



**Colorado Office of the State Auditor**

**A Request for Proposals  
for a Performance Audit of  
The Financial Sustainability of the Veterans  
Community Living Centers Within the  
Department of Human Services**

**April 12, 2024**

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# Section I

## Administrative Information

### A. Issuing Office

This request for proposals (RFP) is issued by the Colorado Office of the State Auditor (OSA). The terms OSA, State Auditor, State, and State of Colorado are used interchangeably throughout this RFP.

As an agency within Colorado's Legislative Branch, the OSA and this solicitation are exempt from the State Procurement Code and State Procurement Rules [see Section 24-101-105(1)(a), C.R.S.].

All communications regarding this RFP must take place directly with the OSA's assigned contract monitor listed in Section I(E)–Inquiries and Section I(F)–Submission of Proposals.

### B. Background Information

The OSA is soliciting proposals from qualified organizations to conduct a performance audit of the financial sustainability of the Veterans Community Living Centers (Living Centers) in Colorado, operated under the Department of Human Services (Department). Colorado has five Living Centers that provide long-term care, short-term rehabilitation, and memory care to residents. According to statute [Section 26-12-104, C.R.S.], in order for a person to be eligible to be a resident at a Living Center, they must meet state and federal eligibility requirements. Department Rule [12 CCR 2511-1-11.110] provides eligibility requirements, which includes any person who is an honorably discharged veteran, a spouse or widow or widower of an honorably discharged veteran, or a Gold Star parent of children who died while serving in the armed forces. An eligible person does not need to be a Colorado resident. Four of the Living Centers: Fitzsimons (Adams County), Rifle (Garfield County), Bruce McCandless (Fremont County), and Homelake (Rio Grande County) are operated under the Department. The fifth Center, Spanish Peaks (Huerfano County), is operated under a contract with the Huerfano County Hospital District.

Statute [Section 21-12-107(3), C.R.S.] requires the Living Centers to “be managed as a group by the state [D]epartment unless the state [D]epartment contracts for the management.” The Department's Division of Veterans Community Living Centers (Division), which is located within the Office of Adult, Aging, and Disability Services, oversees the Living Centers. The Division has a total of 5 full-time equivalent staff (FTE), which includes a director, deputy director, and clinical operations director who administer the Living Centers as a group. The Division is responsible for submitting the annual budgets for each facility, maintaining the facility buildings, and administering any grants or gifts given to the facilities. Statute [Section 21-12-107(2), C.R.S.] requires each Living Center to have a nursing home administrator and additional staff, including medical staff, necessary to provide the services.

The Living Centers are required to follow federal Centers for Medicare and Medicaid Services (CMS) regulations and standards that apply to all licensed skilled nursing facilities, and are

subject to CMS inspections. CMS regulations and inspections tend to focus on safety in the facilities, quality of care, and infection prevention. The Living Centers are also subject to certification by the U.S. Department of Veterans Affairs, which sets standards of care, conducts annual surveys (inspections) to determine compliance with those standards, and determines who is eligible to be a resident.

The Living Centers provide various services to its residents, including:

- Long-term Care. Includes skilled nursing care; speech, physical, and occupational therapy; social activities; and assistance with bathing, dressing, and other daily activities.
- Short-term Rehabilitation. Temporary care for individuals who can eventually return home following rehabilitation services.
- Memory Care. Specialized care for individuals with dementia and other memory related maladies.

Additionally, the Homelake Living Center has domiciliary cottages, which are for independent living with some assistance provided. Residents have their own cottage separate from the facility, but receive nursing services such as medication and meal management.

## **Fiscal Overview**

Statute [Section 26-12-110, C.R.S.] declares that the Living Centers have enterprise status under section 20 of article X of the state constitution, known as the Taxpayer's Bill of Rights (TABOR). The Living Centers are funded primarily from cash funds, which come from private-pay residents for their room and board, as well as federal funds through Medicare, Medicaid, and the Veterans Administration. Statute [Section 26-12-108(1)(a), C.R.S.] states that the Department, "shall establish rates for the care of residents, which rates must be as nearly equal to the cost of operation and maintenance of the veterans centers as practicable." Daily rates are dependent on the resident's status (i.e., a veteran versus a spouse or a Gold Star parent), the level of care, and whether or not the room is private or semi-private. The daily rates as of March 2024 range from \$135 for a veteran in a semi-private room at Homelake to \$377.93 for a spouse or Gold Star parent in a private room in the memory care unit at Fitzsimons. The following exhibit lists the rates for different levels of care at each of the Living Centers.

Exhibit 1.1

Daily Rates for Levels of Care at the Veterans Community Living Centers  
March 2024

<b>Level of Care</b>	<b>Fitzsimons</b>	<b>McCandless</b>	<b>Homelake</b>	<b>Rifle</b>	<b>Spanish Peaks</b>
Semi-Private Room (Veteran)	\$240.00	\$173.49	\$135.00	\$172.71	\$149.65
Semi-Private Room (Non-veteran)	\$357.93	\$291.42	\$262.17	\$290.64	\$262.01
Private Room (Veteran)	\$260.00	N/A	\$146.00	N/A	\$164.35
Private Room (Non-veteran)	\$377.93	N/A	\$273.17	N/A	\$276.71
Semi-Private Room Memory Care (Veteran)	\$240.00	\$180.49	N/A	\$172.71	\$157.55
Semi-Private Room Memory Care (Non-veteran)	\$357.93	\$298.42	N/A	\$185.71	\$269.91
Private Room Memory Care (Veteran)	\$260.00	N/A	N/A	N/A	N/A
Private Room Memory Care (Non-veteran)	\$377.93	N/A	N/A	N/A	N/A
Respite Care (Veteran)	N/A	\$148.83	N/A	N/A	N/A
Respite Care (Non-veteran)	N/A	\$258.25	N/A	N/A	N/A
Cottage/Domiciliary (Veteran)	N/A	N/A	\$55.00	N/A	N/A
Cottage/Domiciliary (Non-veteran)	N/A	N/A	\$109.89	N/A	N/A

Source: Office of the State Auditor compilation of data found on the Department of Human Services website.

Exhibit 1.2 below shows the sources of funding for the Living Centers for Fiscal Year 2023.

Exhibit 1.2

Veterans Community Living Centers

Actual Budgeted Expenditures by Funding Source for Fiscal Year 2023 (in millions)

	<b>Fitzsimons</b>	<b>McCandless</b>	<b>Homelake</b>	<b>Rifle</b>	<b>Spanish Peaks</b>
General Funds	\$0.98	\$0.52	\$0.58	\$0.63	\$0.0
Cash Funds	\$12.18	\$7.82	\$5.26	\$7.24	\$0.37
Federal Funds	\$11.66	\$4.46	\$2.98	\$2.64	\$0.0
Total	\$24.82	\$12.8	\$8.82	\$10.51	\$0.37

Source: Joint Budget Committee Staff Briefing for the Department of Human Service for Fiscal Year 2024-25.

Exhibits 1.3 through 1.7 below show the revenue and expenditures for each of the Department’s four Living Centers from Fiscal Years 2019 through 2023, the net for each year, the number of beds, and the average number of residents over the year.

Exhibit 1.3

Veterans Community Living Centers

Revenues and Expenditure for Fiscal Year 2019 (in millions)

	Fitzsimons	McCandless	Homelake	Rifle
FTE	236.4	135	95.3	110.6
Revenue	\$24.5	\$12.3	\$7.2	\$8.3
Expenditures	\$23.4	\$11.6	\$7.7	\$9.0
Net Operating	\$1.1	\$0.7	(\$0.5)	(\$0.7)
Number of Beds	180	105	110 <sup>1</sup>	89
Average Census	157	93	91	68
Percentage of Capacity	87%	89%	83%	76%

Source: FTE amounts are reported in the Joint Budget Committee Staff Briefing for the Department of Human Service for Fiscal Year 2024-25. Revenues and Expenditures are OSA Analysis of CORE Reports. Number of beds are from the Center’s Annual Reports. Average Census was provided by the Department.

<sup>1</sup>The Homelake Living Center has 60 skilled nursing beds and 50 cottages.

Exhibit 1.4

Veterans Community Living Centers

Revenues and Expenditure for Fiscal Year 2020 (in millions)

	Fitzsimons	McCandless	Homelake	Rifle
FTE	236.4	135	95.3	110.6
Revenue	\$26.7	\$14.7	\$9.9	\$9.7
Expenditures	\$27.4	\$14.4	\$9.9	\$10.6
Net Operating	(\$0.6)	\$0.3	\$0.0	(\$0.9)
Number of Beds	180	105	110 <sup>1</sup>	89
Average Census	151	91	96	63
Percentage of Capacity	84%	87%	87%	70%

Source: FTE amounts are reported in the Joint Budget Committee Staff Briefing for the Department of Human Service for Fiscal Year 2024-25. Revenues and Expenditures are OSA Analysis of CORE Reports. Number of beds are from the Center’s Annual Reports. Average Census was provided by the Department.

<sup>1</sup>The Homelake Living Center has 60 skilled nursing beds and 50 cottages.

Exhibit 1.5

Veterans Community Living Centers

Revenues and Expenditure for Fiscal Year 2021 (in millions)

	Fitzsimons	McCandless	Homelake	Rifle
FTE	236.4	135	95.3	110.6
Revenue	\$22.7	\$14.1	\$9.1	\$7.8
Expenditures	\$26.9	\$13.5	\$9.1	\$10.1
Net Operating	(\$4.2)	\$0.6	\$0.0	(\$2.3)
Number of Beds	180	105	110 <sup>1</sup>	89
Average Census	111	76	77	44
Percentage of Capacity	62%	72%	70%	49%

Source: FTE amounts are reported in the Joint Budget Committee Staff Briefing for the Department of Human Service for Fiscal Year 2024-25. Revenues and Expenditures are OSA Analysis of CORE Reports. Number of

beds are from the Center’s Annual Reports. Average Census was provided by the Department.  
<sup>1</sup>The Homelake Living Center has 60 skilled nursing beds and 50 cottages.

Exhibit 1.6

Veterans Community Living Centers

Revenues and Expenditure for Fiscal Year 2022 (in millions)

	Fitzsimons	McCandless	Homelake	Rifle
FTE	236.4	135	95.3	110.6
Revenue	\$22.0	\$8.8	\$6.9	\$6.8
Expenditures	\$24.8	\$11.5	\$7.9	\$9.1
Net Operating	(\$2.8)	(\$2.7)	(\$1.0)	(\$2.3)
Number of Beds	180	105	110 <sup>1</sup>	89
Average Census	123	56	76	47
Percentage of Capacity	68%	53%	69%	53%

Source: FTE amounts are reported in the Joint Budget Committee Staff Briefing for the Department of Human Service for Fiscal Year 2024-25. Revenues and Expenditures are OSA Analysis of CORE Reports. Number of beds are from the Center’s Annual Reports. Average Census was provided by the Department.

<sup>1</sup>The Homelake Living Center has 60 skilled nursing beds and 50 cottages.

Exhibit 1.7

Veterans Community Living Centers

Revenues and Expenditure for Fiscal Year 2023 (in millions)

	Fitzsimons	McCandless	Homelake	Rifle
FTE	176.7	135.0	69.0	70.0
Revenue	\$23.2	\$7.8	\$7.2	\$8.6
Expenditures	\$26.9	\$12.5	\$8.4	\$10.4
Net Operating	(\$3.7)	(\$4.7)	\$1.8	(\$1.8)
Number of Beds	180	105	110 <sup>1</sup>	89
Average Census	121	53	80	54
Percentage of Capacity	67%	51%	73%	61%

Source: FTE amounts are reported in the Joint Budget Committee Staff Briefing for the Department of Human Service for Fiscal Year 2024-25. Revenues and Expenditures are OSA Analysis of CORE Reports. Number of beds are from the Center’s Annual Reports. Average Census was provided by the Department.

<sup>1</sup>The Homelake Living Center has 60 skilled nursing beds and 50 cottages.

As seen in Exhibits 1.3 through 1.7, the average daily census at all of the Living Centers saw significant declines during the COVID-19 pandemic, with the Rifle Center falling as low as 49 percent. By Fiscal Year 2023, none of the Living Centers had returned to pre-pandemic capacity, with the McCandless Center in Florence, Colorado still at just over 50 percent. This has also resulted in the revenue not keeping pace with the expenses resulting in a deficit of as much as \$4.7 million at the Bruce McCandless Living Center in Fiscal Year 2023. It is unclear whether the Department has considered the likelihood of these trends continuing and how that will affect the financial sustainability of each of the Living Centers.

**C. Services Required**

The OSA is soliciting proposals from qualified organizations to conduct a performance audit of the financial sustainability of the Veterans Community Living Centers. Subject to oversight

and direction provided by the OSA, the engaged firm (Contractor) will be responsible for planning and conducting the performance audit to obtain sufficient, appropriate evidence necessary to conclude on the audit's objectives, develop complete written findings, write the audit report, and present the audit report to the Legislative Audit Committee.

The OSA prefers that the Contractor conduct this performance audit in accordance with generally accepted government auditing standards, issued by the U.S. Comptroller General [see *Government Auditing Standards, 2018 Revision (Technical Update April 2021)*]. However, the OSA will consider proposals for conducting this project as a performance evaluation outside of generally accepted government auditing standards; however, bidders should specifically address how they will approach the evaluation, including any other standards they will follow, in their proposal.

### **Audit Objectives, Scope, and Methodology**

The engaged organization should plan and perform audit work to obtain sufficient, appropriate evidence to address the following objectives and support any related conclusions, findings, and recommendations:

Objective: Assess the Department's efforts to ensure the financial sustainability of the Living Centers and each Center's ability to be self-sustaining. At a minimum, the audit work should include a review of the Living Centers' operating budgets and audited financial statements; Living Center fee structures; applicable financial analyses, forecasts, and projections prepared by the Department or Living Centers; and the census goals for each Living Center. The audit should specifically address the following questions:

1. How has the Department determined appropriate resident census goals for each Living Center to consider as part of the budgeting process to ensure that each Center generates enough revenue to be self-sustaining?
2. Has the Department incorporated the differences in reimbursement rates, based on the mix of residents being cared for at any given time, into the budgeting process for each Living Center to ensure that each Center is generating enough revenue to be self-sustaining?
3. Has the Department evaluated the costs of staffing the Living Centers to ensure that qualified staff are retained to provide the care needed while also balancing the needs given the declining census numbers?
4. Has the Department considered the demand for residential care services in the geographic areas the Living Centers are located in as part of its budgeting process for each Living Center to ensure that each Center is generating enough revenue to be self-sustaining, and has the Department developed strategies for increasing that demand?



## **Deliverables and Timelines**

The OSA expects the Contactor to satisfy the project deliverables and timelines outlined in this RFP to meet a January 2025, Legislative Audit Committee hearing date, at which point the audit report will be publicly released.

Work for this project is estimated to commence the week of June 24, 2024. However, work could begin sooner or later depending on how long it takes to route and execute the contract after selection of the successful proposal. ***No billable work can begin on this project until the effective date of the contract.***

### Work Location

The engagement is expected to take place primarily virtually. However, ***the Contractor must attend the Legislative Audit Committee hearing in person to present the final audit report.***

### Findings Development and Report Review

*The OSA has a rigorous findings development and report review process, which includes review and revisions at multiple levels of the organization as well as review and comment by the Department.* Prospective bidders should take this into consideration when preparing a proposed calendar and budget. The findings must adhere to the OSA’s standards as described in “Exhibit G–Developing and Presenting Findings” of the OSA’s standard contract. The final report must adhere to the OSA’s standards as described in “Exhibit H–Reporting Requirements and Format for Separately Issued Reports” of the OSA’s standard contract. The OSA’s standard contract containing both exhibits is included in Section IV–Supplemental Information.

Section IV–Supplemental Information also includes a link to an example of a recent performance audit report issued by the OSA. Prospective bidders should review that example report to gain an understanding of the OSA’s high expectations in terms of form and presentation and, more importantly, the quality of the evidence that is used to develop and substantiate the audit’s findings and conclusions.

### Fieldwork and Findings

The fieldwork and findings phases of this project are expected to take place from July 1, 2024 through October 4, 2024 and include the following project deliverables and timelines:

<b>Fieldwork and Findings</b>		
<b>Tasks</b>	<b>Details</b>	<b>Completed No Later Than</b>
Hold Planning Meeting with the OSA	Hold a planning meeting with the OSA contract monitor prior to the entrance conference.	Week of June 17, 2024
Hold Entrance Conference with the Department/Agency	Hold an entrance conference with the appropriate Department personnel to discuss the audit, timeline, and logistics. The OSA contract monitor, Deputy State Auditor, and State Auditor participate in this meeting. The Contractor is responsible for scheduling this meeting with the assistance of the OSA contract monitor.	Week of June 24, 2024
Begin Fieldwork	Obtain and review documentation, interview Department personnel and others as appropriate, and analyze data. Have ongoing communication with the Department throughout fieldwork to request documentation and data; ensure a clear understanding of operations, requirements, and criteria; clear the results of file reviews and data analysis; and update on logistics.	Beginning immediately after the entrance conference and through completion of the contract
Provide Updates to the OSA	Provide routine updates regarding the status of the audit work, noted problems, preliminary findings, etc. to the OSA contract monitor throughout the duration of the engagement. The Contractor must notify the OSA contract monitor immediately of any problems or delays in gathering information, completing the work, or communicating with the Department. Routine updates may be provided verbally and/or through written progress reports on a schedule determined jointly by the OSA contract monitor and the Contractor.	Beginning the week of July 8, 2024 through completion of the contract
Submit Written Draft Findings to the OSA Contract Monitor	Prepare and submit detailed written findings reflecting completion of all the work required in the scope of work to the OSA contract monitor. The findings must adhere to the format outlined in “Exhibit G—Developing and Presenting Findings” of the OSA’s standard contract. The Contractor should allow approximately 3 weeks for review by the OSA contract monitor. <i>Adjustments and refinements to the fieldwork occur as the draft written findings are discussed, reviewed, revised.</i>	Week of August 26, 2024
Coordinate with the OSA Contract Monitor to Submit Written Findings to the Deputy State Auditor	The Contractor should allow a minimum of 3 weeks for the Deputy’s review and for the Contractor to make revisions. If needed, the OSA contract monitor will schedule a meeting for the Contractor to discuss the findings with the Deputy State Auditor. <i>Adjustments and refinements to the fieldwork occur as the draft written findings are discussed, reviewed, revised.</i>	Week of September 16, 2024

Coordinate with the OSA Contract Monitor to Submit Written Findings to the State Auditor	The Contractor should allow a minimum of 2 weeks for the State Auditor’s review and for the Contractor to make revisions. If needed, the OSA contract monitor will schedule a meeting or conference call for the Contractor to discuss the findings with the State Auditor. <i>Adjustments and refinements to the fieldwork occur as the draft written findings are discussed, reviewed, revised.</i>	Week of September 30, 2024
Coordinate with the OSA Contract Monitor to Submit Written Findings to the Department/Agency	Once the written findings are approved by the State Auditor, coordinate with the OSA contract monitor to submit the written findings to the Department for review prior to the findings clearing meeting. The written findings should be provided to the Department at least 1 week prior to the findings clearing meeting. <i>Adjustments and refinements to the fieldwork occur as the draft written findings are discussed, reviewed, revised.</i>	Week of October 14, 2024
Complete Fieldwork	The primary fieldwork necessary to conclude on the audit objectives and support the audit findings should be substantially complete by this date.	Week of October 14, 2024

Reporting

The reporting phase of this project is expected to take place from October 21, 2024 through January 2025 and includes the following project deliverables and timelines:

<b>Reporting</b>		
<b>Tasks</b>	<b>Details</b>	<b>Completed No Later Than</b>
Prepare Draft Audit Report	Prepare a draft report using the written findings and the requirements outlined in “Exhibit H–Reporting Requirements and Format for Separately Issued Reports” of the OSA’s standard contract.	October 21, 2024
Submit Draft Report to the OSA	Submit the draft report to the OSA contract monitor for review. Allow approximately 3 weeks for the OSA contract monitor, Deputy State Auditor, and State Auditor to review the draft report, and for the Contractor to make revisions in response to those reviews.	October 24, 2024
Submit Draft Report to the Department/Agency	Once the draft report is approved by the State Auditor, coordinate with the OSA contract monitor to submit the draft report to the Department for review prior to the exit conference and begin preparing its written responses to any recommendations. The draft report should be provided to the Department at least 1 week prior to the exit conference.	November 21, 2024
Hold Exit Conference with the Department/Agency	Hold an exit conference with the Department to obtain and discuss feedback on the draft report and the Department planned responses to any recommendations. The Contractor is responsible for scheduling this meeting with the assistance of the OSA contract monitor. In consultation with the OSA, the Contractor is responsible for making revisions to the report, as appropriate, to address comments or concerns raised by the Department. All report changes must be reviewed and approved by the OSA before submitting the revised draft to the Department.	November 28, 2024
Obtain Written Responses from the Department/Agency	Coordinate with the OSA contract monitor to obtain and review the Department written responses to recommendations and, once obtained, work with the OSA to revise the report narrative, suggest revisions to the Department responses, and prepare Auditor’s Addenda, as appropriate.	November 28, 2024
Final Report Review and Approval for Print	Review the final report to ensure the accuracy of all information contained in the report. Submit the final print-ready report to the OSA contract monitor for final review and approval by the OSA contract monitor, Deputy State Auditor, and State Auditor.	Submit final print-ready report to the OSA no later than December 5, 2024  OSA to provide approval to print no later than December 12, 2024.

Provide Final Electronic Report File and Printed Hard Copies to the OSA	Once the State Auditor has approved the final report for printing, provide the OSA contract monitor with the following: <ul style="list-style-type: none"> <li>o An electronic copy of the final report file in <i>unprotected</i> PDF format.</li> <li>o Up to 100 hard copies of the bound printed report. The exact number of copies will be determined by the OSA at the time of report finalization. Acceptable binding formats are limited to spiral, comb, and glued bindings; 3-ring bindings are not acceptable.</li> </ul> The OSA is responsible for distributing the final report to the Legislative Audit Committee and the Department in advance of the hearing.	December 19, 2024
Conduct Dry Run of Report Presentation with the OSA	Coordinate with the OSA contract monitor regarding the format and content of the Legislative Audit Committee presentation. This includes conducting up to two dry runs of the Contractor’s presentation with the OSA contract monitor and Deputy State Auditor to practice the presentation and incorporate suggested revisions. The Contractor may also be asked to provide the OSA with a written script of the presentation.	Week of January 13, 2025
Present Report to the Legislative Audit Committee	Provide in-person oral testimony to the Legislative Audit Committee summarizing the report’s findings, conclusions, and recommendations and responding to questions from Committee members. Audit report hearings typically last 1 to 2 hours, but could be longer or shorter depending on the report’s contents.	January 2025

#### D. Schedule

The following schedule will be followed with respect to this RFP:

- |    |  |                  |
|----|--|------------------|
| 1. | RFP available to prospective bidders                 | 4/12/2024        |
| 2. | Prospective bidders’ inquiry deadline (5:00 p.m. MT) | 4/26/2024        |
| 3. | OSA response to inquiries deadline                   | 5/10/2024        |
| 4. | <b>Proposal submission deadline (5:00 p.m. MT)</b>   | <b>5/30/2024</b> |
| 5. | Approximate bid selection date                       | 6/7/2024         |
| 6. | Approximate contract date                            | 6/14/2024        |

#### E. Inquiries

Prospective bidders may make written inquiries concerning this RFP to obtain clarification of requirements. Inquiries must be submitted via email to Selome Negassa, Contract Monitor, at selome.negassa@coleg.gov. **No inquiries will be accepted after 5:00 p.m. MT on 4/26/2024.**

#### F. Submission of Proposals

Proposals must be submitted via email to Selome Negassa, Contract Monitor, at

selome.negassa@coleg.gov. ***No proposals will be accepted after 5:00 p.m. MT on 5/30/2024.***

All proposals become the property of the OSA upon receipt and will not be returned to the bidder. The OSA shall have the right to use all ideas, or adaptations of these ideas, contained in any proposal received in response to this RFP. Selection or rejection of the proposal will not affect this right.

**G. Acceptance of Proposal**

This RFP does not commit the OSA to award a contract, to pay any costs incurred in the preparation of a bid submitted in response to this request, or to procure or contract for services or supplies. The OSA reserves the right to accept or reject, in part or in its entirety, any or all bids received as a result of this RFP if the OSA determines that it is in the best interest of the State to do so. The lowest cost proposal will not necessarily be selected. The OSA also reserves the right to engage in further negotiation of the project scope of work, price, and contract terms after selection of the Contractor if the OSA determines that it is in the best interest of the State to do so.

**H. Addendum or Supplement to Request for Proposals**

The OSA reserves the right to issue amendments to this RFP prior to the closing date for submission of proposals. In the event that it becomes necessary to revise any part of this RFP, an addendum to this RFP will be provided to each known prospective bidder.

**I. Award Without Discussion**

The OSA reserves the right to make an award without further discussion of proposals received. Therefore, proposals must be submitted in the most complete terms possible from both the technical and cost standpoint.

**J. Award Information to Unsuccessful Firms**

The OSA will notify all unsuccessful bidders after the award. No information will be released after the proposal submission deadline until an award has been made.

**K. Joint Ventures**

No joint venture proposals will be accepted. However, this requirement does not preclude the use of outside special consultants if deemed necessary by the Contractor.

**L. OSA Contract Monitor**

The OSA will assign a contract monitor to serve as the Contractor's primary point of contact and liaison throughout the project. The contract monitor will attend all key Department/agency meetings during the engagement (e.g., entrance/exit conferences, findings clearing meetings, briefing meetings with management or boards/commissions, Legislative Audit Committee hearing); assist the Contractor in understanding the OSA's

requirements, processes, and expectations; and facilitate the OSA's review of project deliverables, including providing guidance and feedback for revisions.

**M. Award of Bid**

The contract will be awarded to the bidder whose proposal the OSA determines to be the most advantageous to the State of Colorado.

**N. Submission of Invoices**

The Contractor must submit monthly invoices for audit work completed. The OSA will withhold payment for 10 percent of the total contract amount pending satisfactory completion of the contract scope of work, which typically occurs after the Legislative Audit Committee hearing when the final report is publicly released.

# Section II

## Required Information

### A. Proposal Sections

Proposals must include the following information. Failure to provide all required information may result in disqualification of the proposal.

**1. Title Page**

Identify the RFP being responded to and the responding organization's name, address, telephone number, contact person, and date.

**2. Table of Contents**

List the material included in the proposal by section and page number.

**3. Transmittal Letter**

Include a transmittal letter of no more than two pages. The transmittal letter must include the names of the individual(s) authorized to make representations for the organization and their title(s), mailing address(es), email address(es) and telephone number(s).

**4. Profile of the Organization**

This section of the proposal must:

- a. State whether the organization is local, national, or international.
- b. Give the location(s) of the office from which the work will be done and number of partners, shareholders, and managers and other professional staff employed at that office.
- c. Describe the range of activities performed by the office from which the work will be done, including descriptions of or links to prior work products that demonstrate experience and expertise providing the services described in this RFP.
- d. Describe any and all work that (i) is currently being performed for the Department or the State of Colorado, (ii) was performed for the Department or the State of Colorado within the past 2 years (i.e., Calendar Years 2022 and 2023), and (iii) is planned for the Department or the State of Colorado (i.e., proposals submitted for work that has not yet been awarded or contracted).
- e. Affirm that the organization is independent for this audit engagement.



Prior, current, or planned work disclosed pursuant to Item #4(d) may create a threat to independence. In affirming the organization's independence for this audit engagement, the proposal must include explanation/analysis in accordance with the independence framework prescribed in *Government Auditing Standards* why this prior, current, or planned work would not impair the organization's independence—or create the appearance thereof—in performing this audit.

- f. Affirm that the organization does not have any past history of substandard work (e.g., a prior engagement has been terminated for poor performance).
- g. Provide information on any past, current, or anticipated claims (i.e., knowledge of pending claims) on respondent contracts; explain the litigation, the issue, and its outcome or anticipated outcome.
- h. Provide a copy of the results of the organization's most recent external peer review if the organization will conduct an audit in accordance with generally accepted government auditing standards.
- i. Provide no more than three references for similar work performed.

## **5. Qualifications of Assigned Personnel**

Describe the proposed audit team's relevant experience and areas of expertise. The proposal must identify the principal staff (i.e., principals, managers, and supervisors/in-charges) who will work on the audit, including any specialists or subcontractors to be used. The proposal must include a resume of all principal staff highlighting their professional qualifications and similar audit work that they have performed. Resumes must be included in an appendix.

The OSA *may* require that the Contractor provide the OSA with the results of background checks conducted pursuant to the organization's standard employment practices on personnel assigned to the engagement. If background checks are not a standard employment practice for the Contractor, the OSA *may* require the Contractor to conduct a background check on personnel assigned to the engagement and provide the results to the OSA.

## **6. Organization's Approach to the Audit**

Include a description of the proposed work plan for the audit engagement, including proposed audit procedures, steps, methodologies, approaches, tools, and resources to (a) conduct the audit, (b) ensure fully developed findings, and (c) conclude on the audit objectives based on sufficient, appropriate evidence.

The proposal must indicate whether the organization will conduct the project in accordance with generally accepted government auditing standards, as well as any other applicable professional standards to which the organization will adhere.

**7. Contract Terms and Conditions**

*The OSA expects the successful bidder to execute and adhere to the terms and conditions in the OSA's standard contract and its related exhibits (see Section IV–Supplemental Information).*

Bidders should not wait until after the OSA has made a contract award to consult with their legal team/advisor about the contract terms and conditions. Bidders must identify and describe any issues with the terms and conditions in the OSA's standard contract and its related exhibits as part of their proposal, including proposing alternative language if appropriate. The OSA will consider this information when evaluating proposals and making the contract award.

**8. Compensation and Staff Hours**

This section of the proposal must:

- a. State the number of professional staff hours estimated to complete the audit work by staff level, the associated hourly rate, and the resulting total cost. Travel costs incurred in the performance of audits are reimbursable only as a part of the hourly rate and must be covered under said rate and will not be separately reimbursed.
- b. Break out total hours estimated to (i) complete each issue/objective, (ii) write findings, and (iii) write and finalize the audit report.
- c. State the total inclusive maximum fee for which the work requested will be done.
- d. Affirm that all prices, terms, and conditions will be held firm for at least 90 days after the bid opening.

**9. Delivery Schedule**

Include a detailed proposed schedule of the audit work to be performed and deliverable due dates for the project milestones discussed in Section I(C)–Services Required.

**10. Additional Information**

Include additional information that is considered essential to the proposal but has not otherwise been provided in response to a specific item in this section.

**B. Separate Redacted Proposal for Proposals Containing Proprietary Information**

All proposals submitted to the OSA in response to this RFP are subject to the Colorado Open Records Act (CORA). In accordance with CORA, bidders may request that the OSA withhold proprietary information (i.e., trade secrets) in their proposals from public disclosure pursuant

to a CORA request.

***Bidders requesting that the OSA withhold proprietary information in their proposal from public disclosure pursuant to a CORA request must prepare and submit a separate redacted copy of their proposal to the OSA. In no event may an entire proposal be classified as proprietary information.***

The OSA will review any designations of proprietary information for reasonableness and appropriateness as part of its review of proposals. If the OSA does not agree with the bidder's designation of proprietary information, the bidder will be notified and asked to provide additional explanation and clarification and, if necessary, refine what is designated as proprietary information and submit a revised redacted proposal.

# Section III

## Proposal Evaluation Process

### A. General

An OSA evaluation team will judge the merits of proposals received in accordance with the evaluation criteria defined below.

During the evaluation process, the evaluation team may, at its discretion, request any one or all bidders to make oral presentations or answer questions about their proposals. Not all bidders may be asked to make such oral presentations.

The OSA will select the bidder whose proposal is most responsive to the State's needs while being within available resources. The specifications within this RFP represent the minimum performance necessary for response.

### B. Mandatory Criteria

1. The organization is independent for the audit engagement.

### C. General Criteria

1. Adequacy and completeness of the proposal with respect to the information required by Section II of the RFP.
2. Qualifications and experience of personnel, including any subcontractors, specialists, or consultants, assigned to the audit team.
3. Comprehensiveness and appropriateness of the proposed work plan.
4. Proposed hours and cost.
5. Acceptance of the OSA's standard contract and its related exhibits without significant revision.

## Section IV

# Supplemental Information

Attached to this RFP is the following document:

1. Standard OSA contract and related exhibits. See Section II(G) of the RFP for discussion.

The following web links provide additional information to assist in preparing the proposal:

- Previous Performance Audits on the Living Centers, formerly known as State Veterans Nursing Homes:
  - COVID-19 Infection Prevention at the Veterans Community Living Centers – October 2021  
[https://leg.colorado.gov/sites/default/files/documents/audits/2150p\\_covid-19\\_infection\\_prevention\\_veterans\\_comm\\_living\\_centers.pdf](https://leg.colorado.gov/sites/default/files/documents/audits/2150p_covid-19_infection_prevention_veterans_comm_living_centers.pdf)
  - Colorado State Veterans Nursing Homes Performance Audit – August 2011  
[https://leg.colorado.gov/sites/default/files/documents/audits/2158\\_nursing\\_homes\\_supt\\_2011.pdf](https://leg.colorado.gov/sites/default/files/documents/audits/2158_nursing_homes_supt_2011.pdf)
  - State and Veterans Nursing Homes October 2003 Performance Audit – Follow-Up Report – August 2006  
[https://leg.colorado.gov/sites/default/files/documents/audits/1814\\_flup\\_svnursing\\_home\\_perf\\_memo\\_aug\\_2006\\_8-28-06.pdf](https://leg.colorado.gov/sites/default/files/documents/audits/1814_flup_svnursing_home_perf_memo_aug_2006_8-28-06.pdf)
  - Colorado Department of Human Services State and Veterans Nursing Homes Performance Audit – October 2003  
[https://leg.colorado.gov/sites/default/files/documents/audits/1814\\_flup\\_svnursing\\_home\\_perf\\_memo\\_aug\\_2006\\_8-28-06.pdf](https://leg.colorado.gov/sites/default/files/documents/audits/1814_flup_svnursing_home_perf_memo_aug_2006_8-28-06.pdf)
- Most Recent Financial Audit for Each Living Center:
  - Bruce McCandless Colorado State Veterans Community Living Center – Florence, Fiscal Year Ended June 30, 2023  
[https://leg.colorado.gov/sites/default/files/documents/audits/2306f\\_bruce\\_mccandless\\_colorado\\_veterans\\_community\\_living\\_center\\_at\\_florence\\_fy23.pdf](https://leg.colorado.gov/sites/default/files/documents/audits/2306f_bruce_mccandless_colorado_veterans_community_living_center_at_florence_fy23.pdf)
  - Colorado Veterans Community Living Center at Rifle, Fiscal Year Ended June 30, 2022  
[https://leg.colorado.gov/sites/default/files/documents/audits/2206f\\_veterans\\_community\\_living\\_center\\_at\\_rifle\\_fy2022.pdf](https://leg.colorado.gov/sites/default/files/documents/audits/2206f_veterans_community_living_center_at_rifle_fy2022.pdf)
  - Colorado Veterans Community Living Center at Homelake, Fiscal Year Ended June 30,

2021

[https://leg.colorado.gov/sites/default/files/documents/audits/2106f\\_colorado\\_veterans\\_community\\_living\\_center\\_at\\_homelake\\_fy2021\\_0.pdf](https://leg.colorado.gov/sites/default/files/documents/audits/2106f_colorado_veterans_community_living_center_at_homelake_fy2021_0.pdf)

- Colorado Veterans Community Living Center at Fitzsimons, Fiscal Year Ended June 30, 2020  
[https://leg.colorado.gov/sites/default/files/documents/audits/2006f\\_cvclc\\_fitzsimons\\_2020\\_audit\\_report\\_final.pdf](https://leg.colorado.gov/sites/default/files/documents/audits/2006f_cvclc_fitzsimons_2020_audit_report_final.pdf)
- Colorado Office of the State Auditor Website  
<http://www.colorado.gov/auditor>