



**COLORADO OFFICE  
OF THE STATE  
AUDITOR**

**A REQUEST FOR PROPOSAL**

**FOR AN EVALUATION OF STATE INFORMATION  
TECHNOLOGY RESOURCES**

*June 27, 2017*

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## SECTION I

### ADMINISTRATIVE INFORMATION

#### A. ISSUING OFFICE

This request for proposal (RFP) is issued by the Office of the Colorado State Auditor (OSA). The terms State Auditor, OSA, State, and State of Colorado are used interchangeably. As an agency within the Legislative Branch, the OSA and this solicitation are exempt from the State Procurement Code and State Procurement Rules; however, this competitive solicitation process shall be conducted in accordance with the “Procurement Code” as defined in Section 24-101-101 to 112, C.R.S. *All communications regarding this RFP should take place directly with the OSA’s assigned contract monitor listed in this RFP.*

#### B. BACKGROUND INFORMATION

The OSA is soliciting proposals to conduct an evaluation of state agency information technology (IT) resources. This evaluation was requested by the Colorado Legislature, through an enacted bill (House Bill 17-1361) during the 2017 Legislative Session, and signed by the Governor.

With the passage of Senate Bill 08-155, during the 2008 Legislative Session, the state agency IT resources, procurement, and the IT service delivery were consolidated under the management of OIT. On July 1, 2008, OIT became responsible for the operation and delivery of technology services across 16 Executive Branch agencies including the Departments of Agriculture, Corrections, Education, Health Care Policy & Financing, Higher Education (excluding institutions), Human Services, Labor & Employment, Local Affairs, Military & Veterans Affairs, Natural Resources, Personnel & Administration, Public Health and Environment, Public Safety, Regulatory Agencies, Revenue, Transportation, and the Governor’s Offices of Economic Development and Energy. The state agencies, departments, offices, and institutions that were not included in the centralization of the state’s IT resources include the Legislative and Judicial Branches, the Departments of Law, State and Treasury, and the state-supported institutions of higher education, which may rely on OIT to provide certain IT services or resources, such as data center services and resources, based on C.R.S 24-37.5-602(1)(a).

OIT oversees technology initiatives for the executive branch agencies and recommends strategies to maximize service delivery efficiency in a cost-effective manner through the application of enterprise technology solutions. OIT provides services to state agencies on a cost reimbursement basis acting as a vendor of IT services to State agencies. Services provided by OIT include enterprise application

management and support, database management, network security and management, communication technology services, data center operations, information security, help desk services, public safety communications, procurement, project management, IT economic development, geographic information services, data management, and governance. OIT has assigned IT directors to state agencies, who are primarily responsible for maintaining agency relationships, leading application development and overseeing the execution and management of IT projects and programs, at their respective state agencies.

Additionally, OIT oversees the state’s IT infrastructure including data centers, servers, mainframe operations, storage, operating systems, the voice and data network, and the public safety network. The state’s IT infrastructure includes more than 171 critical and/or essential systems across the state, which have been classified according to various agency missions and objectives. OIT is also responsible for the IT security operations center and for protecting citizen data and the State’s IT assets from threats, as well as remediating related information security vulnerabilities.

The following table shows OIT’s FTE and appropriations between FY2010 and FY2017.

OFFICE OF INFORMATION TECHNOLOGY								
FY 2009-10 through FY 2016-17								
(DOLLARS IN MILLIONS)								
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
FTE	218.8	898.8	902.8	897.5	920	925.9	935.8	937.5
Change	(3.7%)	310.8%	0.4%	(0.6%)	2.5%	0.6%	1.1%	0.2%
Appropriation	\$ 45.00	\$ 122.0	\$ 125.7	\$ 136.3	\$ 151.4	\$ 194.5	\$ 187.2	\$ 224.3
Change	-3.9%	171.1%	3.0%	8.4%	11.1%	28.5%	-3.8%	19.8%

SOURCE: Joint Budget Committee Appropriations Report, Fiscal Year 2016-17.

**C. SERVICES REQUIRED – DELIVERABLES AND TIMELINES**

The OSA is seeking proposals from qualified organizations to conduct the planned evaluation work to gain sufficient, appropriate evidence necessary to conclude on the evaluation’s objectives and to develop related findings and recommendations. The OSA will provide the engaged organization general guidance and oversight; however, the engaged organization will be responsible for planning and conducting the work, developing complete written findings, and writing the report. Specific details regarding the project scope, evaluation objectives, and planned work are described later in this section. RFP proposals should include a project delivery schedule that takes into account these details and provides for optimal achievement of the stated scope, objectives, planned work and deliverables.

**Planning and Fieldwork**

The engaged organization will be required to:

- Hold a planning meeting with OSA staff prior to the entrance conference. This meeting could be in person or by conference call.
- Attend an entrance conference with the Governor’s Office of Information Technology (OIT). The entrance conference should be held and fieldwork should begin on or about the **week of August 28, 2017**. *Note: This is an estimated start date. Work could begin sooner or later depending on how long it takes to route and execute the contract. No work can begin until the contract is approved and signed by the State Auditor or her designee.*
- Provide routine updates regarding the status of the engaged organization’s work, noted problems, preliminary findings, etc. to the OSA’s assigned contract monitor throughout the duration of the engagement. This may include conference calls and/or written progress updates. The update format and schedule will be determined by the contract monitor and the engaged organization.
- Conduct ongoing communications with the OIT throughout fieldwork to gain a clear understanding of program operations, requirements, and criteria as well as to clear exceptions and preliminary findings.
- Complete fieldwork *on or about May 31, 2018*.
- As stated within House Bill 17-1361, in June 2018, the engaged organization shall provide an update to the Joint Budget Committee regarding the progress of the evaluation. This update need not include preliminary findings. The engaged organization should attend this update meeting in person and review the information with the OSA prior to the update. The update will comply with the confidentiality requirements of the OSA as prescribed in Section 2-3-103(2),(3), C.R.S.

### **Findings and Report**

The OSA has a very rigorous findings and report review process, which includes review and revisions at multiple levels of the organization. Prospective bidders should take this into consideration when preparing a proposed calendar and budget. The findings and final report should adhere to the OSA’s standards as described in “Exhibit G – Developing and Presenting Findings” and “Exhibit H – Reporting Requirements and Format for Separately Issued Reports” of the OSA’s standard contract, which is included in Section IV - Supplemental Information of this RFP. In addition, we have included a link in Section IV of this RFP to a recent report issued by the OSA. Prospective bidders should review that report to gain an understanding

of the OSA's expectations for written reports.

The engaged organization will be required to:

- Prepare and submit detailed written findings to the OSA contract monitor during *or approximately* by the *week of June 11, 2018*. The findings should adhere to the format outlined in “Exhibit G – Developing and Presenting Findings” of the OSA’s standard contract. The engaged organization should allow a minimum of 3 weeks for the contract monitor’s review and for the engaged organization to make revisions.
- Coordinate with contract monitor to submit written findings to the State Auditor during *or approximately* by the *week of July 9, 2018*. The engaged organization should allow a minimum of 1 week for the State Auditor’s review and then plan on meeting with the contract monitor and State Auditor to discuss the findings. The engaged organization could attend this meeting via conference call.
- Once the written findings are approved by the State Auditor, coordinate with the contract monitor to submit the findings to OIT during *or approximately* by the *week of July 23, 2018*. Approximately 1 week later, hold a findings meeting with OIT management to formally present and discuss the written findings. The engaged organization should attend this meeting in person. The engaged organization should also anticipate holding additional findings meetings to brief OIT’s oversight bodies (e.g., Boards, Commissions, Committees, etc.), as necessary. The engaged organization should attend these meetings in person.
- 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. The report should identify the following:
  - Recommendations to OIT for industry best practice standards that should be implemented.
  - Recommendations to OIT regarding changes that could be made, working with the general assembly, to:
    - Realize the outcomes envisioned by the general assembly when it created the office of information technology and consolidated the management of state agency information technology resources and services.
    - Improve the process for evaluating, prioritizing, and selecting information technology projects.
    - Provide new and better opportunities for the state to interface with the public.

- Facilitate collaboration and communication between the office of information technology and state agencies, departments, offices, and institutions that were not included in the legislation to centralize state agency information technology resources but that rely on the office of information technology to provide information technology services or resources.
  - Recommend future options for the state to solicit feedback from state residents regarding the public's opportunities to interface with state government.
  - Policy discussions directed toward the general assembly, including discussions regarding inter-committee processes between the Joint Budget Committee and the Joint Technology Committee for coordinating the review of information technology budget requests.
- Submit the draft report to the contract monitor for review during *or approximately* by the *week of August 13, 2018*. Allow approximately 4 weeks for the contract monitor and State Auditor to review and for the engaged contractor to make revisions.
- Submit a draft report to OIT for review during *or approximately* by the *week of September 17, 2018*. Allow at least 2 weeks for OIT's review—1 week prior to the exit conference, plus an additional week after the exit conference for revisions and to obtain OIT's final written responses to any recommendations.
- Hold an exit conference with OIT approximately 1 week after submission to discuss the draft report and make revisions, as appropriate, to address comments or concerns raised by OIT during *or approximately* by the *week of September 24, 2018*. The engaged organization should attend this meeting in person.
- Review the draft report and ensure the accuracy of all information contained in the report.
- Submit the final draft of the report to the OSA for final review and approval.
- Provide the contract monitor with an electronic copy of the final print-ready version of the report (in unprotected Word or PDF format) prior to printing.
- Provide the OSA with 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. The OSA will be responsible for distributing the report to the Legislative Audit Committee, Joint Budget Committee, Joint Technology Committee, and OIT.

- Coordinate with the contract monitor regarding the format and content of the Legislative Audit Committee presentation. This may include providing a written script of the engaged organization’s presentation and conducting a dry run and incorporating revisions requested by the contract monitor.
- Provide in-person oral testimony to the Legislative Audit Committee, and other legislative committees (e.g., Joint Budget Committee and/or Joint Technology Committee), if requested. The Legislative Audit Committee hearing is tentatively scheduled for December 2018. The engaged organization will be required to testify for about 1½ to 2 hours, providing an oral summary of the report and answering questions from Committee members.

### **Project Scope**

As stated within House Bill 17-1361, the selected consulting firm shall evaluate the following:

1. The centralization of the management of state agency information technology resources in the Office of Information Technology (OIT) pursuant to Senate Bill 08-155, enacted in 2008, and whether the centralization has achieved the goals of the General Assembly regarding the management of daily information technology operations, including but not limited to goals regarding:
  - a. Information technology human resources, including but not limited to:
    - i. Whether state agencies have transferred information technology human resources to the OIT.
    - ii. Whether state agencies have reduced the number of full-time employees providing information technology services.
    - iii. Why reductions and transfers of employees have or have not occurred and what measures may help state agencies achieve such reductions and transfers if they have not occurred.
  - b. Information technology infrastructure, including but not limited to:
    - i. Whether state agencies have transferred information technology infrastructure to OIT.
    - ii. Why transfers of information technology infrastructure have or have not occurred and what measures may help state agencies achieve such transfers if they have not occurred.
    - iii. Whether software and hardware decisions made by OIT have provided savings and efficiencies to the state and whether those savings can be quantified.

- c. Whether OIT's practice of billing state agencies for information technology services has resulted in efficiencies or long-term cost savings for the state and what effect such practice has on accounting processes and employee costs for state agencies.
    - d. Whether OIT has a strategic plan, or its equivalent, to use consultants, vendors, or organizations such as the Statewide Internet Portal Authority to realize the original and ongoing objectives of centralizing the management of state agency information technology resources.
  2. Whether the Executive Branch has a strategic plan, or its equivalent, in place to guide its process for evaluating, prioritizing, and selecting information technology projects that require new or ongoing appropriations of state money, including but not limited to:
    - a. The efficiency and effectiveness of the state's current process for information technology project evaluation, prioritization and selection, including a cost-benefit analysis, and whether OIT, state agencies, the Governor's Office, or the Joint Technology Committee or Joint Budget Committee could make any changes or improvements to the process.
    - b. Whether OIT's existing legislative review and reporting processes in connection with the Joint Budget Committee and the Joint Technology Committee are adequate.
  3. The opportunities the state has to interface with the public through information technology, including but not limited to whether the state can take advantage of new and emerging opportunities for future automation and online citizen interaction with government and, if so, how the state could proceed with such opportunities.
  4. OIT's working relationship with state agencies, departments, offices, and institutions that were not included in the centralization of state agency information technology resources pursuant to Senate Bill 08-155, enacted in 2008, but rely on OIT to provide certain information technology services or resources.
  5. Consumer satisfaction, to be determined through a consumer satisfaction survey among state agencies with the management of state agency information technology resources and access to state government via information technology resources.

**D. INQUIRIES**

Prospective bidders may make written inquiries concerning this RFP to obtain clarification of requirements. Please address all inquiries to Matt Devlin, Contract Monitor, [matt.devlin@state.co.us](mailto:matt.devlin@state.co.us). No inquiries will be accepted after **5:00 p.m. Mountain Time**.

**E. SUBMISSION**

All proposals become the property of the State Auditor upon receipt and will not be returned to the bidder. The State Auditor 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.

**F. ACCEPTANCE OF PROPOSAL**

This RFP does not commit the State Auditor 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 State Auditor 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, in the opinion of the State Auditor, it is in the best interest of the State to do so. The lowest cost proposal will not necessarily be selected. Final scope and price may be negotiated after selection of the engaged organization.

**G. PROPOSALS - SCHEDULE**

The following schedule will be followed:

- |    |  |                         |
|----|--|-------------------------|
| 1. | RFP available to prospective bidders   | June 27, 2017           |
| 2. | Prospective bidder's inquiry deadline (5:00 p.m. Mountain Time)  | July 14, 2017           |
| 3. | OSA response to inquiry deadline   | July 21, 2017           |
| 4. | <b>Proposal submission deadline (5:00 p.m. Mountain Time)</b>  | <b>July 28, 2017</b>    |
| 5. | Interviews with Top Candidates*<br><i>*Interviews Are Optional Based On State Auditor's Discretion</i> | Week of August 14, 2017 |
| 6. | Approximate bid selection date   | August 24, 2017         |
| 7. | Approximate contract date  | August 31, 2017         |

Any proposal received after *the submission deadline* will not be considered. The proposal must be submitted via email to **Matt Devlin, Contract Monitor, [matt.devlin@state.co.us](mailto:matt.devlin@state.co.us)**. The proposal must be signed by a person legally authorized to bind the bidder.

**H. ADDENDUM OR SUPPLEMENT TO REQUEST FOR PROPOSAL**

The State Auditor 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 prospective bidder.

**I. AWARD WITHOUT DISCUSSION**

The State Auditor reserves the right to make an award without further discussion of proposals received. Therefore, it is important that the proposal be submitted in the most complete terms possible from both the technical and cost standpoint.

**J. AWARD INFORMATION TO UNSUCCESSFUL FIRMS**

The State Auditor 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 engaged organization.

**L. STATE AUDITOR LIAISON**

The OSA's assigned contract monitor will be the liaison to the engaged organization throughout the evaluation. This individual will attend entrance/exit conferences and assist the engaged organization in understanding State Auditor requirements and reporting guidelines.

**M. AWARD OF BID**

The contract will be awarded to the bidder whose proposal will be most advantageous to the State of Colorado, price, delivery schedule, and other factors considered. The successful bidder will be awarded a contract for the scope detailed in this RFP or the scope negotiated through further discussion. *The successful bidder is expected to execute and adhere to the terms and conditions in the OSA's standard contract and its related exhibits. A copy of the OSA's standard contract and its related exhibits is included in Section IV - Supplemental Information of this RFP.*

**N. SUBMISSION OF INVOICES**

The engaged organization should submit monthly invoices for work completed. The State Auditor will withhold 10 percent of the total contract amount pending satisfactory completion of the evaluation.

## SECTION II

### INFORMATION THAT MUST BE INCLUDED IN PROPOSAL

All proposals *must* include the information requested in this section and be organized in the same manner as this section.

All proposals submitted to the OSA in response to this RFP are subject to the Colorado Open Records Act (CORA). *Any proprietary information your firm includes in the proposal should be clearly and specifically designated in the proposal.* Such information will be redacted from the proposal pursuant to 24-72-204(3)(a)(IV), C.R.S., allowing for the denial of inspection of records including trade secrets, before providing the proposal in response to a CORA request.

#### A. TITLE PAGE

The proposal will identify the RFP subject, organization's name, address, telephone number, name of contact person, and date.

#### B. TABLE OF CONTENTS

The proposal will include a clear identification of the material included in the bid proposal by section and page number.

#### C. TRANSMITTAL LETTER

Please limit the transmittal letter to two or three pages. Provide the names of individuals authorized to make representations for the organization and their titles, addresses, and telephone numbers.

#### D. PROFILE OF THE ORGANIZATION

The proposal must:

1. State whether the organization is local, national, or international.
2. Give the location of the office from which the work would be done and number of partners, shareholders, and managers and other professional staff employed at that office.
3. Describe the range of activities performed by the office from which the work would be done.

4. Describe the proposed evaluation team’s capabilities, including the number and classifications of personnel who will work on the evaluation.
5. Affirm that the organization is independent for this evaluation engagement.
6. Describe any work performed for OIT or the State of Colorado within the past 2 years (*July 1, 2015 – June 30, 2017*), and any work planned for OIT or the State of Colorado, and explain why this work would not impair the organization’s independence in performing this evaluation of OIT.
7. Affirm that the organization does not have any past history of substandard work (e.g., a prior engagement has been terminated for poor performance).
8. 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.

**E. QUALIFICATIONS OF ASSIGNED PERSONNEL**

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

**F. ORGANIZATION’S APPROACH TO THE EVALUATION**

The proposal must include a description of the methodology, approach, tools, and resources to be used to conduct the evaluation. The proposal should set forth the steps that the organization will take to achieve each of the specific objectives outlined in this RFP as well as to develop all parts of a finding (as described in “Exhibit G – Developing and Presenting Findings” of the OSA’s standard contract) for each problem identified.

**G. COMPENSATION**

1. The proposal must state the number of professional staff hours estimated to complete the work by staff level, the hourly rate, and the resulting total cost. The prospective bidder is advised that travel costs incurred in the performance of evaluations are reimbursable only as a part of the hourly rate and must be covered under said rate and will not be separately reimbursed.
2. The proposal should break out total hours estimated to: (1) complete each issue/objective/question and (2) write and revise findings and the final

report.

3. The proposal must state the total inclusive maximum fee for which the work requested will be done.
4. The proposal should affirm that all prices, terms, and conditions will be held firm for at least 90 days after the bid opening.

**H. DELIVERY SCHEDULE**

The proposal must include a detailed proposed schedule of the work to be performed and deliverable due dates for the project milestones discussed in Section I, Part C of this RFP.

**I. REFERENCES**

The proposal must include at least three references of similar projects conducted in the last three years. List the entity, name and contact information of responsible party, and a brief description of the work actually performed by the contractor submitting this bid.

**J. ADDITIONAL DATA**

Since the preceding sections are to contain information that is specifically requested, the organization may include any additional information considered essential to the proposal in this section. The organization should not include general information publications, such as directories or client lists.

## SECTION III

### PROPOSAL EVALUATION PROCESS

#### A. GENERAL

An OSA evaluation team will judge the merits of proposals received in accordance with the general criteria defined below. The bidder is responsible for providing all information requested in this RFP. Failure to do so may result in disqualification of the proposal.

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

During the evaluation process, the evaluation committee 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.

#### B. MANDATORY CRITERIA

1. The organization is independent for the evaluation engagement.

#### C. GENERAL CRITERIA

1. Adequacy and completeness of the proposal with regard to the information specified in Section II of this RFP.
2. Experience and stability of the organization.
3. Qualifications and experience of staff, including subcontractors, specialists, and consultants to be assigned to the evaluation.
4. Comprehensiveness and appropriateness of the proposed work plan.
5. Proposed costs (number of hours and hourly rate).
6. Proposed time frame for meeting project milestones and completing the evaluation.
7. Information from references.

#### D. TOTAL SCORE

The evaluation team will assign scores to the proposals based on the established criteria. The State Auditor will make the final decision on the contract award.

## SECTION IV

### SUPPLEMENTAL INFORMATION

Enclosed with this RFP are the following:

1. Standard OSA contract and related exhibits. *The successful bidder is expected to execute and adhere to the terms and conditions in the OSA's standard contract and its related exhibits.*

The following website links provide additional information to aid the bidder in preparing the proposal:

- House Bill 17-1361 (re. Evaluation of IT Resources):  
[http://leg.colorado.gov/sites/default/files/documents/2017A/bills/2017A\\_1361\\_signed.pdf](http://leg.colorado.gov/sites/default/files/documents/2017A/bills/2017A_1361_signed.pdf)
- Senate Bill 08-155 (re. IT Consolidation):  
[http://www.leg.state.co.us/clics/clics2008a/csl.nsf/billcontainers/41722DE19CC67310872573B700808C7D/\\$FILE/155\\_enr.pdf](http://www.leg.state.co.us/clics/clics2008a/csl.nsf/billcontainers/41722DE19CC67310872573B700808C7D/$FILE/155_enr.pdf)
- State of Colorado Governor's Office of Information Technology (OIT):  
<http://www.colorado.gov/oit>
- Office of the State Auditor:  
<http://leg.colorado.gov/agencies/office-of-the-state-auditor>
- Systems Backup and Recovery, IT Performance Audit, October 2014, Governor's Office of Information Technology:  
[http://www.leg.state.co.us/OSA/coauditor1.nsf/All/785591EC8A81E84987257D8100669340/\\$FILE/1403P%20-%20Systems%20Backup%20and%20Recovery,%20IT%20Performance%20Audit,%20October%202014%20REV.pdf](http://www.leg.state.co.us/OSA/coauditor1.nsf/All/785591EC8A81E84987257D8100669340/$FILE/1403P%20-%20Systems%20Backup%20and%20Recovery,%20IT%20Performance%20Audit,%20October%202014%20REV.pdf)

**STATE OF COLORADO**  
**State Auditor and**  
**Legislative Audit Committee**  
**Performance Evaluation Contract for the**  
**Audit of the INSERT NAME OF ENTITY**  
**With**  
**INSERT NAME OF CONTRACTOR**

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## 1. PARTIES

This Contract (“Contract”) is entered into by and between [REDACTED] (“Contractor”), and the STATE OF COLORADO acting by and through and for the use and benefit of the State Auditor and the Legislative Audit Committee ( the “State”). Contractor and the State hereby agree to the following terms and conditions.

## 2. EFFECTIVE DATE AND NOTICE OF NONLIABILITY

This Contract shall be effective and enforceable once it is approved and signed by the State Auditor or designee (the “Effective Date”). The State shall not be liable to pay or reimburse Contractor for any performance hereunder including costs or expenses incurred, or be bound by any provision hereof prior to the Effective Date.

## 3. RECITALS

### A. Authority, Appropriation, And Approval

Authority to enter into this Contract exists in CRS §2-3-103(1) and funds have been budgeted, appropriated and otherwise made available pursuant to Fund 1000, Appropriation Code MGFCC4010, Contract Encumbrance Number 20[REDACTED]-[REDACTED], and a sufficient unencumbered balance thereof remains available for payment. Required approvals, clearance and coordination have been accomplished from and with appropriate agencies.

### B. Consideration

The Parties acknowledge that the mutual promises and covenants contained herein and other good and valuable consideration are sufficient and adequate to support this Contract.

### C. Purpose

The State desires to engage Contractor to render certain professional evaluation services.

### D. References

All references in this Contract to sections (whether spelled out or using the § symbol), subsections, exhibits or other attachments, are references to sections, subsections, exhibits or other attachments contained herein or incorporated as a part hereof, unless otherwise noted.

## 4. DEFINITIONS

The following terms as used herein shall be construed and interpreted as follows:

### A. Evaluation Report

“Evaluation Report” means [REDACTED].

### B. Agency

“Agency” means [REDACTED], hereinafter referred to as “[REDACTED]”, which is/are subject to evaluation under this Contract.

### C. Contract

“Contract” means this Contract, its terms and conditions, attached exhibits, documents incorporated by reference under the terms of this Contract, and any future modifying agreements, exhibits, attachments or references incorporated herein pursuant to Colorado State law.

### D. Contract Funds

“Contract Funds” means funds available for payment by the State to Contractor pursuant to this Contract as set forth in §7(A) (Maximum Amount).

### E. Exhibits and other Attachments

The following are attached hereto and incorporated by reference herein: **Exhibit A** (Statement of Work), **Exhibit B** (Request for Proposal), **Exhibit C** (Modifications to Contractor’s Proposal), **Exhibit D** (Contractor’s Proposal), **Exhibit E** (Information Security Policy for Contractors), **Exhibit F** (Compensation and Procedures for Billing),

**Exhibit G** (Developing and Presenting Findings), and **Exhibit H** (Reporting Requirements and Format for Separately Issued Reports).

**F. Modifications to Proposal**

“Modifications to Proposal” means the modifications to Contractor’s Proposal, dated [REDACTED].

**G. Party or Parties**

“Party” means the State or Contractor and “Parties” means both the State and Contractor.

**H. Proposal**

“Proposal” means Contractor’s Proposal dated [REDACTED].

**I. Request for Proposal or RFP**

“Request for Proposal” or “RFP” means the State’s Request for Proposal, issued [REDACTED], including the supplement to the RFP, dated [REDACTED].

**J. Services**

“Services” means the required performance evaluation services to be performed by Contractor pursuant to this Contract.

**K. State Auditor**

“State Auditor” means the Colorado State Auditor. The Office of the State Auditor may be referred to as “OSA.”

**L. Subcontractor**

“Subcontractor” means a third-party, if any, engaged by Contractor to aid in performance of its obligations.

**M. Work**

“Work” means the tasks and activities Contractor is required to perform to fulfill its obligations under this Contract and the **Exhibits**, including the performance of the Services and delivery of the Work Product.

**N. Work Product**

“Work Product” means the tangible or intangible results of Contractor’s Work, including the Evaluation Report, work papers subject to §18 herein, and reports, which are specified in Exhibit H.

**5. TERM AND EARLY TERMINATION**

**A. Term-Work Commencement**

The Parties’ respective performances under this Contract shall commence on the Effective Date. This Contract shall terminate thirty (30) days after the Evaluation Report has been released by the Legislative Audit Committee, but in no event later than [REDACTED], unless sooner terminated as specified herein. The State may terminate this Contract for any reason, without penalty to the State, upon thirty (30) days prior written notice to Contractor.

**B. Early Termination**

Upon early termination, Contractor shall not incur further obligations or render further performance hereunder past the effective date of such notice, and shall terminate outstanding subcontracts with third parties. Contractor shall complete and deliver to the State all Work, Services, and Work Product to the extent completed as of the date of termination. Contractor shall take timely, reasonable and necessary action to protect and preserve property in the possession of Contractor in which the State has an interest. All materials owned by the State in the possession of Contractor shall be immediately returned to the State. The State shall reimburse Contractor for accepted performance up to the date of termination.

**6. STATEMENT OF WORK**

**A. Completion**

Contractor shall complete the Work and its other obligations as described herein and in the Exhibits on or before \_\_\_\_\_.

**B. Services and Work Product**

Contractor shall provide the Services and deliver the Work Product necessary to complete the Work. Such procurement shall be accomplished using the Contract Funds and shall not increase the maximum amount payable hereunder by the State.

**C. Employees**

All persons employed by Contractor or Subcontractors to perform Work under this Contract shall be Contractor's or Subcontractors' personnel for all purposes hereunder and shall not be employees of the State for any purpose as a result of this Contract.

**7. PAYMENTS TO CONTRACTOR**

The State, in accordance with the provisions of this §7, shall pay Contractor in the amounts and using the methods set forth below:

**A. Maximum Amount**

The maximum amount payable under this Contract to Contractor by the State is \$\_\_\_\_\_, as determined by the State from available funds. Payments to Contractor are limited to the unpaid obligated balance of the Contract set forth in **Exhibit F** (Compensation and Procedures for Billing). The estimated amount payable by the State to Contractor during State Fiscal Year 20\_\_\_\_-20\_\_\_\_ shall be \$\_\_\_\_\_, and the estimated amount payable by the State to Contractor during State Fiscal Year 20\_\_\_\_-20\_\_\_\_ shall be \$\_\_\_\_\_. The exact funding split between fiscal years, if applicable, will be determined by the State based on amounts that have been budgeted, appropriated, or otherwise made available for this contract.

**B. Payment**

**i. Interim and Final Payments**

Contractor shall initiate any payment requests by submitting invoices to the State in the form and manner approved by the State.

**ii. Interest**

The State shall fully pay each invoice within 45 days of receipt thereof if the amount invoiced represents performance by Contractor previously accepted by the State. Uncontested amounts not paid by the State within 45 days shall bear interest on the unpaid balance beginning on the 46th day at a rate not to exceed one percent per month until paid in full; provided, however, that interest shall not accrue on unpaid amounts that are subject to a good faith dispute. Contractor shall invoice the State separately for accrued interest on delinquent amounts. The billing shall reference the delinquent payment, the number of day's interest to be paid, and the interest rate.

**iii. Erroneous Payments**

At the State's sole discretion, payments made to Contractor in error for any reason, including overpayments or improper payments, and unexpended or excess funds received by Contractor, may be recovered from Contractor by deduction from subsequent payments under this Contract or other contracts, grants or agreements between the State and Contractor or by other appropriate methods and collected as a debt due to the State. Such funds shall not be paid to any party other than the State.

**C. Use of Funds**

Contract Funds shall be used only for costs identified herein and in the Exhibits.

**8. REPORTING - NOTIFICATION**

Reports required under this §8 shall be in accordance with the procedures of and in such form as prescribed by the State.

**A. Performance, Progress, Personnel, and Funds**

Contractor shall comply with all reporting requirements, if any, set forth in the **Exhibits**.

**B. Litigation Reporting**

To the extent permitted by law, within ten (10) days after being served with any pleading in a legal action filed with a court or administrative agency, related to this Contract or which may affect Contractor's ability to perform its obligations hereunder, Contractor shall notify the State of such action and deliver copies of such pleadings to the State's principal representative as identified herein. If the State's principal representative is not then serving, such notice and copies shall be delivered to the State Auditor.

**C. Noncompliance**

Contractor's failure to provide reports and notify the State in a timely manner in accordance with this §8 may result in the delay of payment of funds, termination, or both, as provided under this Contract.

**D. Subcontracts**

Copies of any and all subcontracts entered into by Contractor to perform its obligations hereunder shall be submitted to the State or its principal representative upon request by the State. Any and all subcontracts entered into by Contractor related to its performance hereunder shall comply with all applicable federal and state laws and shall provide that such subcontracts be governed by the laws of the State of Colorado.

**9. CONTRACTOR RECORDS**

**A. Maintenance**

Contractor shall make, keep, maintain, and allow inspection and monitoring by the State of a complete file of all work papers and reports pertaining in any manner to the Work or the delivery of Services or Work Product hereunder. Unless Contractor receives written notice of an extension from the State, the federal government or another duly authorized agent of a governmental agency, Contractor shall maintain such records for a period of at least five (5) years after (i) the date the Evaluation Report is accepted by the State or (ii) the sooner expiration or termination of this Contract (collectively, the "Record Retention Period").

**B. Inspection**

Contractor, at no additional charge, shall permit the State, the federal government and any other duly authorized agent of a governmental agency to audit, inspect, examine, excerpt, copy and transcribe Contractor's work papers and reports related to this Contract during the Record Retention Period to assure compliance with the terms hereof, to evaluate performance hereunder, or for any other purpose required by the State. The State reserves the right to inspect the Work at all reasonable times and places during the term of this Contract, including any extensions or renewals.

**C. Monitoring**

Contractor shall permit the State, in its sole discretion, to monitor all activities and Work conducted by Contractor pursuant to the terms of this Contract using any reasonable procedure.

**10. WORK PRODUCT-CONFIDENTIAL INFORMATION-STATE RECORDS**

The Work Product developed by Contractor during the performance of the Services shall be confidential to Contractor and the State; except as otherwise may be required by law, regulation, judicial, or administrative process, or in accordance with applicable professional standards or rules, or in connection with litigation pertaining hereto, Contractor shall not provide the Work Product to parties other than the State without the written approval of the State as provided by CRS §2-3-103(3). Contractor shall forward immediately to the State any requests for Work Product the Contractor receives pursuant to CRS §24-70-201, et seq. (the Colorado Open Records Act).

## **11. CONFLICTS OF INTEREST**

### **A. Agency**

Contractor shall not discuss, arrange for, or accept auditing (financial or performance) or non-auditing work not identified in this Contract with the Agency during the term of this Contract, without the express written approval of the State.

### **B. Other State Agencies**

Contractor shall provide written notice to the State, in accordance with §17 (Notices and Representatives) of this Contract, before entering into a contract or engagement with another State agency, department, or division subject to audit or evaluation by the State.

## **12. REPRESENTATIONS AND WARRANTIES**

Each Party has relied on the representations and warranties of the other Party set forth below in entering into this Contract.

### **A. Qualifications, Standards and Manner of Performance**

Contractor warrants that it is qualified to perform the Services and the Work Product.

### **B. Legal Authority – Contractor Signatory**

Contractor warrants that it possesses the legal authority to enter into this Contract and that it has taken all actions required by its procedures, by-laws, and applicable laws to exercise that authority, and to lawfully authorize its undersigned signatory to execute this Contract, or any part thereof, and to bind Contractor to its terms. If requested by the State, Contractor shall provide the State with proof of Contractor's authority to enter into this Contract within fifteen (15) days of receiving such request.

### **C. Licenses, Permits, Etc.**

Contractor represents and warrants that as of the Effective Date it has, and that at all times during the term hereof it shall have and maintain, at its sole expense, all licenses, certifications, approvals, insurance, permits, and other authorizations required by law to perform its obligations hereunder. Contractor warrants that it shall maintain all necessary licenses, certifications, approvals, insurance, permits, and other authorizations required to properly perform this Contract, without reimbursement by the State or other adjustment in Contract Funds. Additionally, all employees, agents, and Subcontractors of Contractor performing Services under this Contract shall hold all required licenses or certifications, if any, to perform their responsibilities. Contractor, if a foreign corporation or other foreign entity transacting business in the State of Colorado, further warrants that it currently has obtained and shall maintain any applicable certificate of authority to transact business in the State of Colorado and has designated a registered agent in Colorado to accept service of process. Any revocation, withdrawal or non-renewal of licenses, certifications, approvals, insurance, permits or any such similar requirements necessary for Contractor to properly perform the terms of this Contract is a material breach by Contractor and constitutes grounds for termination of this Contract.

### **D. Contractor Independence**

Contractor should be independent in performing the evaluation engagement. The State represents and warrants that it shall not request or require Contractor to surrender Contractor's "independence" as such term is professionally understood.

### **E. Disclaimer**

Except for the representations and warranties expressly stated in this Contract, the Parties disclaim all representations and warranties, written or oral, express or implied.

## **13. INSURANCE**

Contractor and its Subcontractors shall obtain and maintain, at all times during the term of this Contract, insurance policies issued by insurance companies satisfactory to Contractor and the State, in form and amount reasonably acceptable to the State, providing coverage for

Worker's Compensation Insurance as required by State statute, Employer's Liability Insurance covering all of their respective employees acting within the course and scope of their employment, Commercial General Liability Insurance, and Professional Liability/Errors & Omissions. Upon request of the State, Contractor and all Subcontractors shall provide to the State certificates showing insurance coverage required hereunder.

#### **14. DISPUTE RESOLUTION**

Disputes concerning the performance of this Contract, which cannot be resolved by the designated Contract representatives, shall be referred in writing to the State Auditor and the Contractor's [corresponding executive level (i.e. "managing partner at the xx office")] for resolution. The State Auditor and the Contractor's [corresponding executive level (i.e. "managing partner at the xx office")] shall discuss the problem without the necessity of a formal proceeding and attempt to resolve the matter in dispute. In the event the State Auditor and the Contractor's [corresponding executive level (i.e. "managing partner at the xx office")] are able to agree to a mutual resolution of the dispute, such resolution will be formalized in writing in accordance with this Contract. Either Party may find, at any time, that the attempted resolution of the dispute has failed, at which time each Party shall be free to pursue any and all remedies available to such Party, including without limitation, those available under this Contract, at law or in equity.

#### **15. BREACH**

##### **A. Defined**

In addition to any breaches specified in other sections of this Contract, the following shall constitute a breach of this Contract:

##### **i. Material Obligations**

The failure of Contractor to perform any of its material obligations hereunder, to the satisfaction of the State, in whole or in part or in a timely or satisfactory manner; or

##### **ii. Satisfactory Performance**

The State, in its reasonable discretion, determines that satisfactory performance of Contractor's obligations under this Contract is substantially endangered; or

##### **iii. Bankruptcy**

The institution of proceedings under any bankruptcy, insolvency, reorganization or similar law, by or against Contractor, or the appointment of a receiver or similar officer for Contractor or any of its property, which is not vacated or fully stayed within twenty (20) days after the institution or occurrence thereof; or

##### **iv. Material Misrepresentation**

Any statement, representation, or certification furnished by Contractor in connection with the RFP, Contractor's Proposal, Modifications to Contractor's Proposal or this Contract is false, deceptive, incorrect or incomplete in any material respects; or

##### **v. Failure to Timely Deliver Reports**

Failure by Contractor to complete and deliver the Evaluation Report or Work Product by the date specified in §6(A) (Statement of Work), unless Contractor can show that the delinquency resulted from causes beyond its control such as failure of the Agency to provide, by the date specified in a written request from Contractor: requested documentation, records, or information; records that are in a reviewable format; or responses to Contractor's findings and recommendations. Contractor shall allow a reasonable amount of time for the Agency to provide the requested information and responses.

##### **B. Notice and Cure Period**

In the event of a breach, notice specifying the nature of such breach shall be given in writing by the aggrieved Party to the other Party in the manner provided in §17 (Notices

and Representatives). If such breach is not cured within twenty (20) days of receipt of written notice, or if a cure cannot be completed within twenty (20) days and such cure has not begun within twenty (20) days and pursued with due diligence, the State may exercise any of the remedies set forth in §16 (Remedies). Notwithstanding anything to the contrary herein, the State, in its sole discretion, need not provide advance notice of a cure period and may immediately terminate this Contract in whole or in part if reasonably necessary to preserve public safety or to prevent immediate public crisis.

**16. REMEDIES**

If Contractor fails to cure a breach under any provision of this Contract in accordance with §15(B) (Breach), the State may exercise any or all of the remedies available to it, in its sole discretion, concurrently or consecutively.

**A. Termination for Breach**

The State may terminate this Contract upon written notice to Contractor. Exercise by the State of this right shall not be a breach of its obligations hereunder.

**B. Liquidated Damages**

Failure by Contractor to complete and deliver the Evaluation Report by the date specified in Exhibit A (Statement of Work) shall result in liquidated damages of \$100 per day for each day delinquent. To the extent Contractor’s failure is excused under §15(A)(v) (Breach), liquidated damages shall not be due to the State. The Parties agree that the damages from Contractor’s failure to timely deliver the Evaluation Report is difficult to provide or estimate, and the amount of liquidated damages specified herein represents a reasonable estimation of damages that will be suffered by the State from late performance. Assessment of liquidated damages shall not be exclusive or in any way limit the remedies available to the State, at law or in equity, for other breaches by Contractor under this Contract.

**C. Withhold Payment**

Withhold payment to Contractor until corrections in Contractor’s performance are satisfactorily made and completed.

**D. Deny Payment**

Deny payment for obligations not performed, that due to Contractor’s actions or inactions, cannot be performed or, if performed, would be of no value to the State; provided, that any denial of payment shall be reasonably related to the value to the State of the obligations not performed.

**17. NOTICES AND REPRESENTATIVES**

Each individual identified below is the principal representative of the designating Party. All notices required to be given hereunder shall be hand delivered with receipt required or sent by certified or registered mail to such Party’s principal representative at the address set forth below. In addition to, but not in lieu of a hard-copy notice, notice also may be sent by e-mail to the e-mail addresses, if any, set forth below. Either Party may from time to time designate by written notice substitute addresses or persons to whom such notices shall be sent. Unless otherwise provided herein, all notices shall be effective upon receipt.

**A. State:**

Kerri Hunter Deputy State Auditor
Office of the State Auditor
1525 Sherman St., 7 <sup>th</sup> Floor
Denver, Colorado 80203-1700
kerri.hunter@state.co.us

**B. Contractor:**

Name
Address
City, State Zip
Email

**C. Media**

The State shall be the official spokesperson to the news media pertaining to the engagement, Work Product, and Evaluation Report. Contractor shall forward immediately to the State any inquiries from the news media pertaining to the engagement, Work Product, or Evaluation Report.

**18. RIGHTS IN DATA AND DOCUMENTS**

The work papers developed by Contractor during the performance of the Services shall be the exclusive property of Contractor. The State shall have the right to copy the work papers. Except as provided in §9B and §10, Contractor shall not provide the work papers to third-parties or permit third parties to review, access or use the work papers, without the prior written consent of the State as provided by CRS §2-3-103(3). Contractor shall forward immediately to the State any requests for work papers the Contractor receives pursuant to CRS §24-70-201, et seq. (the Colorado Open Records Act).

**19. GOVERNMENTAL IMMUNITY**

Liability for claims for injuries to persons or property arising from the negligence of the State of Colorado, its departments, institutions, agencies, boards, officials, and employees is controlled and limited by the provisions of the Governmental Immunity Act §24-10-101, et seq., and the risk management statutes, CRS §24-30-1501, et seq., as amended.

**20. GENERAL PROVISIONS**

**A. Assignment and Subcontracts**

Contractor’s rights and obligations hereunder are personal and may not be transferred, assigned or subcontracted without the prior, written consent of the State. Any subcontract entered into subsequent to the Effective Date must be approved by the State in writing before it is reimbursable. Any attempt at assignment, transfer, subcontracting without such consent shall be void. All assignments, subcontracts, or subcontractors approved by Contractor or the State are subject to all of the provisions hereof. Contractor shall be solely responsible for all aspects of subcontracting arrangements and performance, including compliance with all applicable federal and state laws.

**B. Binding Effect**

Except as otherwise provided in §20(A) (Assignment and Subcontracts), all provisions herein contained, including the benefits and burdens, shall extend to and be binding upon the Parties’ respective heirs, legal representatives, successors, and assigns.

**C. Captions**

The captions and headings in this Contract are for convenience of reference only, and shall not be used to interpret, define, or limit its provisions.

**D. Counterparts**

This Contract may be executed in multiple identical original counterparts, all of which shall constitute one agreement.

**E. Entire Understanding**

This Contract represents the complete integration of all understandings between the Parties and all prior representations and understandings, oral or written, are merged herein. Prior

or contemporaneous additions, deletions, or other changes hereto shall not have any force or affect whatsoever, unless embodied herein.

**F. Jurisdiction and Venue**

All suits or actions related to this Contract shall be filed and proceedings held in the State of Colorado and exclusive venue shall be in the City and County of Denver.

**G. Modification**

**i. By the Parties**

Except as specifically provided in this Contract, modifications of this Contract shall not be effective unless agreed to in writing by both Parties in an amendment to this Contract, properly executed and approved in accordance with applicable Colorado State law.

**ii. By Operation of Law**

This Contract is subject to such modifications as may be required by changes in federal or Colorado state law, or their implementing regulations. Any such required modification automatically shall be incorporated into and be part of this Contract on the effective date of such change, as if fully set forth herein. If any such modification materially and adversely affects Contractor, Contractor may terminate this Contract upon 30 days prior notice without incurring liability, penalty, or recourse related thereto.

**H. Order of Precedence**

The provisions of this Contract shall govern the relationship of the State and Contractor. In the event of conflicts or inconsistencies between this Contract and its exhibits and attachments, including those provided by Contractor, such conflicts or inconsistencies shall be resolved by reference to the documents in the following order of priority:

- i.** Colorado Special Provisions,
- ii.** The remaining provisions of the main body of this Contract,
- iii.** **Exhibit A** (Statement of Work),
- iv.** **Exhibit B** (Request for Proposal),
- v.** **Exhibit C** (Modifications to Contractor’s Proposal),
- vi.** **Exhibit D** (Contractor’s Proposal),
- vii.** **Exhibit E** (Information Security Policy for Contractors),
- viii.** **Exhibit F** (Compensation and Procedures for Billing),
- ix.** **Exhibit G** (Developing and Presenting Findings),
- x.** **Exhibit H** (Reporting Requirements and Format for Separately Issued Reports).

**I. Severability**

Provided this Contract can be executed and performance of the obligations of the Parties accomplished within its intent, the provisions hereof are severable and any provision that is declared invalid or becomes inoperable for any reason shall not affect the validity of any other provision hereof, provided that the Parties can continue to perform their obligations under this Contract in accordance with its intent.

**J. Survival of Certain Contract Terms**

Notwithstanding anything herein to the contrary, provisions of this Contract requiring continued performance, compliance, or effect after termination hereof, shall survive such termination and shall be enforceable by the State if Contractor fails to perform or comply as required.

**K. Taxes**

- i.** The State is exempt from all federal excise taxes under IRC Chapter 32 (No. 84-730123K) and from all State and local government sales and use taxes under CRS §§39-26-101 and 201 et seq. Such exemptions apply when materials are purchased or services are rendered to benefit the State; provided however, that certain political subdivisions (e.g., City of Denver) may require payment of sales or use taxes even though the product or service is provided to the State. Contractor shall be solely liable

for paying such taxes as the State is prohibited from paying or reimbursing Contractor for such taxes.

- ii. Contractor shall be responsible for all withholding taxes, social security, unemployment, workers' compensation, or other taxes incidental to its employees, and shall hold the State harmless for any claims for the same.

**L. Third Party Beneficiaries**

Enforcement of this Contract and all rights and obligations hereunder are reserved solely to the Parties. Any services or benefits which third parties receive as a result of this Contract are incidental to the Contract, and do not create any rights for such third parties.

**M. Waiver**

Waiver of any breach under a term, provision, or requirement of this Contract, or any right or remedy hereunder, whether explicitly or by lack of enforcement, shall not be construed or deemed as a waiver of any subsequent breach of such term, provision or requirement, or of any other term, provision, or requirement.

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## **21. COLORADO SPECIAL PROVISIONS**

### **A. FUND AVAILABILITY. CRS §24-30-202(5.5).**

Financial obligations of the State payable after the current fiscal year are contingent upon funds for that purpose being appropriated, budgeted, and otherwise made available.

### **B. GOVERNMENTAL IMMUNITY.**

No term or condition of this Contract shall be construed or interpreted as a waiver, express or implied, of any of the immunities, rights, benefits, protections, or other provisions, of the Colorado Governmental Immunity Act, CRS §24-10-101 et seq., or the Federal Tort Claims Act, 28 U.S.C. §§1346(b) and 2671 et seq., as applicable now or hereafter amended.

### **C. INDEPENDENT CONTRACTOR**

Contractor shall perform its duties hereunder as an independent contractor and not as an employee. Neither Contractor nor any agent or employee of Contractor shall be deemed to be an agent or employee of the State. Contractor and its employees and agents are not entitled to unemployment insurance or workers compensation benefits through the State and the State shall not pay for or otherwise provide such coverage for Contractor or any of its agents or employees. Unemployment insurance benefits shall be available to Contractor and its employees and agents only if such coverage is made available by Contractor or a third party. Contractor shall pay when due all applicable employment taxes and income taxes and local head taxes incurred pursuant to this Contract. Contractor shall not have authorization, express or implied, to bind the State to any contract, liability or understanding, except as expressly set forth herein. Contractor shall (a) provide and keep in force workers' compensation and unemployment compensation insurance in the amounts required by law, (b) provide proof thereof when requested by the State, and (c) be solely responsible for its acts and those of its employees and agents.

### **D. COMPLIANCE WITH LAW.**

Contractor shall strictly comply with all applicable federal and State laws, rules, and regulations in effect or hereafter established, including, without limitation, laws applicable to discrimination and unfair employment practices.

### **E. CHOICE OF LAW.**

Colorado law, and rules and regulations issued pursuant thereto, shall be applied in the interpretation, execution, and enforcement of this Contract. Any provision included or incorporated herein by reference which conflicts with said laws, rules, and regulations shall be null and void. Any provision incorporated herein by reference which purports to negate this or any other Special Provision in whole or in part shall not be valid or enforceable or available in any action at law, whether by way of complaint, defense, or otherwise. Any provision rendered null and void by the operation of this provision shall not invalidate the remainder of this Contract, to the extent capable of execution.

### **F. BINDING ARBITRATION PROHIBITED.**

The State of Colorado does not agree to binding arbitration by any extra-judicial body or person. Any provision to the contrary in this contract or incorporated herein by reference shall be null and void.

### **G. SOFTWARE PIRACY PROHIBITION. Governor's Executive Order D 002 00.**

State or other public funds payable under this Contract shall not be used for the acquisition, operation, or maintenance of computer software in violation of federal copyright laws or applicable licensing restrictions. Contractor hereby certifies and warrants that, during the term of this Contract and any extensions, Contractor has and shall maintain in place appropriate systems and controls to prevent such improper use of public funds. If the State determines that Contractor is in violation of this provision, the

State may exercise any remedy available at law or in equity or under this Contract, including, without limitation, immediate termination of this Contract and any remedy consistent with federal copyright laws or applicable licensing restrictions.

**H. EMPLOYEE FINANCIAL INTEREST. CRS §§24-18-201 and 24-50-507.**

The signatories aver that to their knowledge, no employee of the State has any personal or beneficial interest whatsoever in the service or property described in this Contract. Contractor has no interest and shall not acquire any interest, direct or indirect, that would conflict in any manner or degree with the performance of Contractor's services and Contractor shall not employ any person having such known interests.

**I. VENDOR OFFSET. CRS §§24-30-202 (1) and 24-30-202.4.**

Subject to CRS §24-30-202.4 (3.5), the State Controller may withhold payment under the State's vendor offset intercept system for debts owed to State agencies for: (a) unpaid child support debts or child support arrearages; (b) unpaid balances of tax, accrued interest, or other charges specified in CRS §39-21-101, et seq.; (c) unpaid loans due to the Student Loan Division of the Department of Higher Education; (d) amounts required to be paid to the Unemployment Compensation Fund; and (e) other unpaid debts owing to the State as a result of final agency determination or judicial action.

**J. PUBLIC CONTRACTS FOR SERVICES. CRS §8-17.5-101.**

Contractor certifies, warrants, and agrees that it does not knowingly employ or contract with an illegal alien who shall perform work under this Contract and shall confirm the employment eligibility of all employees who are newly hired for employment in the United States to perform work under this Contract, through participation in the E-Verify Program or the State program established pursuant to CRS §8-17.5-102(5)(c), Contractor shall not knowingly employ or contract with an illegal alien to perform work under this Contract or enter into a contract with a subcontractor that fails to certify to Contractor that the subcontractor shall not knowingly employ or contract with an illegal alien to perform work under this Contract. Contractor (a) shall not use E-Verify Program or State program procedures to undertake pre-employment screening of job applicants while this Contract is being performed, (b) shall notify the subcontractor and the contracting State agency within three days if Contractor has actual knowledge that a subcontractor is employing or contracting with an illegal alien for work under this Contract, (c) shall terminate the subcontract if a subcontractor does not stop employing or contracting with the illegal alien within three days of receiving the notice, and (d) shall comply with reasonable requests made in the course of an investigation, undertaken pursuant to CRS §8-17.5-102(5), by the Colorado Department of Labor and Employment. If Contractor participates in the State program, Contractor shall deliver to the contracting State agency, Institution of Higher Education or political subdivision, a written, notarized affirmation, affirming that Contractor has examined the legal work status of such employee, and shall comply with all of the other requirements of the State program. If Contractor fails to comply with any requirement of this provision or CRS §8-17.5-101 et seq., the contracting State agency, institution of higher education or political subdivision may terminate this Contract for breach and, if so terminated, Contractor shall be liable for damages.

**K. PUBLIC CONTRACTS WITH NATURAL PERSONS. CRS §24-76.5-101.**

Contractor, if a natural person eighteen (18) years of age or older, hereby swears and affirms under penalty of perjury that he or she (a) is a citizen or otherwise lawfully present in the United States pursuant to federal law, (b) shall comply with the provisions of CRS §24-76.5-101 et seq., and (c) has produced one form of identification required by CRS §24-76.5-103 prior to the effective date of this Contract.

SPs Effective 1/1/09

**22.SIGNATURE PAGE**

Contract Routing Number 20XX-XX

**THE PARTIES HERETO HAVE EXECUTED THIS CONTRACT**

**\* Persons signing for Contractor hereby swear and affirm that they are authorized to act on Contractor's behalf and acknowledge that the State is relying on their representations to that effect.**

<p style="text-align: center;"><b>CONTRACTOR</b></p> <p style="text-align: center;">_____</p> <p>By: _____ Title: _____</p> <p>_____</p> <p style="text-align: center;">*Signature</p> <p>Date: _____</p>	<p style="text-align: center;"><b>STATE OF COLORADO</b> <b>John W. Hickenlooper, GOVERNOR</b> <i>Colorado Office of the State Auditor</i> Dianne E. Ray, State Auditor</p> <p>_____</p> <p style="text-align: center;">By: Dianne E. Ray, State Auditor</p> <p style="text-align: center;">Signatory avers that Contractor has not begun performance or that a Statutory Violation waiver has been requested</p> <p style="text-align: center;">Date: _____</p> <p>_____</p> <p style="text-align: center;">Legislative Audit Committee Chair</p> <p style="text-align: center;"><b>LEGAL REVIEW</b> Dan L. Cartin, Director Office of Legislative Legal Services</p> <p>By: _____</p> <p style="text-align: center;">Signature – Deputy State Auditor</p> <p style="text-align: center;">Date: _____</p>
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## **23. EXHIBIT A – STATEMENT OF WORK**

### **1. GENERAL DESCRIPTION**

Contractor shall conduct a performance evaluation of the Agency in a manner consistent with the terms and conditions of the Contract and the Exhibits.

### **2. CONTRACTOR’S OBLIGATIONS**

The Work to be performed by Contractor shall include the following:

#### **A. Scope**

Contractor’s evaluation of the Agency shall include the following, as provided herein and in the Contract:

1. [ADD detailed description of work to be completed.]
2. Contractor shall maintain an awareness of any areas outside of the Services in which the Agency may not be carrying out the Agency’s programs in an effective and efficient manner. Contractor shall discuss any such areas with the State to determine whether the State desires Contractor to undertake additional performance evaluation services that are outside the scope of this Contract. The cost of such performance evaluation services are not included within the scope of this Contract, and any additional performance evaluation services shall be subject to negotiation and set forth in a separate agreement among Contractor, the State Auditor, and the Legislative Audit Committee.

#### **B. Review by State**

The State shall have access to and the right to review Contractor’s Evaluation Report, findings and recommendations, and work papers during the drafting stage of the Evaluation Report and prior to completion of the Evaluation Report in final form. Contractor may not submit the Evaluation Report to the Agency until the Evaluation Report is deemed acceptable and approved by the State.

#### **C. Availability**

Contractor, upon the request of the State, shall furnish copies of Contractor’s work programs developed pursuant to this Contract and make all other work papers available to the State for review or use in future evaluations or audits, at no additional charge to the State.

#### **D. Reports**

Contractor shall prepare and deliver the Evaluation Report to the State no later than (Month) (Day), (Year), unless an extension of time has been approved by the State. In the event Contractor becomes aware that the due date for the Evaluation Report cannot be met, for any reason, Contractor shall notify the State Auditor in writing of the reasons therefor and a specific date when the Evaluation Report will be delivered. For a separately issued Evaluation Report, Contractor shall deliver to the State up to 100 copies of the bound report. The exact number of copies will be determined by the State at the time of report finalization. Acceptable binding formats are limited to spiral, comb, or glued bindings; 3-ring bindings are not acceptable. Contractor shall also deliver to the State an electronic copy of the Evaluation Report in unprotected Adobe PDF format or other format prescribed by the State.

#### **E. Oral Presentations**

The Contractor shall make an oral presentation of Evaluation Report findings and recommendations to the Legislative Audit Committee and, if applicable, one other legislative committee selected by the State.

#### **F. Entrance/Exit Conferences**

The State shall participate in all entrance and exit conferences between the Agency and Contractor, as well as all major conferences dealing with evaluation work results, findings, and recommendations.

**G. Fraud**

Should Contractor become aware of fraud or indications of fraud affecting the Agency, Contractor shall notify the State Auditor immediately for consultation regarding further action.

**3. PERSONNEL**

**A. Contract Monitor**

Contractor's performance hereunder shall be monitored by [REDACTED], an employee or agent of the State, who is hereby designated as the contract monitor(s) of this Contract.

**B. Other Key Personnel**

The key personnel identified by Contractor in the Contractor's Proposal are deemed to be essential to the Work being performed under the Contract.

**C. Replacement**

Contractor shall immediately notify the State if any key personnel cease to be employed by Contractor. Prior to diverting any key personnel to other programs, Contractor shall give to the State fifteen (15) days advance notice and shall submit to the State justification, including proposed substitutions, in sufficient detail to permit evaluation of the impact on the evaluation by the State. No diversion shall be made by Contractor without consent of the State, which shall not be unreasonably withheld. Replacement of any key personnel shall be with personnel of substantially equal ability and qualifications to perform work under this Contract.

**4. ACCEPTANCE CRITERIA**

If the State determines that the Evaluation Report is unacceptable (either before or after a draft or a final Report is issued) for failure to comply with any of the requirements included in the Contract, Contractor, at the State's direction, shall be required to re-perform the evaluation work at its own expense and submit a revised report. The State's right to reject Contractor's drafts or final report because of the failure to comply and Contractor's obligation to re-perform or revise shall extend throughout the term of this Contract and continue for one (1) full year after the termination of this Contract.

**5. PAYMENTS**

Payments shall be made in accordance with the provisions set forth in the Contract and **Exhibit F** (Compensation and Procedures for Billing).

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**24. EXHIBIT B – REQUEST FOR PROPOSAL**

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**25. EXHIBIT C – MODIFICATIONS TO CONTRACTOR’S PROPOSAL**

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**26. EXHIBIT D –CONTRACTOR’S PROPOSAL**

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## **27. EXHIBIT E - INFORMATION SECURITY POLICY FOR CONTRACTORS**

### **Applicability**

This policy applies to all OSA Contractors at all locations who are conducting audits or professional services on behalf of the OSA using State of Colorado information, electronic or otherwise.

### **Definitions**

**Confidential information assets** – are defined in paragraph 5. below.

**OSA Contractor(s) or Contractor(s)** – any business, company, corporation, partnership, or individual conducting business on behalf of or in cooperation with the OSA, whether via contract, purchase order, or other purchasing agreement. OSA Contractors include sub-contractors and their employees.

**Protected information assets** - are defined in paragraph 4. below.

**State of Colorado information, information or audit information** – any information, whether in electronic or hard copy form, obtained, utilized, or generated by an OSA Contractor while performing work on behalf of the OSA.

### **State Auditor Authority and Responsibility**

The State Auditor's authority and responsibility for accessing and handling confidential information is set forth in the Colorado Revised Statutes. §2-3-107 (2) (a), C.R.S., provides that the State Auditor or his or her designated representative "shall have access at all times . . . to all of the books, accounts, reports, vouchers, or other records or information in any department, institution, or agency, including records or information required to be kept confidential or exempt from public disclosure upon subpoena, search warrant, discovery proceedings, or otherwise." Additionally, §2-3-103 (3), C.R.S., provides that "work papers of the office of the State Auditor shall be open to public inspection only upon approval of the majority of the members of the audit committee" and that "work papers that have not been specifically approved for disclosure by a majority vote of the committee shall remain confidential." Finally, §2-3-103.7 and §2-3-107 (2) (b), C.R.S., prescribe penalties for willful or unlawful release of confidential information and prohibit the release of information required to be kept confidential pursuant to any law. The volume and availability of confidential information in electronic and hardcopy format, along with the risk to the OSA should confidential information be inadvertently released or breached, heightens the need for rigorous procedures governing the receipt, storage, and destruction of confidential data.

### **Policy Compliance**

1. All OSA Contractors and their personnel who are performing the Services or the Work are required to understand and abide by this policy.
2. By signing an OSA contract or purchase order, OSA Contractors agree to abide by this policy and require its personnel performing the Services or the Work under such OSA contract, including sub-contractors and their employees, understand and abide by this policy.

### **Data Classification**

3. All State of Colorado information assets whether in hardcopy or electronic form (e.g., data, databases, reports, communications, manuals, documentation for systems, procedures, and plans) and used in the course of an audit on behalf of the OSA is considered either “Protected” or “Confidential,” unless expressly stated otherwise in writing by the State Auditor.
4. Protected information assets are defined as information that is required by federal, state, or local laws and statutes to be protected, or in the event of a breach of confidentiality, loss of integrity, or lack of availability, would have serious impact to the OSA or the State up to and including physical harm to individuals, or that which would cause significant hardship to the OSA, the State, or commercial entities that have entrusted this data to the OSA.
5. All OSA Contractor audit information assets not categorized as “Protected” are automatically classified as “Confidential”.

### **Use and Protection of Information Assets**

6. Contractors are responsible for taking reasonable and prudent measures in the protection of all OSA audit information and the systems which process, store, and transmit such information from unauthorized disclosure and modification regardless of location.
7. All State of Colorado information systems (e.g., networks, intranets, internet connections, telephones, fax, etc.) are the property of the State of Colorado and are for State of Colorado business use only. Contractors must never use them to knowingly access, store, or distribute offensive material, such as pornography. Contractors may not use State of Colorado systems to knowingly compromise other systems, networks or safeguards.
8. Any unauthorized attempt to access information that is outside Contractor’s “need-to-know” for his/her operational purposes is prohibited.
9. Contractors must encrypt all “Protected” and “Confidential” information when stored on portable computers or removable media (e.g., laptops, external hard drives, CDs, USB drives.)
10. Contractors must, at all times, physically secure portable computers used in storing and processing audit information on behalf of the OSA through the use of cable locks or other security measures.
11. Contractors shall not leave any portable computers, removable media (e.g., laptops, external hard drives, CDs, USB drives), or hard copy information containing “Protected” and “Confidential” information unattended, such as in vehicles or in checked airport luggage.

### **Viruses and Malicious Code**

12. Contractors must effectively deploy personal firewall security and up-to-date malicious code/virus protection software for all systems and devices used in carrying out official OSA business.

### **Telecommunications Security and Information Transmission**

13. Contractors are responsible for being aware of and protecting against current and potential telecommunications (e.g., telephones, voice mail, mobile phones, conference calls, instant messaging, and facsimile machines) security risks in their given environment.

14. Contractors are prohibited from connecting to any state networks in connection with the Services hereunder without prior authorization from the OSA and the information security officer of the Audited Agency. In the case of executive branch agencies, Contractors should submit a request with their agency liaison to obtain permission through the Governor's Office of Information Technology access management team.
15. Contractors shall make every effort to ensure that all State of Colorado information is protected from inadvertent disclosure when being sent over the Internet or other non-State of Colorado networks.
16. Contractors shall not connect portable computers containing "Protected" or "Confidential" data to any public WiFi networks (e.g., internet cafes) without adequately protecting such information through the use of hard drive encryption and the use of an encrypted VPN tunnel.
17. Contractors must always consider information sensitivity and transmission security issues when selecting a transmission medium. "Protected" and "Confidential" data must only be transported or transmitted over a public network when protected by encryption.
18. When data is stored on electronic media or a mobile computing device, the data must be encrypted at all times during physical transport.
19. Transmission of Protected or Confidential data over a public network by unencrypted email is prohibited.

### **Information Storage and Disposal**

20. Media or hard copy documents containing Protected or Confidential information are to be appropriately labeled and protected in accordance with this **Exhibit E**.
21. Contractors must maintain physical media security by using locking filing cabinets or drawers and locking them when left unattended. Media security may also be achieved through locking the door of a private office.
22. Personal computers, laptops, USB drives, mobile phones, personal digital assistants (PDAs), and other devices and media containing State of Colorado information must be secured by their users from loss, theft, and unauthorized use.
23. Contractors shall not leave unattended any device containing State of Colorado information unless a password-engaged screensaver is used. The screen saver must engage after 2 minutes of inactivity.
24. Contractors must ensure that once portable storage devices (e.g., external hard drives, CDs, USB drives) are no longer under their direct control all Protected or Confidential data will be cleaned and sanitized (i.e., cleared, purged, and destroyed) in conformance with NIST Special Publication 800-88 and/or other standard procedures and requirements set by the U.S. Department of Defense, such as DoD 5220.22-M.
25. Hard copy documents containing Protected or Confidential information must be shredded prior to disposal.
26. Data storage devices (CDs, DVDs, and floppy disks) containing Protected data must be physically destroyed at the end of the audit. For thumb drives and portable hard drives Contractor must either use an electronic shredding program to destroy the data or destroy the device at the end of the audit.

A record of disposal is to be maintained in the workpapers by the OSA Contractors. A record of disposal must contain the name of the individual disposing of the data, the method used to dispose of the data, identifying qualities of the data (such as the serial number of the media on which it was stored, if applicable), and the date of disposal.

### **Incident Reporting**

27. All suspected loss or compromise of OSA audit information as a result of the loss of a desktop, portable, or mobile computing device or removable storage device by any means (e.g., theft, loss) used to store State of Colorado data shall be reported to the OSA Contract Manager within 24 hours of discovery.
28. In the event of the suspected loss or compromise of OSA audit information under control of Contractor, Contractor is responsible for working with the State Auditor and the Audited Agency with respect to recovery and remediation. Contractor is also responsible for working with the OSA and the Audited Agency to notify all Colorado residents and other affected parties whose sensitive data may have been compromised as a result of the breach. Contractor will bear all reasonable associated costs.

### **Personnel Security**

29. Contractor is responsible for performing background checks consistent with Contractor's standard employment practices for Contractor personnel completing work on behalf of the OSA.

### **Policy Enforcement**

30. If Contractor is deemed to be in noncompliance of this policy by the State Auditor, the State Auditor shall have the unilateral right to terminate the Contract.
31. Upon request by the State Auditor, Contractor agrees that it shall make available qualified individuals and a member of senior management responsible for security and data protection, for the purposes of discussing information technology controls, including those policies, procedures, and controls relevant to the provision of services and security obligations under this Contract.

**28. EXHIBIT F - COMPENSATION AND PROCEDURES FOR BILLING**

1. Contractor shall submit all invoices for services to the OSA. Payment will be made from the State Auditor’s appropriation.
2. Contractor may render monthly interim bills to the State until completion of the Work; provided that the aggregate amount of all bill shall not exceed the maximum compensation set forth in Section 3 below. The interim bills shall be promptly paid by the State except that the State reserves the right to withhold 10 percent of the total Contract amount until delivery and acceptance of the Evaluation Report. Release of the Evaluation Report by the Legislative Audit Committee constitutes acceptance of the Evaluation Report.
3. Total maximum compensation for the Work shall be \$XX,XXX.XX, with estimated funding split between fiscal years expected to be:

	<u>Total</u>	<u>Paid From State’s Budget Period</u>	
		<u>XXXX-XXXX</u>	<u>XXXX-XXXX</u>
<b>Contractor</b>	<b>\$XX,XXX.XX</b>	<b>\$XX,XXX.XX</b>	<b>\$XX,XXX.XX</b>
Total Fee	<b>\$XX,XXX.XX</b>	<b>\$XX,XXX.XX</b>	<b>\$XX,XXX.XX</b>

4. The OSA shall not be required to provide staff time in connection with the evaluation of the Agency, except that OSA shall assign one (1) or more member(s) of the OSA staff to serve as a contract monitor and coordinator between the OSA and Contractor. The OSA contract monitor shall attend entrance and exit conferences and act as a liaison to Contractor for purposes of monitoring the contract and coordinating the evaluation engagement. In accordance with §10, §17C, and §18 of the Contract, all requests for Work Product or work papers pursuant to the Colorado Open Records Act or news media inquiries pertaining to the engagement shall be forwarded immediately to the OSA contract monitor.

## 29. EXHIBIT G - DEVELOPING AND PRESENTING FINDINGS

### Title of Finding

Provide brief background information about the program in one or two paragraphs. Do not include criteria, condition, cause, or effect in this background section.

### What work was performed and what was the purpose?

Briefly describe the work that was performed using bullets and/or one to two paragraphs. (i.e., describe the data and documents reviewed, individuals interviewed, and the sample selected and sample methodology).

Describe the purpose of the evaluation work in one sentence. (i.e., “The purpose of the evaluation work was to XXXX.”)

### How were the results of the work measured? (*Criteria*)

The criteria are the standards against which the condition is measured. They are standards used to evaluate a particular event or process and describe “what should be.” Some examples of criteria include:

- Colorado Constitution
- Colorado Revised Statutes
- Colorado state agency rules and regulations
- federal laws and regulations
- State Fiscal Rules and Fiscal Procedures Manual
- Generally Accepted Accounting Principles
- program-specific written policies and procedures
- program-specific written goals and objectives
- good business practices
- unwritten policies, procedures, goals, and objectives as explained by the Agency’s personnel

If the criteria are not already set forth in writing, it may be necessary to find information to serve as evidence of criteria. When common sense or expert opinion is used as criteria, the development of the finding must be logical and convincing to the reader, who may not possess the same level of expertise. This is also important because such criteria are less authoritative than other types of criteria.

This section should briefly describe the criteria of the finding. Strive to provide the essential information in one or two short paragraphs, bullets, or in a table.

## **What problem did the evaluation identify? (*Condition*)**

The first step in developing a finding is to identify the statement of condition. This occurs during the “fact-finding” process when the Contractor compares “what is” with “what should be.” When there is a difference between “what is happening” with “what should be happening,” the first element (condition) of a finding is identified. The condition should be a factual statement of what was found and be free of value judgments.

This section should describe the overall problem (the condition of the finding) in one or two sentences. Then provide specific examples that support the condition (e.g., exceptions identified during the evaluation work). Use bullets and tables to describe the types of exceptions identified.

## **Why did the problem occur? (*Cause*)**

The cause is the element of the finding which explains why the “condition” exists. The cause represents what must be corrected to prevent the recurrence of the existing condition. As such, the Contractor must correctly identify the cause before a proper course of action can be devised. Developing the cause frequently requires a fairly extensive analysis of the problem. Often, there are multiple factors causing the problem. The human behavior aspect, which increases the difficulty in identifying the proper cause, is always present. Nevertheless, Contractors should make a reasonable effort to determine as closely as possible the real cause of the problem. Examples of cause include:

- negligence
- inadequate resources
- inadequate training
- poor communication
- inadequate guidelines or standards
- absence of good management techniques
- failure to follow established policies and procedures

This section should describe the cause of the finding in one or two paragraphs or in bullets that correspond to the bullets used in the condition section above.

## **Why does this problem matter? (*Effect*)**

The effect represents the end result of the activity being measured. It is the impact of the difference between the statement of condition and the criteria. The attention given to a finding depends largely upon its significance, and significance is judged by effect. What is the result if nothing is done about the problem identified? The effect of an adverse finding is what motivates management to take needed action to correct the condition. When the effect is insignificant, the Contractor should consider eliminating the finding from the report or grouping it with other minor findings. Some examples of effect include:

- violation of law or regulation
- noncompliance with legislative intent
- loss of potential income
- program goals and objectives not being met
- increased costs
- poor service quality
- inefficient service delivery
- increased risk of fraud and abuse
- reduced effectiveness

When determining the effect of a finding, the Contractor should look at outcomes such as impacts on citizens, services, or public safety. In addition, the fiscal impact of the finding (e.g., increase or decrease in revenue or costs) should be quantified where possible. The estimated fiscal impact should be discussed with the Agency and reported as an estimate (e.g., we estimate this change will eliminate one administrative support position with an estimated annual cost of \$26,000).

This section should describe the effect of the finding in one or two paragraphs or bullets. Quantify the effect to the extent possible.

## **Recommendation No. X:**

The recommendation is the action believed necessary to correct the adverse situation. Generally, each finding will result in one or more recommendations. The following are guidelines for developing recommendations:

- Write recommendations that address or solve the “cause” of the problem.
- Write recommendations as realistically and specifically as possible so they are more likely to be understood by and prove useful to the Agency.
- Present recommendations in a constructive tone and emphasize improvement rather than criticism of past activities. The Contractor should keep in mind that its objective is to motivate the Agency to take action. This can best be done by avoiding language that unnecessarily generates defensiveness and opposition.
- Write your recommendation so that it can be understood by itself (e.g., the reader will not have to refer to the finding to understand the recommendation).
- Avoid introducing new information in the recommendation that was not presented in the body of the finding. The recommendation should follow logically from what was presented in the finding.
- Avoid extreme language such as “immediately,” “without delay,” or “as soon as possible.” These phrases do not add to the substance of the recommendation. In situations where there is an urgency to correct a problem, include in the recommendation the consequence of delay (e.g., continued loss or waste of money).

The Department of XXXX should XXXX by:

- a.

b.

The written Evaluation Report, which contains all findings and recommendations, is issued to legislators and other state and federal officials who have limited time to read reports. Therefore, the Contractor should present findings as concisely as possible, but with enough clarity to be understood by the reader. In addition to being clear and concise, findings should be logical, convincing, and constructive. The findings should be presented in a way that will convince the reader of their significance and motivate the Agency to take action. This is accomplished by clearly presenting the five elements of a finding—condition, criteria, effect, cause, and recommendation.

For additional guidance regarding developing findings, please consult the current revision of *Government Auditing Standards* issued by the U.S. Comptroller General, which is available online at <http://www.gao.gov/>. Although this evaluation engagement is not being performed in accordance with *Government Auditing Standards*, these standards provide a best practices framework that the OSA will use when assessing and evaluating the Contractor's work and related findings.

### **30. EXHIBIT H - REPORTING REQUIREMENTS AND FORMAT FOR SEPARATELY ISSUED REPORTS**

The final written Evaluation Report is required at the completion of the evaluation work. This Report will contain findings, conclusions, and results from the evaluation. It will also provide recommendations for changes or modifications to improve the efficiency and effectiveness of the Agency. Contractor shall deliver to the State up to 100 copies of the bound report. The exact number of copies will be determined by the State at the time of report finalization. Contractor shall also deliver to the State an electronic copy of the Report in unprotected Adobe PDF format or other format prescribed by the State.

The final Evaluation Report is due (Month) (Day), (Year) and will be prepared in the format delineated below.

#### **REQUIRED REPORTING FORMAT**

1. Addressee of Report

Each Evaluation Report should be addressed to “Members of the Legislative Audit Committee.”

2. Report Format

Contractor’s Evaluation Report will include all of the following sections bound together as a single report and shall be prepared using the OSA format to the extent possible. Acceptable binding formats are limited to spiral, comb, or glued bindings; 3-ring bindings are not acceptable.

Major sections of the Evaluation Report and their required order within the report are:

- Report Cover
- LAC, Staff, and Distribution Page
- Report Transmittal Letter
- Table of Contents
- Report Highlights
- Description of the Agency
- Findings and Recommendations (Including Agency Responses)

a. Report Cover

The report cover should contain the title and date of the Evaluation Report, including the name of the Contractor conducting the evaluation.

b. LAC, Staff, and Distribution Page

The reverse side of the report cover should contain a listing of the current members of the Legislative Audit Committee, OSA staff, and Contractor staff conducting the evaluation. The list of current Legislative Audit Committee members will be provided by the OSA. This page also contains information on how to obtain both electronic and bound versions of the report. The distribution information should include the Evaluation Report number. Contractor must contact the OSA for specific requirements of the distribution information before printing the report.

c. Report Transmittal Letter

A letter to the Legislative Audit Committee signifying transmission of the Evaluation Report and signed by the Contractor.

d. Table of Contents

This page is an index to the report, by topic and page number.

e. Report Highlights

The highlight sheet is a one-page overview of the important comments in the report. A template will be provided by the OSA.

g. Description of the Agency

A section of the Evaluation Report, typically presented as a separate chapter, intended to familiarize the reader with the Agency, including its statutory authority and purpose, key functions, organization, descriptive financial and non-financial statistics, etc. This section does not necessarily contain the specific background information necessary to establish the evaluation's findings, conclusions, and recommendations.

h. Findings and Recommendations

The report must contain this section reporting the Contractor's findings and recommendations relative to the Scope of Work (Exhibit A). The findings and recommendations are typically presented as one or more separate chapters.

The findings and recommendations included in the report should contain sufficient background to inform a lay reader of the facts and circumstances surrounding the finding. In addition, the finding should identify and emphasize the business effects resulting from the deficiency or instance of non-compliance. Finally, recommendations should focus on workable solutions which the Agency can effectively implement.

Recommendations are presented after the development section for each finding. Recommendations must be separately stated from the discussion of the finding. Recommendations are consecutively numbered in the report (i.e., 1, 2, 3, 4, etc).

i. Agency Responses

The Agency's officials will be given the opportunity to include the Agency's position regarding audit findings and recommendations in the report text. The OSA will provide the parameters for the Agency's responses; this could include a limit on the number of words or characters, which the Contractor will communicate to the Agency when requesting their responses. The Agency's responses will be included in the report after each recommendation. The Contractor is responsible for reviewing the Agency's responses for accuracy, responsiveness to the recommendations, and adherence to the OSA's established parameters. This review should include working with the Agency and the OSA to ensure the responses meet established requirements and are approved for inclusion in the Evaluation Report. Any "Partially Agree" or "Disagree" responses must include an Addendum, which is a rebuttal to the Agency's response. The language for all Addenda must be reviewed and approved by the OSA.