

ADDENDUM No. 1

REQUEST FOR PROSPOSALS (RFP) 14041 EXTERNAL AUDITOR FOR THE WEST VIRGINIA HIGHER EDUCATION FUND December 18, 2013

A. CLARIFICATIONS AND MODIFICATIONS TO THE RFP

1. This Addendum is posted on the West Virginia Higher Education Policy Commission (HEPC) purchasing webpage at the following URL. The name of the successful vendor(s) will also be posted on the HEPC purchasing webpage and will constitute official notification of the contract award.

<http://wvhepc.org/purchasing/>

2. The date for receipt of sealed proposals has been changed. Sealed proposals will be received until 3:00 PM, Eastern Time, January 10, 2014, by:

Chief Procurement Officer
RFP 14041
West Virginia Higher Education Policy Commission
1018 Kanawha Boulevard, East, Suite 700
Charleston, WV 25301

Electronically transmitted (faxed or emailed) proposals will not be considered.

B. VENDOR QUESTIONS AND ANSWERS

- Q1.** Could you provide the following 2012 reports that were not posted to the website?
- a. Concord University Research Corporation – Financial Statement
 - b. Marshall University Research Corporation – Financial Statement and A133 report
 - c. Shepherd University Research and Development Corporation – Financial Statement and A133 report
 - d. West Virginia State University Research and Development Corporation – Financial Statement and A133 report
 - e. West Virginia University Research Corporation – Financial Statement and A133 report
 - f. WV Higher Education Policy Commission (HEPC) – Financial Statement (combined HEPC and WVNET)
 - g. HEPC - Combined WV Higher Education Fund A133 report
 - h. WVNET – Financial Statement
 - i. Bond audits for Fairmont State University and HEPC
 - j. Please describe the Financial Accounting & Reporting Section (FARS) process (submission to the state as component unit). Could we review the FY 2013 submission for the Fund?

Answer:

- a. Concord University Research Corporation – Financial Statement: The audit was performed by Suttle & Stalkner through a separate contract directly with Concord University. This audit report is provided at the URL listed below.
- b. Marshall University Research Corporation – Financial Statement and A133 report: This is provided at the URL in Q2.
- c. Shepherd University Research and Development Corporation – Financial Statement and A133 report: No separate financial statements or A133 was required in 2013 or 2012.'s

- d. West Virginia State University Research and Development Corporation – Financial Statement and A133 Report: This is provided at the URL in Q2.
- e. West Virginia University Research Corporation – Financial Statement and A133 report: 2013 is not yet issued; the 2012 report is provided.
- f. WV Higher Education Policy Commission (HEPC) – Financial Statement (combined HEPC and WVNET): This is provided at the URL in Q2.
- g. HEPC - Combined WV Higher Education Fund A133 report: There is no such report.
- h. Bond audits for Fairmont State University bonds are no longer required. Audit reports for the HEPC bonds are provided at the URL in Q2.

<http://wvhepc.org/purchasing/>

Q2. Will FY 2013 audit reports be available before we propose?

Answer: Yes, they will be posted at the following URL:

http://wvhepcnew.wvnet.edu/index.php?option=com_content&task=view&id=34&Itemid=0

Q3. Could you provide a summary of the fees by the various audits for FYE 6/30/13?

Answer: Yes, see Attachment No.1.

Q4. Please describe the extent of the Fund or individual institution's use of third party service providers and the receipt of the service provider's SSAE 16 reports.

Answer: Institutions use third party providers to provide accounting services for loan programs. The Third party providers provide SSAE 16 reports.

Q5. Please describe the Fund's use of actuarial firms in support of the preparation of the financial statements

Answer: Both WVU and Marshall University use actuarial firms for their malpractice insurance calculation.

Q6. What, if any, significant audit differences have been proposed for the 2013 audits?

Answer: None.

Q7. Do you anticipate any significant new transactions or change in operations for the year ending 6/30/14 other than the consolidation of Bridgemont Community and Technical College and Kanawha Valley Community and Technical College and the new ERP system implementations?

Answer: No.

Q8. Can you describe the structure of the IT departments at the institutions, Commission, and Council?

Answer: West Virginia Network for Educational Telecomputing (WVNET) centrally hosts student and general ledger systems for the following institutions:

1. Blue Ridge CTC
2. Bridgemont CTC
3. Glenville State College
4. Kanawha Valley CTC
5. Mountwest CTC
6. New River CTC
7. Southern West Virginia CTC
8. West Liberty University
9. West Virginia Northern CC

10. Eastern CTC (student only; no finance)
11. WVU Parkersburg (student, possible upcoming financial)
12. Pierpont (upcoming student, possible upcoming financial)
13. Bluefield (not hosted, WVNET supports financial interfaces)
14. Concord (not hosted, WVNET supports financial interfaces)
15. West Virginia School of Osteopathic Medicine (not hosted, WVNET supports financial interfaces)
16. WVU Institute of Technology (hosts and upgrades archived student data base)
17. WVU - no
18. Fairmont State University - no
19. Marshall University - no

WVNET develops and maintains interfaces for the following institutions.

1. Blue Ridge CTC
2. Bridgemont CTC
3. Glenville State College
4. Kanawha Valley CTC
5. Mountwest CTC (will be with wvOasis (State ERP System))
6. New River CTC
7. Southern West Virginia CTC
8. West Liberty University
9. West Virginia Northern CTC
10. Eastern CTC (student only; no finance)
11. WVU Parkersburg (student, possible upcoming financial)
12. Pierpont (upcoming student, possible upcoming financial)
13. Bluefield (not hosted, WVNET supports financial interfaces)
14. Concord (not hosted, WVNET supports financial interfaces)
15. West Virginia School of Osteopathic Medicine (not hosted, WVNET supports financial interfaces)

WVNET provides IT services for the Commission and Council.

Q9. Were there any issues with the adoption of the new GASBs during fiscal year ending 6/30/13?

Answer: See answers to Q10, Q11 and Q31.

Q10. Did all institutions early adopt GASB 65? Was there any issue with submitting to the State (did the State early adopt as well)?

Answer: There were some issues with the implementation of GASB 63 and 65. Some of the institutions neglected to change the terminology in their notes and MD and As. Some institutions did not restate prior years correctly.

Q11. Has there been communication with the State surrounding the plan for GASB 68 adoption?

Answer: Yes. The West Virginia Consolidated Public Retirement Board will provide the institutions, Commission and Council with the data needed to complete the financial statements. The FY 2014 contribution made by each agency will be divided into the annual FY 2014 contribution for the State to determine each agency's share. Most of the Public Higher Education employees are enrolled in TIAA-CREF.

Q12. Could you describe the Schools of Medicine and their relationships with Hospitals?

Answer: The Marshall University Medical School and its practice plan (University Physicians and Surgeons – dba Marshall Health) have various agreements with the three local hospitals, but do not operate any of the hospitals.

WVU Hospitals, Inc. is a not-for-profit corporation to facilitate clinical education and research of the WVU Health Science Center. WVU Hospital's tertiary care teaching facility – Ruby Memorial, serves as the primary teaching hospital for the faculty and residents of the WVU- School of Medicine (SOM). Ruby Memorial also operates graduate medical education programs. The Hospital reimburses the SOM for resident salaries and fringes, the cost of malpractice insurance for those residents, and a range of other services supporting the teaching mission. In addition, the WVU SOM has an affiliation agreement with Charleston Area Medical Center (CAMC). This agreement is for clinical teaching support, medical direction, and physician faculty services.

Q13. Please provide a list of which audits were completed by which firms for 2013 (not needed if 2013 financial statements will be provided).

Answer: See answer to Q2.

Q14. Do you have a preference on how to coordinate the audits going forward?

Answer: No.

Q15. Would it be acceptable to maintain the current contract firms for future audits of the individual institutions and related entities (for continuity in relationships and efficiency)?

Answer: Although we recognize that continuity of relationships and efficiency are beneficial, we are open to other approaches.

Q16. Do the individual institutions that are audited by subcontract firms expect the lead audit firm to present audit results to management and/or those charged with governance?

Answer: No.

Q17. Has there been issues obtaining all the related Foundations' financial statements in a timely manner?

Answer: For most of the institutions this is not a major problem.

Q18. Do the institutions (excluding WVU) have their own financial statement template or would they use one provided by the lead audit firm?

Answer: They use the one provided by the lead firm. It is expected that all institutions' (entities') financial statements will be the same format for consistency and comparability.

Q19. Current Operating Environment: What have individual institutions done to manage tuition increases, expenses and operating performance in light of declining enrollments and decreases in state funding? Have significant changes in operating models occurred due to these items?

Answer: Institutions have not filled vacancies and reduced operating expenditures. Significant changes in operating models have not occurred due to these items except for the merger of Bridgemont Community and Technical College and Kanawha Valley Community and Technical College effective July 1, 2014.

Q20. Current Operating Environment: What debt is expected to be refinanced and how?

Answer: Debt is typically refinanced whenever interest rates are low enough to generate at least a 2% to 3% (or more) reduction in debt service payments. If the debt is a bond issue, then refunding bonds are issued at the lower interest rate.

Q21. Current Operating Environment: Have there been any layoffs or turnover of key personnel in any of the entities? Are there any planned layoffs or consolidation of programs in light of the declines in state funding?

Answer: There have been no layoffs of key personnel; however, there is turnover from time to time for various reasons. There are no planned layoffs or consolidations, other than the consolidation of Bridgemont Community and Technical College and Kanawha Valley Community and Technical College. These institutions have been merged to form BridgeValley Community and Technical College. This was discussed at the pre-proposal meeting.

Q22. Current Operating Environment: What are any new or unusual transactions such as sales of capital assets, new financing structures, public/private partnerships or transactions with related parties that are expected to occur over the next five years?

Answer: The potential exists for these kinds of transactions, particularly new financing structures and public/private partnerships. We are unable to predict when these will occur. If they do occur, they will be dealt with in an appropriate fashion whenever the agreement is renewed for the next fiscal year audit and a new engagement letter issued.

Q23. Financial Statements: What process is used to combine the various entities trial balances into a combined report, ensuring all transactions and accounts are properly captured, eliminating entries are properly recorded and disclosures are properly made?

Answer: This process is performed by the audit firm. The institution financial statements are used to prepare the consolidated reports. Schedules prepared by the Commission staff for payments on behalf, foundation financial data, and due to and from transactions are used to prepare the statements.

Q24. Financial Statements: What level of audit adjustments have been made at the various entities and at the Organizational level? Please list any entities that have had significant deficiencies or material weaknesses due to controls over the financial reporting process.

Answer: Most of the institutions had one to three adjustments, one institution had no adjustments and another had 21. New River Community and Technical College had an adjustment that resulted in a material weakness.

In 2012 and 2013, WVU did not have any uncorrected or corrected misstatements/adjustments or disclosure items that were passed.

Marshall had 2 audit adjustments in FY13, none for several years prior.

Q25. Audit Process: Did management of the Organization provide assistance to the incumbent auditors in implementing the requirements of Group Audit Standards effective for the year ended June 30, 2013?

Answer: Yes, a meeting was held in the spring to discuss the implementation of audit standards.

Q26. Audit Process: Please describe how the internal audit departments at West Virginia University and Marshall University can or has worked with the external auditors during the audit process? In particular address the following areas:

- Reliance on internal audit work
- Assistance with preparation of audit documentation
- Assistance with audit testing

Answer: WVU Internal Audit (WVU-IA) department's services are mainly advisory in nature and include compliance audits, investigations, and focused reviews of information processing, financial

and management activities. The nature of their projects does not lend itself to supporting the external auditor's audit objectives. WVU-IA does not prepare any documentation or do any testing to support the external auditor. WVU-IA does participate in the entrance and exit conferences with the external auditors and a representative from WVU-IA attends all external audit related weekly meetings. The external auditor also meets with the Director of WVU-IA to discuss fraud risks. WVU-IA shares its reports with the external auditor, as needed.

Internal audit at Marshall University:

- a. Reliance on internal audit work – No reliance by D&T nor MU Foundation nor Athletics audits. Participation on Fraud questionnaires by D&T.
- b. Assistance with preparation of audit documentation – None for D&T or MU Foundation, significant work on Athletic Agreed Upon Procedures and Big Green Scholarship Foundation audits. General participation on general Financial Reporting changes for all Reports (i.e., new GASB and FASB pronouncements). Also participation in UBIT Tax return and tax related issues for MU.
- c. Assistance with audit testing – None for D&T nor MU Foundation, nor Athletics audits.
- d. The general nature of our internal audit department is similar to that at WVU although it does not participate as directly with the external audit, although is kept informed of the work.

Q27. Audit Process: What key audit cycles, if any, can be audited at an Organizational level? For example can the Treasury Function over cash and investments be audited at a centralized location? Are the necessary records for the bond audits maintained in a single location? Please provide as much detail as possible for each key audit cycle as this information will help allow for proper allocation of audit resources and related costs.

Answer: Treasury Function over cash and investment of state funds, "payments on behalf," "due to and from." Records for system bonds are maintained at the Commission's Office and records for institution bonds are kept at the respective institution.

Q28. Audit Process: Please describe the current methodology for determining collectability of accounts receivable?

Answer: There is no standard system-wide methodology. Each institution performs its own analysis.

Q29. Audit Process: The RFP notes that West Virginia University requests at least three (3) meetings with auditors throughout the year. What are the communication requirements for the other entities within the Organization?

Answer: Currently no schedule has been established for other entities. All institutions are required to participate in a meeting to discuss the upcoming audit in the Spring. Proposed schedules for interim visits are welcome.

Q30. Audit Process: In addition to attendance at the May FARS audit training, is there an expectation that the selected audit firm will make a presentation regarding recent accounting pronouncements or other topics of interest?

Answer: The proposal should include services that will result in the timeliest and efficient audit process. If the firm believes that additional presentations will result in fewer problems during the audit, a proposal that includes additional presentations should be submitted.

Q31. New Pronouncements: Please discuss the anticipated impact on the entities of adopting GASB 67 and 68 and what procedures, if any, have already taken place to ensure the adoption does not cause financial reporting delays?

Answer: WVU's preliminary determination is that the only pension plan affected by GASBS 67 and 68 is the WV State Teachers' Retirement System (STRS), managed by the CPRB. It is a defined benefit plan. WVU believes the rest of the retirement plans (TIAA-CREF, Great West) should be excluded from the applicability of these statements, but this needs to be researched, documented and WVU needs to obtain confirmation from the external auditor. WVU's Extension (land grant funded) unit also has some federal employees participating in a couple federal pension plans (CSRS, FERS - that WVU does not manage), that are defined benefit plans. WVU needs to determine if 67 and 68 would apply to these Federal plans. WVU also needs guidance from the CPRB regarding if and how they plan to allocate any liability from the STRS to individual institutions.

GASB 67 would not apply to Marshall University since it does not operate a pension plan just for Marshall. Marshall has not yet addressed GASB 68 but it will have an impact on the institution. Marshall participates in the WV State Teachers Retirement System (STRS) which is a cost-sharing, defined-benefit retirement system that many State agencies participate in. For GASB 68 it appears that actuarial work will need to be done to determine the portion of the State-wide retirement that applies to Marshall University.

- Q32.** New Pronouncements: Is there one governing body that interprets and implements new pronouncements for the entire Organization? If not, who makes the final decision on how new pronouncements will be implemented?

Answer: New pronouncements are discussed with the State Department of Administration Financial Accounting and Reporting Section (FARS). The implementation of new pronouncements must be coordinated with FARS. The interpretation and implementation of new pronouncements is approved by the Commission.

- Q33.** Component Units: Please describe any issues related to the audit of the various component units. In particular, please address the following:

- Issues with completion of audits in accordance with stipulated time frames
- Independent or qualification issues with independent audit firms representing component units

Answer: The submission deadline for all audits was October 31st for FY 2013. All but three institutions were completed by the October 31st deadline. Two additional institutions were completed by November 15th. The Council audit was completed on November 19th and the Fund audit was completed on November 22nd. One institution has not been completed, but enough work had been done to include its results in the Council and Fund audits.

We are not aware of any independence or qualification issues with independent audit firms representing component units.

- Q34.** Single Audit: Please provide a list of anticipated major programs that will need to be audited for 2014.

Answer: Student Financial Aid, Pell Grants.

- Q35.** Single Audit: Please provide a description of the current major program rotation process, including the rotation of Student Financial Aid testing across the institutions within the Organization.

Answer: The single audit is performed under another audit contract administered by FARS.

- Q36.** Single Audit: Has the Department of Education or any other oversight department performed a review of the audit documentation? When was the last review conducted and what were the results?

Answer: See answer to Q35.

Q37. Single Audit: Please provide your internal controls process for determining programs that are included in the Research and Development Cluster.

Answer: See answer to Q35.

Q38. Single Audit: Have all cost recovery rates been approved for 2014?

Answer: See answer to Q35.

Q39. Please describe the internal controls over tracking and recording of Related Party transactions?

Answer: These controls vary by institution.

Q40. Specific Entities: Please describe and transactions or events, not addressed above, that would affect the timing and scope of audit work for the Organization or for individual entities for 2014?

Answer: We are currently not aware of any transactions or events that would affect the timing and scope of audit work for the Organization or for individual entities for 2014.

Q41. Unrelated Business Income (Tax): It appears there are a number of related entities of many of the entities that file a 990. What if any tax services have been provided by the external auditors related to 990, 990T, or other filing requirements?

Answer: No tax services are included in the current contract.

Q42. Unrelated Business Income (Tax): Please describe the internal controls over identifying, recording and reporting unrelated business income?

Answer: These controls vary by institution.

Q43. Unrelated Business Income (Tax): What entities currently file a 990T?

Answer: See answer to Q41.

Q44. Proposal Process: Please provide Single Audit reports for the research entities along with the Single Audit for the Combined West Virginia Higher Education Fund as of June 30, 2012.

Answer: The state single audit is available at the following URL:

<http://www.wvfinance.state.wv.us/singleaudit.htm>

There is no single audit report for the combined West Virginia Higher Education Fund.

Q45. During the pre-proposal meeting, we asked if you would provide bidders with copies of the 2012 and 2013 fees schedules by institution and component. The response was that the Fund would indeed provide bidders with copies of these schedules. We are submitting the same question in writing at this time as required by the Solicitation.

Answer: See answer to Q3.

Q46. During the pre-proposal meeting, we asked if there were any problems with the incumbent's performance / delivery that you would like to see improved. Your response was that there have been problems meeting deadlines for submitting audit reports, especially with respect to the smaller

institutions that often have difficulty providing required data and information in a timely manner. We are submitting the same question in writing at this time as required by the Solicitation.

Answer: See answer to Q33.

Q47. Are there any significant non-recurring fiscal 2014 events/transactions that have occurred that would impact the FY2014 audit?

Answer: We are not aware of any such transactions.

Q48. Are there any significant control issues on any of the campuses of which the incoming auditor should be aware or that would impact the incoming auditor's performance?

Answer: See answer to Q24.

Q49. We understand that the Higher Education Policy Commission has made a significant financial investment in the West Virginia Regional Technology Park and that the Technology Park has undergone substantial change in the form of construction and demolition activities. Please provide any information regarding the level of investments, financial data and/or other information that might impact the incoming auditor's planning and/or performance of the proposed audit engagements.

Answer: The West Virginia Regional Technology Park audit is completed under a separate contract. The Tech Park's financial statements are consolidated with the Commission statements. This is not a significant issue.

Q50. Section 4:5 indicates that "WVU undergoes a mid-year agreed-upon procedures annually to meet the interim reporting requirements defined by its Board of Governors." Because WVU is such a significant component of the engagement, would you please provide us with information regarding the scope, listing, and/or description of these procedures?

Answer: Going forward, WVU may want to discuss modifying the scope of the mid-year AUP (adding/changing a few adjustments/estimates) with the auditor. The mid-year agreed-upon procedures are usually started in middle of February and take no longer than a week to complete. WVU would like the external auditor's AUP report presented to the Board of Governor's at the April Board meeting. See the URL below for the most recent engagement letter defining the scope of the engagement and the report as of 12/31/2012 (confidential and not for public distribution).

<http://wvhepc.org/purchasing/>

Q51. Can you provide copies of the FY2013 (or FY2012 if FY2013 is not available) audited financial statements for all in scope entities and system bonds and the results of the audits conducted in accordance with OMB Circular A-133?

Answer: The state single audit is managed by FARS and is available at the following URL:
<http://www.wvfinance.state.wv.us/singleaudit.htm>

Q52. Were there any recorded or unrecorded audit adjustments as result of your most recent audits?

Answer: Yes.

Q53. Were there any significant deficiencies/material weaknesses noted during the course of the 2013 audits? If so, please describe the deficiency and corrective action taken by management to address the deficiency.

Answer: See answer to Q24.

Q54. When have your current auditors traditionally performed planning, interim and year end procedures? How many weeks are they on site? How many auditors are on site?

Answer: As mentioned above, a meeting is held in the spring to plan for the audit. Three additional meetings are held with WVU. Interim visits for a day or so are scheduled for most of the institutions. Generally, Auditors are on site for several weeks at each institution in September. For most institutions two auditors are assigned. WVU and Marshall are assigned more auditors.

For Marshall:

One interim visit sometime between May and July for 2 to 4 days.

Final field work is usually 1 Senior and 2 Staff on campus for 2 or 3 weeks, with several weeks of occasional follow-up emails and phone calls.

For WVU:

Number of auditors during year-end field work:

1 engagement partner (attends almost all weekly meetings)

1 audit manager

1 audit senior

3-5 audit staff (we co-ordinate FS prep and audit of WVU Combined, WVURC and WVU Parkersburg)

Number of days:

Mid-year agreed upon procedures – February - 1 week

Interim procedures – End of May – 7-10 days

ERS procedures – June – 2 weeks

Year-end – end of August to end of October – 2 months

Q55. If the audit firm proposes with local firms we understand that as the primary provider, we will be solely responsible for the accuracy; however, does the proposal need to specify which entities will be opined on by the audit firm or the local firms?

Answer: Yes.

Q56. What were the audit fees for FY2012?

Answer: See answer to Q3

Q57. Do the auditors typically follow a controls based approach or a substantive approach? Are controls tested over routine processes (i.e. cash receipts, cash disbursements, and payroll)?

Answer: Over the course of the last contract, both a reliance and non-control reliance approach have been used by the auditors. There is not a requirement to use either approach. However the audit is being performed in accordance with GAAS and GAS, and a certain amount of testing of internal control is required under either approach.

Q58. Does each colleges/universities operate on separate instances of Banner and/or Oracle? Are the applications and supporting infrastructure hosted and administered centrally under a common set of policies and procedures?

Answer: West Virginia University hosts and administers its Oracle financial system for WVU (including its regional campuses - West Virginia University Institute of Technology and Potomac State College). WVU is also hosting and administering its Oracle financial system for West Virginia University at Parkersburg; WVUP is in the planning stages to use Banner hosted at WVNET for upcoming fiscal years. WVNET currently hosts, on separate instances of Banner, and administers Banner for Glenville State College and West Liberty University, and all community and technical colleges, except Eastern CTC financials. The following institutions host and administer their own

instances of Banner: Bluefield State College, Concord University, Marshall University, Fairmont State University, Shepherd University, West Virginia School of Osteopathic Medicine, West Virginia State University.

WVNET supports separate instances for each institution is hosts. Each Banner institution has its own instance. The institutions WVNET hosts have a common set of policies and procedures with some variations per institution. WVNET uses aggregate Oracle.

Q59. Can you outline the supporting infrastructure (operating system servers and databases) platforms and locations that support the Banner and Oracle applications?

Answer: WVNET Server Hardware is IBM p 770.
WVNET Operating System is IBM AIX for Banner and Oracle
WVNET Database is Oracle
WVNET location for production is Morgantown, WV
WVNET location for disaster recovery is Charleston, WV

Q60. Does IT leverage any IT vendors/third-parties for hosting or administration of applications or infrastructure? If so, are service organization controls report(s) available (i.e., SOC 1 reports) and have the report(s) been sufficient for reliance on by your external auditors?

Answer: No.

Q61. Have previous audit results concluded an 'effective' IT general controls environment related to change management, logical access and security, and IT operations processes? Are there known IT deficiencies and, if so, what remediation efforts have been taken?

Answer: Currently there are no major known IT deficiencies.

Q62. Does an Internal Audit function exist to support external audit procedures (either via a direct assistance or reliance approach)? If so, how many hours can we anticipate leveraging for the external audit?

Answer: Currently an internal audit firm is conducting a risk assessment for HEPC institutions. This analysis has not been incorporated into the audit process.

Q63. Do you anticipate significant changes in federal expenditures and major federal programs required to be audited for FY2014 for the research corporations or the commission?

Answer: These expenditures may decline if federal funds decrease.

Q64. Can you provide the names of the individuals on the selection committee?

Answer: We do not disclose the names at this point.

Q65. Section 2.2 mentions the West Virginia Regional Technology Park. Is there a separate audit requirement for this entity?

Answer: The Tech Park manages a separate contract for its audit. The results are consolidated with the Commission's statements.

Q66. As mentioned in Section 3.3, on January 1, 2014, it is expected that West Virginia University at Parkersburg (WVUP) will switch to the Ellucian Banner System. What is the status of the transition?

Answer: The transition has been delayed and is expected to occur around June - July of 2014. This means that WVU will be coordinating the preparation and audit of WVU Parkersburg's financial statements for FY 2014.

- Q67.** As mentioned in Section 4.3, "the audit engagement will also include a review of the supplemental information provided in the management's discussion and analysis". We assume our audit opinion will not cover the supplemental information provided in the management's discussion and analysis. Please confirm.

Answer: The MDA is considered required supplemental information and should be addressed accordingly in the independent auditors' report. Please review any of the independent auditors' reports which indicate the performance of certain limited procedures over such information.

- Q68.** As mentioned in Section 4.5, "WVU undergoes a mid-year agreed-upon procedures annually to meet the interim reporting requirements defined by its Board of Governors." Please provide us a copy of the most recent agreed upon procedures report and the timing of conducting those procedures.

Answer: See answer to Q50.

- Q69.** As mentioned in Section 7.6, "Bond Audit reports: as needed and if required by bond covenants, separate audit report shall be completed for each bond issue required to have a separate audit report and submitted to the Commission in draft form and final form pursuant to the schedule in Attachment 1." Are we required to issue a debt covenant compliance letter?

Answer: No, for FY 2013, no such letters were required.

- Q70.** Section 7.7 refers to the arbitrage report as required in clause 3.4.2. We cannot locate the requirements in clause 3.4.2. Please clarify.

Answer: If an arbitrage calculation is required, the entity involved will hire a firm for the arbitrage calculation and provide the arbitrage report to the audit firm for inclusion in the financial statements.