



Questions and Answers

Q1: What other firms are proposing on the engagement?

A1: UC Hastings has invited seven (7) audit firms to participate in the process. One firm has expressed their intent not to participate due to internal workload and resource allocation considerations.

Q2: Are the Institution's current auditors re-proposing on the engagement? If not, please explain why.

A2: The audit firm previously representing UC Hastings has been invited to participate in the process.

Q3: Could we obtain a copy of the 2015 A-133 federal award programs audit report?

A3: Yes. A copy of our 2015 Single Audit report will be emailed to bidders.

Q4: To what extent are work papers prepared for the external auditing firm (i.e. trial balance, reconciliations of all key accounts)?

A4: Trial balance and reconciliations will be available for auditors to review.

Q5: Does the institution staff prepare the draft of financial statements including footnotes and the schedule of expenditures of federal awards?

A5: Yes.

Q6: In the past, have there been adjusting journal entries identified by the auditors?

A6: Yes.

Q7: Have there been any recent cases of fraud perpetrated on or within the Institution?

A7: No.

Q8: What has the Institution done with regards to performing a risk assessment, documenting key processes and identifying key controls?

A8: Certain key processes are documented for the auditor's purposes and reviewed annually as part of the audit.

Q9: What is the Institution's process for performing due diligence and valuations of alternative investments?

A9: UC Hastings follows the investment philosophy of the University of California and invest their excess cash and long-term investments with the University of California Office of the Treasurer ("Office of the Treasurer"). Accordingly, all investments held by the Office of the Treasurer are uninsured and unregistered and are not held in the College's or Foundation's name. The College invests in the General Endowment Pool ("GEP") managed by the Office of the Treasurer. UC Hastings is coordinating with the Office of the Treasurer implementation of GASB 72.

Q10: How many individual alternative investments are currently in the portfolio?

A10: See # 9 above.

Q11: Does the Institution have any plans to increase/decrease or modify its alternative investment portfolio?

A11: See # 9 above.

Q12: Are there issues with the timing regarding the alternative investments audit reports and/or confirmations?

A12: See # 9 above.

Q13: Is the Institution current in all its account reconciliations (bank, receivables, payables, etc.)?

A13: Yes.

Q14: Does the Institution use any outside service organizations for payroll, loan programs, etc.? If so, who?

A14: Yes. University of California for payroll, ACS for loans.

Q15: Does the Institution utilize an outside investment manager(s)? If so, who?

A15: Investments are with the University of California's Treasurer's Office.

Q16: Has the Institution used the prior auditing firm for consulting (i.e., non-audit) or accounting services? If so, what was the nature and timing of those services?

A16: Yes. Several years ago auditor consulting services were used in an assessment of the College's bookstore. The College no longer operates a Bookstore.

Q17: In prior years, have there been delays in the audit due to delays in receiving information from third parties or other reasons?

A17: No.

Q18: Are there any new federal programs for FY 16 compared to FY 15?

A18: No, not at this time. There is a pending NSF award but nothing has yet been confirmed. The College already has one NSF award which is less than \$500,000.

Q19: Does the Institution prepare monthly/quarterly financial statements? Are they reviewed by the audit or finance committee (or their equivalent)?

A19: No, but can prepared as needed. The Finance Committee of the Board reviews quarterly budget to actual variance reports.

Q20: Are there any significant activities and/or operational changes expected in the near future?

A20: The College is currently undergoing a CEQA process in support of its Long Range Campus Plan as it has received funding to build a new academic building at 333 Golden Gate Avenue and is in project predevelopment for student housing projects at other sites owned by the College. This building will be funded primarily by Lease Revenue Bonds appropriated by the State of California. The College is also making plans to address its \$2.0 million structural deficit of State funds. Cost cutting measures along with

enrollment targets are being reviewed and are expected to be implemented for the 2016-17 fiscal year.

A handwritten signature in black ink, appearing to read 'D. Sweet'.

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