



We Set the Standard for Good Government

**COLORADO
OFFICE OF THE
STATE AUDITOR**

**A REQUEST FOR PROPOSALS
FOR A FINANCIAL AND COMPLIANCE AUDIT OF
THE COLORADO DEPARTMENT OF PUBLIC SAFETY
FISCAL YEAR ENDED JUNE 30, 2020**

MARCH 20, 2020

AS AMENDED APRIL 7, 2020

TABLE OF CONTENTS

SECTION I:	Administrative Information
SECTION II:	Information That Must Be Included in Proposal
SECTION III:	Proposal Evaluation Process
SECTION IV:	Supplemental Information

SECTION I ADMINISTRATIVE INFORMATION

A. ISSUING OFFICE

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

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

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

B. BACKGROUND INFORMATION

The OSA is soliciting proposals from qualified organizations to conduct a financial and compliance audit of the Colorado Department of Public Safety (Department).

The Department consists of six divisions: the Executive Director's Office, Colorado State Patrol, Division of Fire Prevention and Control, Division of Criminal Justice, Colorado Bureau of Investigation, and Division of Homeland Security and Emergency Management.

The Executive Director's Office is responsible for department-wide management and administration, including policy development, human resources, accounting, purchasing and budgeting. This office includes the Witness Protection Program, the Colorado Integrated Criminal Justice Information System (CICJIS), and the School Safety Resource Center.

The Colorado State Patrol facilitates motor vehicle traffic and enforces all applicable laws on approximately 9,100 miles of state and federal highways and more than 57,000 miles of county roads. Port of Entry officers collect fuel taxes and registration fees and ensure compliance with statutory weight and size restrictions for commercial vehicles. State Troopers perform commercial motor vehicle safety, hazardous materials routing and rule making, aviation, homeland security, communications, investigative services, capitol complex security, and criminal interdiction.

The Division of Fire Prevention and Control is tasked with fire code enforcement, training, and certification, as well as wildfire preparedness, response, suppression, coordination, and management.

The Division of Criminal Justice conducts criminal justice research, assists with policy formation, administers grants for law enforcement and community crime control programs, addresses the needs of crime victims, oversees community corrections programs, and sets standards for the treatment of sex and domestic violence offenders.

The Colorado Bureau of Investigation assists state and local law enforcement in investigating crime and enforcing criminal laws, maintains fingerprint records and DNA profiles, oversees the statewide crime reporting program, and operates scientific laboratories.

The Division of Homeland Security and Emergency Management consists of three offices: Office of Emergency Management, Office of Prevention and Security, and Office of Preparedness. The Division is tasked with consolidating and restructuring the State's homeland security and disaster preparedness and response functions through better coordination of emergency management and homeland security entities in the state.

For Fiscal Year 2020, the Department is appropriated approximately \$527.4 million in federal and state funds, and 1,904.1 full-time equivalent (FTE) staff.

C. SERVICES REQUIRED

The OSA is soliciting proposals from qualified organizations to conduct a financial and compliance audit of the Department for the fiscal year ending June 30, 2020.

ACCOUNTING AND AUDITING STANDARDS

The financial and compliance audit shall be performed in accordance with generally accepted auditing standards as promulgated by the American Institute of Certified Public Accountants *in Statements on Auditing Standards*, the applicable revised standards for financial and compliance audits contained *in Government Auditing Standards* issued by the Comptroller General of the United States, the Single Audit Act as amended, the Provisions of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (federal uniform guidance), the *AICPA Audits of State and Local Governmental Units and Government Auditing Standards and Single Audits* audit and accounting guides, and Fiscal Rules promulgated by the State Controller.

AUDIT SCOPE

Audit work to be performed for the fiscal year ending June 30, 2020 consists of the following:

- a) An audit of those balances of the Department that exceed the materiality level determined at the statewide level, including a review of the related internal control structure. Based on a risk assessment, the selected Contractor, in consultation with the Office of the State Auditor also will identify and perform appropriate audit procedures on any other critical or significant audit areas, transaction streams, or account balances, including the Department's key information technology systems.
- b) Audit of the Department's federal grant programs under the federal Single Audit Act for the year ended June 30, 2020, as applicable and as identified by the Office of the State Auditor. For purposes of this RFP, the federal programs that are anticipated for audit in Fiscal Year 2020 are noted below in the **Deliverables and Timelines**.
- c) Review of the Department's compliance with state and federal laws and regulations,

State Fiscal Rules, and bond covenants that could have a material effect on the Department's financial information.

d) Performance of audit work to evaluate the Department's progress in implementing prior audit recommendations, if applicable.

e) Review of exhibits required by the State Controller to be submitted to the State Controller in support of the statewide financial statements. Also, review of all of the Department's adjusting entries, posted or not, after the Colorado Operations Resource Engine's (CORE's) final fiscal year-end closing.

f) Submission of attestation memos to the OSA on the results of audit work performed. These memos will be used to support the audit of the statewide financial statements and statewide Single Audit. The attestation memo templates that were required for the Fiscal Year 2019 audit are included in Section IV, Supplemental Information, of this RFP for reference purposes. The attestation memos required for Fiscal Year 2020 will be provided at a later date.

g) Preparation of report comments and/or a management letter, as appropriate based on assessed severity level, containing audit findings and recommendations for improvements in the operations, internal controls, and accounting procedures of the Department, along with any opportunities for cost savings determined through the audit. This will include obtaining and reviewing responses to the recommendations from the Department's management and ensuring they meet the State's established parameters for responses. In accordance with *Government Auditing Standards*, for any "Partially Agree" or "Disagree" response, the contractor shall prepare an Auditor's Addendum as a rebuttal to the Department's response. All report comments, management letters, responses, and Auditor's Addenda must align with the required format noted in the OSA's standards as described in "Exhibit G - Developing and Presenting Findings" of the OSA's standard contract, which is included in Section IV - Supplemental Information. In addition, they must be reviewed and approved by the OSA.

DELIVERABLES AND TIMELINES

The following are the general deliverables and timelines for the audit. These timelines correspond to the timelines within "Exhibit I - Reporting for Statewide Financial Statements and Single Audit" of the OSA's standard contract, which is included in Section IV - Supplemental Information.

The general controls testing over the key information technology systems, and corresponding draft report findings and recommendations, must be completed by July 31, 2020.

All non-IT internal control and compliance audit work, and corresponding draft report findings and recommendations, must be completed by July 31, 2020.

The major programs for the Single Audit Act for the Department are determined by the Office of the State Auditor at the statewide level. For Fiscal Year 2020, the major program to be audited is anticipated to be the Disaster Grants Public Assistance (CFDA No. 97.036).

The Department's revenue testing, including TABOR revenue testing, must be completed by August 21, 2020.

The Department's prior year's audit recommendations, if any, must be tested and auditor's dispositions determined by September 1, 2020.

Proposed audit adjustments and their effect on the Department's financial information should be provided to the State Auditor by October 9, 2020. Drafts of all audit findings and recommendations should be submitted to the OSA throughout the audit, at the latest by October 1, 2020. Final audit findings and recommendations in the prescribed State Auditor format along with written responses must be submitted by November 4, 2020.

The OSA expects the Contactor to satisfy the project deliverables and timelines outlined in this RFP to meet a December 2020 Statewide audit opinion. The Statewide Single Audit Report is anticipated to be presented to the Legislative Audit Committee at their February 2021 hearing, at which point the audit report will be publicly released.

Work for this project is *estimated to commence in May 2020*. However, work could begin sooner or later depending on how long it takes to route and execute the contract after selection of the successful proposal. *No work can begin until the contract is approved and signed by the State Auditor or her designee.*

Findings

The OSA has a rigorous findings review process, which includes review and revisions at multiple levels of the organization as well as review and comment by the Department. Prospective bidders should take this into consideration when preparing a proposed calendar and budget. The findings must adhere to the OSA's standards as described in "Exhibit G - Developing and Presenting Findings" of the OSA's standard contract, which is included in Section IV - Supplemental Information.

Section IV - Supplemental Information also includes a link to the prior audit report issued by the OSA. Prospective bidders should review that report and prior reports to gain an understanding of the OSA's high expectations in terms of form and presentation.

Oral Presentation

The contractor may be required to testify for about one hour before the Legislative Audit Committee and one other legislative committee. This testimony will be an oral summary of the written report with questions by Committee members and verbal responses from the contractor and from the Department.

In addition, the contractor is expected to provide oral presentations to the Department at the commencement and conclusion of the audit.

Various other meetings with State Auditor and Department personnel will be required to communicate requirements, expectations, issues, and results, to ensure a smooth and timely completion.

D. SCHEDULE

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

- | | | |
|----|--|-----------------------|
| 1. | RFP available to prospective bidders | March 20, 2020 |
| 2. | Prospective bidder's inquiry deadline (5:00 p.m. MT) | March 27, 2020 |
| 3. | OSA response to inquiries deadline | April 9, 2020 |
| 4. | Proposal submission deadline (5:00 p.m. MT) | April 22, 2020 |
| 5. | Approximate bid selection date | May 1, 2020 |
| 6. | Approximate contract date | May 8, 2020 |

E. INQUIRIES

Prospective bidders may make written inquiries concerning this RFP to obtain clarification of requirements. Inquiries must be submitted via email to Bryan Brune, Contract Monitor, at bryan.brune@state.co.us. *No inquiries will be accepted after 5:00 p.m. MT on March 27, 2020.*

F. SUBMISSION OF PROPOSALS

Proposals must be submitted via email to Bryan Brune, Contract Monitor, at bryan.brune@state.co.us. *No proposals will be accepted after 5:00 p.m. MT on April 22, 2020.*

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.

G. 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. The State Auditor also reserves the right to engage in further negotiation of the audit scope, price, and contract terms after selection of the Contractor if, in the opinion of the State Auditor, it is in the best interest of the State to do so.

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, proposals must 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 Contractor.

L. ELIGIBLE BIDDERS

To be considered an eligible bidder, bidders must meet the following criteria:

1. Be a properly licensed certified public accounting firm authorized to practice in the State of Colorado.
2. Participated in a quality control review within the past three years.
3. Not have any past history of substandard work
4. Be independent for this audit engagement.
5. Any firm providing financial and compliance audit services for Department under contract with the State Auditor in previous years may bid on this contract providing that the lead partner, under the proposal, has not performed audit services beyond a total maximum of five years in a 10-year period.

M. STATE AUDITOR LIAISON

The OSA's assigned contract monitor will be the liaison to the Contractor throughout the audit. This individual will attend entrance/exit conferences and assist the Contractor in understanding the OSA's requirements, processes, and expectations.

N. AWARD OF BID

The contract will be awarded to the bidder whose proposal will be most advantageous to the State of Colorado, price and other factors considered. The successful bidder will be awarded a one-year contract which may be renewed on an annual basis for up to four additional years subject to acceptable performance and costs. The contract will be for the scope detailed in this RFP or the scope negotiated through further discussion.

O. SUBMISSION OF INVOICES

The Contractor must submit monthly invoices for audit work completed. The State Auditor will withhold 10 percent of the total contract amount pending satisfactory completion of the contract scope of work.

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.

Proprietary Information: All proposals submitted to the OSA in response to this RFP are subject to the Colorado Open Records Act (CORA). *Any proprietary information included in the proposal must be clearly and specifically designated as such in the proposal.* The OSA will redact proprietary information from the proposal pursuant to Section 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, local 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 no more than two 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(s) of the office from which the work will be done and number of partners, shareholders, and managers and other professional staff employed at that office.
3. Describe the range of activities performed by the office from which the work will be done, including descriptions of or links to prior work products that demonstrate experience and expertise providing the services described in this RFP. This should also include the numbers and classifications of personnel who will work on the audit.
4. Affirm that the organization is a properly licensed certified accounting firm authorized to practice in the State of Colorado.
5. Describe any and all (a) work that is currently being performed for the Department or

the State of Colorado, (b) work that was performed for the Department or the State of Colorado within the past 2 years (i.e., January 2018 through February 2020), and (c) planned work for the Department or the State of Colorado (i.e., proposals submitted for work that has not yet been awarded or contracted).

6. Affirm that the organization is independent for this audit engagement.

Prior, current, or planned work disclosed pursuant to Item #5 may create a threat to independence. In affirming the organization's independence for this audit engagement, the proposal must include explanation/analysis in accordance with the independence framework prescribed in *Government Auditing Standards* why this prior, current, or planned work would not impair the organization's independence—or create the appearance thereof—in performing this audit of the Department.

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.
9. Affirm that the organization has participated in a quality control review within the past three years. A copy of the results of the organization's most recent external peer review must be included in the proposal.
10. Provide no more than three references for similar work performed.

E. QUALIFICATIONS OF ASSIGNED PERSONNEL

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

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

F. ORGANIZATION'S APPROACH TO THE AUDIT

The proposal must include a description of the methodology, approach, tools, and resources to be used to conduct the audit.

G. CONTRACT TERMS AND CONDITIONS

The OSA expects the successful bidder to execute and adhere to the terms and conditions in the OSA's standard contract and its related exhibits. The OSA's standard contract and its related exhibits are included in Section IV - Supplemental Information.

Bidders should not wait until after the OSA has made a contract award to first consult with their legal team/advisor about the contract terms and conditions. Any questions or issues with the terms and conditions in the OSA's standard contract and its related exhibits *must* be specifically identified and described as part of the proposal, including alternative language the bidder is proposing. *The OSA will consider this information when evaluating proposals and making the contract award.*

H. COMPENSATION

1. The proposal must state the number of professional staff hours estimated to complete the audit work by staff level, the hourly rate, and the resulting total cost. Travel costs incurred in the performance of audits are reimbursable only as a part of the hourly rate and must be covered under said rate and will not be separately reimbursed.
2. The proposal must state the total inclusive maximum fee for which the work requested will be done, and provide separated fees for audit work of federal major programs. The fees for this audit work will be added to the base price. The anticipated fee for the audit of a federal major program for Fiscal Year 2020 is \$8,100.
3. The proposal must affirm that all prices, terms, and conditions will be held firm for at least 90 days after the bid opening.

I. DELIVERY SCHEDULE

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

J. ADDITIONAL DATA

The organization may include additional information in this section that is considered essential to the proposal, *but has not been specifically provided in response to prior sections of this RFP.*

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

B. MANDATORY CRITERIA

1. The organization must be licensed to practice as a certified public accounting firm in the State of Colorado.
2. The organization must have had a quality control review completed within the past three years. A copy of the review must be included in the proposal.
3. The organization must be independent for the audit engagement.

C. GENERAL CRITERIA

1. Adequacy and completeness of the proposal with regard to Section II of the RFP.
2. Experience and stability of the organization.
3. Qualifications and experience of staff, including subcontractors, specialists, and consultants to be assigned to the audit.
4. Comprehensiveness and appropriateness of the proposed audit work plan.
5. Proposed hours and cost.
6. Proposed time frame for meeting project milestones and completing the audit.
7. Willingness to execute/accept the OSA's standard contract and its related exhibits without significant revision and negotiation.

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

Attached to this RFP are the following documents:

1. Standard OSA contract and related exhibits. See Section II(G) of the RFP for discussion.
2. Statewide Attestation memos that were required to be submitted to the Office of the State Auditor statewide audit team, as applicable, for the prior fiscal year's audit.

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

- Prior Audits

The Department of Public Safety's audit is included as part of the State of Colorado's Statewide Single Audit and the report for the fiscal year ended June 30, 2019 (Report No. 1901F) and audit reports for years prior to that are available at our web site at:

<http://leg.colorado.gov/audits/statewide-single-audit-fiscal-year-ended-june-30-2019>

- Colorado Office of the State Auditor Website
<http://www.colorado.gov/auditor>