, we offer Oregon Tech and its management the experience in a number of accounting, finance, tax and business concerns specific to higher education. Our depth of knowledge and experience in your industry, coupled with the resources of a national firm, will provide the solutions to help your accounting and grant compliance functions. We will play an active role in assisting you with issues and concerns that may occur in your daily operations.

With a trusted advisor keeping you apprised of changes that might affect your organization, and making critical recommendations for improved operations or financial reporting, you can stay focused on your core business and allow us to keep you on track with your accounting and consulting needs. You can stay ahead of the curve.

We understand that you have a wide selection of CPA firms when it comes to choosing your audit service provider. In conclusion, we would like to emphasize the fact that CLA hopes to be far more than your audit service provider – we hope to be your trusted advisor by providing the following additional services, for no additional charge, and characteristics beyond just the audit engagement:

- Onsite educational sessions for the client professionals.
- Webcasts on new and emerging issues relevant to higher education.
- Working sessions to discuss implications of new auditing standards, laws, or regulations that impact Oregon Tech's audit.
- Continuous principal and manager contact beyond the audit engagement.
- Access to national firm resources while experiencing the interaction and expertise from our regional Denver-area and nearby Washington state offices.

We truly appreciate the opportunity to present this proposal, and look forward to establishing a lasting relationship with Oregon Tech. If you have any questions or require additional information, please contact Jean Bushong, CPA, at 303-265-7884 or jean.bushong@CLAconnect.com.



APPENDIX A

Engagement team resumes



Jean Bushong, CPA

CliftonLarsonAllen LLP

Engagement Principal
Greenwood Village, CO

303-265-7884

jean.bushong@CLAconnect.com



RELEVANT EXPERIENCE

- Governmental clients have included:
 - Higher education institutions
 - School Districts
 - Cities
 - Counties
 - State departments/agencies
 - Special districts
- Nonprofit clients experience includes:
 - Higher education institutions
 - Social service organizations
 - Associations
 - Foundations
 - Other nonprofit organizations
- CLA National Instructor for Public Sector

AREAS OF SPECIALIZATION

- Audits of:
 - Higher Education
 - Nonprofits
 - State and local government
 - Federal programs (Single Audit)
 - Student Financial Aid Cluster
 - Research and Development Cluster
- Internal controls consulting

EDUCATION

- Bachelor of science, business administration, University of Louisiana in Monroe (formerly known as Northeast Louisiana University)

PROFESSIONAL ORGANIZATIONS/INVOLVEMENT

- American Institute of Certified Public Accountants
- Colorado Society of Certified Public Accountants
- Colorado Government Finance Officers Association
- National Association of College and University Business Officials (NACUBO)
- Western Association of College and University Business Officials (WACUBO)

PROFESSIONAL CERTIFICATIONS

- Certified Public Accountant



Nancy A. Jones, CPA, CFE



CliftonLarsonAllen LLP

Principal
Bellevue, Washington

425-250-6013
nancy.jones@CLAconnect.com



PROFILE

Nancy is a principal in the public sector group. She has been serving public sector clients since 1985. Nancy specializes in providing accounting, financial auditing, and consulting to educational institutions, municipalities, counties, tribal governments, various nonprofits, and cooperatives. She has been a contributing member of the National Assurance Technical Group, overseeing services provided to government and nonprofit entities until her transfer to the Pacific Northwest, and is a frequent speaker on government accounting and single audits.

TECHNICAL EXPERTISE

- Consulting technical partner on CliftonLarsonAllen's clients on government accounting and auditing, including OMB Circular A-133 (now the new Uniform Grant Guidance)
- Leading proactive and reactive forensic consulting engagements for local governments, electric cooperatives, and commercial entities
- Leading financial and single audit engagements for local and tribal governments, colleges, universities and nonprofit organizations

EDUCATION/PROFESSIONAL INVOLVEMENT

- Bachelor of science in accountancy from the University of Illinois, Champaign, Illinois
- American Institute of Certified Public Accountants
- Certified Public Accountant in the states of Illinois and Washington
- Washington Society of Certified Public Accountants
- Government Finance Officers Association
- Association of Certified Fraud Examiners
- Association of School Business Officials

SPEAKING ENGAGEMENTS

- National Instructor with CliftonLarsonAllen University

CIVIC ORGANIZATIONS

- Former Treasurer, Center for Women in Transition



Caroline Wright, CPA

CliftonLarsonAllen LLP

Senior Manager
Spokane, WA



509-363-6351

caroline.wright@CLAconnect.com



RELEVANT EXPERIENCE

- Governmental clients have included:
 - Higher education institutions
 - Cities
 - Counties
 - State departments/agencies
 - School districts
 - Special districts
 - State government
 - Local government
 - Nonprofit clients

AREAS OF SPECIALIZATION

- Audits of:
 - State and local government
 - Nonprofits
- Internal controls consulting
- Federal Compliance / Single Audits
 - Research and Development
 - Student Financial Aid
- Instructor for firm's National Student Financial Aid training program

EDUCATION

- Bachelor of science, business administration, Union College

PROFESSIONAL ORGANIZATIONS

- American Institute of Certified Public Accountants
- Colorado Society of Certified Public Accountants
- National Association of College and University Business Officials (NACUBO)
- Western Association of College and University Business Officials (WACUBO)

PROFESSIONAL CERTIFICATIONS

- Certified Public Accountant



Michelle Hoffman, CPA

CliftonLarsonAllen LLP

Manager
Minneapolis, MN

612-397-3269

michelle.hoffman@CLAconnect.com



RELEVANT EXPERIENCE

- Manager in the Minneapolis, MN office
- Focused on serving the public sector
- Clients include:
 - Higher Education Institutions
 - State departments
 - Counties
 - Cities and towns
 - School districts
 - Various special districts

AREAS OF SPECIALIZATION

- Governmental audits
- Compliance audits
- Federal grant financial and compliance audits

EDUCATION

- Bachelor of science in business, accounting, University of Minnesota
- Bachelor of science in business, marketing, University of Minnesota
- Minor, Spanish studies, University of Minnesota

PROFESSIONAL ORGANIZATIONS

- American Institute of Certified Public Accountants
- Minnesota Society of Certified Public Accountants
- Minnesota Government Finance Officers Association

PROFESSIONAL CERTIFICATION

- Certified Public Accountant



Jake Huolihan, CPA

CliftonLarsonAllen LLP

Manager

Greenwood Village, CO



303-265-7993

jake.huolihan@CLAconnect.com

RELEVANT EXPERIENCE

- Governmental clients include:
 - Higher education institutions
 - School districts
 - State departments/agencies
 - Cities, towns, & villages
 - Water and sanitation districts
- CLA National Instructor

EDUCATION

- Bachelor of business administration with majors in accounting and economics from the University of Wisconsin Oshkosh

PROFESSIONAL ORGANIZATIONS

- American Institute of Certified Public Accountants

PROFESSIONAL CERTIFICATIONS

- Certified Public Accountant

EMPLOYMENT HISTORY

- CliftonLarsonAllen LLP, 2012
- Kerber, Rose & Associates S.C. (WI), 2011



APPENDIX B

Audit approach and methodology



Audit approach and methodology

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

- Phase 1 – Planning & Strategy
- Phase 2 – Systems Evaluation
- Phase 3 – Testing & Analysis
- Phase 4 – Reporting & Follow-Up

Phase 1 – 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 Oregon Tech – Jean Bushong and team will meet with Oregon Tech 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 Oregon Tech personnel.
 - Application of generally accepted accounting principles.
 - Initial audit concerns.
 - Concerns and expectation of Oregon Tech’s management.
 - Establishment of report parameters and timetables.
 - Progress reporting process.
 - Coordinate efforts with USSE.
 - Establish principal contacts.
- Gain an understanding of the operations of Oregon Tech, 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, and 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 requesting information from and meeting with the management.
- 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 Oregon Tech, 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 Oregon Tech 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 University personnel with due dates for each item.

One of the key elements in the planning of this audit engagement will be the heavy involvement of principals and senior managers. We will clearly communicate any issues in a timely manner, and will be in constant contact with Oregon Tech 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 Oregon Tech. 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. We will hold an entrance conference with Oregon Tech to discuss the audit timeframes, and will meet the appropriate University personnel at least one month prior to the start of each audit.

Phase 2 – Systems Evaluation

During the systems evaluation phase, we will gain an understanding of the internal control structure of Oregon Tech for financial accounting and relevant operations. This will include our understanding of the involvement of USSE in your control structure. 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 tests of certain key controls:

- Over electronic data, including general and application controls reviews and various user controls
- Over financial reporting and compliance with laws and regulations

We will test controls over certain critical audit areas. One of our audit efficiency initiatives 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.

For controls we will need to test at USSE, we can coordinate with other audits in which require testing at USSE.



Our assessment of internal controls will determine whether Oregon Tech 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 statement.

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 and to compliance 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 and compliance 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 Oregon Tech'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 3 – Testing & Analysis

The extent of our substantive testing will be based on results of our risk assessment and internal control tests.

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



Phase 4 – Reporting & Follow-Up

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

Oregon Tech will be provided a draft of any comments that we propose to include in the management letter, enabling you to review the comments for accuracy prior to final release. Any items that come to our attention that are not what we consider major items may be discussed verbally with management and not included in the management letter. Our management letter will include items noted during our analysis of your operations. We will also make a formal presentation of the results of the audit to those charged with governance of Oregon Tech.

Financial and Performance Benchmarking

Throughout our audit, we strive to provide management with useful benchmarking and analytics on both a financial and operational level. Whether it is peer comparisons, benchmarking against national averages, or year over year trend analyses, we put the industry information at our disposal into accessible formats, which we incorporate into our deliverables and presentations. With this information, we help envision a successful future for Oregon Tech, the industry, and its constituents.

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 Oregon Tech and can ensure the quality of Oregon Tech'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 A-133 (and upcoming Uniform Grant Guidance) and who will offer both knowledge and quality for Oregon Tech. As part of our quality control process, the Single Audit will be reviewed by a firm Designated Single Audit Reviewer (DSAR).

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 Uniform Grant Guidance. Our risk-based approach incorporates this guidance.

We will conduct our audit in three primary phases:

- Phase 1 – Risk Assessment and Planning
- Phase 2 – Major Program Testing
- Phase 3 – Final Assessment and Reporting

Phase 1 – Risk Assessment and 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 Oregon Tech's management to ensure 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.
- Utilize the preliminary Schedule of Expenditure of Federal Awards, we will identify the Type A and Type B programs in accordance with regulations.
- Identify the programs tested and the findings reported for the past three fiscal years. Determine and document the program risk based on the past three 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

We will determine the programs to be audited based on the risk assessment performed in the planning phase. Student Financial Cluster and Research and Development clusters are expected to be major programs for the Institute.

To accomplish this, we will perform the following:

- Schedule an introductory meeting and notify Oregon Tech’s management of the major programs for the current fiscal year. We understand that for Oregon Tech, Student Financial Aid is generally major every year, and Research and Development Cluster is major at least once every three years.
- 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 and 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 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 Oregon Tech’s management to review drafts of required reports:
 - Independent Auditor’s 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 Auditors’ Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Uniform Grant Guidance.

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



APPENDIX C

Required forms



