OFFICE OF THE STATE AUDITOR

C O L O R A D O

A Request for Proposals for a Financial and Compliance Audit of the Department of Local Affairs, State of Colorado for the Fiscal Year Ended June 30, 2026

January 22, 2026

Table of Contents

Section I Administrative Information....3
Section II Required Information....10
Section III Proposal Evaluation Process....14
Section IV Supplemental Information....15

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 OSA, State Auditor, State, and State of Colorado are used interchangeably throughout this RFP.

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

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

B. Background Information

The OSA is soliciting proposals from qualified organizations to conduct a financial and compliance audit of the Department of Local Affairs, State of Colorado (the Department). The Department is responsible for building community and local government capacity by providing training, technical, and financial assistance to localities. The Department is comprised of the following major divisions: Colorado Board of Assessment Appeals, Housing, Property Taxation, and Local Government. Key responsibilities of the Department include:

- Conducting appeals hearings filed by real and personal property owners regarding the valuation placed on their property.
- Providing financial assistance and services that increase the availability of housing to residents of Colorado who can least afford it.
- Providing technical assistance and information to local governments on available federal and state programs and acts as a liaison with other state agencies concerned with local governments.
- Coordinating and administering the implementation of property tax law throughout Colorado's 64 counties.

The Department's Fiscal Year 2026 appropriation was approximately $568.6 million with 254.3 full time equivalent staff (FTE). Of this amount, $61.9 million were general funds, $348.1 million were cash funds, $33.7 million were reappropriated funds, while the remaining $124.9 million was related to federal funds.

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, 2026.

1. 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's Audit and Accounting Guides for State and Local Governments and Government Auditing Standards and Single Audits, and Fiscal Rules promulgated by the State Controller.

2. Audit Scope

Audit work to be performed for the fiscal year ending June 30, 2026, consists of the following:

a. An audit of those balances for the year ended June 30, 2026, of the Department's 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 Contractor, in consultation with the State 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 (see Exhibit F) under the federal Single Audit Act for the year ended June 30, 2026, 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 2026 are noted in the **Deliverables and Timelines** section.

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 for the year ended June 30, 2026.

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

e. Review of the Department's exhibits required by the State Controller to be submitted to the State Controller in support of the statewide financial statements for the year ended June 30, 2026. Also, review of all of the Department's adjusting

entries, posted or not, after the Colorado Operations Resource Engine's (CORE's), the State's accounting system final 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 2025 audit are included in Section IV, Supplemental Information, of this RFP for reference purposes. The attestation memos required for Fiscal Year 2026 will be provided after the award of this contract.

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 be reviewed and approved by the OSA. Note: Deficiencies in internal control will be written and included either as a finding or in a management letter and cannot be communicated orally. Any deficiencies that Contractor plans to communicate orally must be approved by the OSA.

    i. Communicate in writing to the Department a summary of any exceptions identified during testing prior to the drafting of any findings or management letter comments.

3. 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 June 30, 2026.

All non-IT internal controls and compliance audit work, and corresponding draft report findings and recommendations, must be completed by June 30, 2026.

The major programs for the Single Audit Act for the Department are determined by the OSA at the statewide level. For Fiscal Year 2026, it is anticipated that Section 8 Housing Choice Vouchers (ALN 14.871) and Mainstream Vouchers (ALN 14.879) Type A major programs will be audited at the Department. The preliminary determination for Type B programs audited as major at each department will be determined as part of the Fiscal Year 2026 audit planning.

The Department's revenue testing, including TABOR revenue testing, must be completed by August 21, 2026.

The Department's prior year's audit recommendations, if applicable, must be tested and auditor's dispositions determined by September 11, 2026.

Proposed audit adjustments and their effect on the Department's financial information should be provided to the State Auditor by October 9, 2026. Final audit findings and recommendations in the prescribed State Auditor format along with written responses must be submitted by October 30, 2026.

The OSA expects the Contractor to satisfy the project deliverables and timelines outlined in this RFP.

Work for this project is estimated to commence in April 2026. However, work could begin sooner or later depending on how long it takes to route and execute the contract after selection of the successful proposal. No billable work can begin on this project until the effective date of the contract.

a. Work Location

Depending on the needs of the engagement or the nature of the work being performed, some work for this engagement may be able to be completed using email, phone, and other virtual file-sharing and remote meeting technologies. However, some amount of in-person or on-site work at the Department may also be required.

b. Findings Development and Report Review

The OSA has a rigorous findings development and report review process, which includes review and revisions at multiple levels of the organization as well as review and comment by the Department. Prospective bidders should take this into consideration when preparing a proposed calendar and budget. The findings must adhere to the OSA's standards as described in "Exhibit G–Developing and Presenting Findings" of the OSA's standard contract. The OSA's standard contract containing exhibits 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 to gain an understanding of the OSA's high expectations in terms of form and presentation.

c. Oral Presentation

The Contractor may be required to testify in person for about two hours before the Legislative Audit 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. Upon notification by the OSA, the Contractor shall make an oral presentation to one other legislative committee.

If the OSA determines that the Department's findings will be presented to the Legislative Audit Committee, then the Contractor must be present in person to present the Department's findings to the Legislative Audit Committee at the end of the engagement when the Statewide report is publicly released. The OSA anticipates it will make the determination in January for which findings will be presented from the Statewide Report.

Various other meetings with the OSA 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	Thursday, January 22, 2026
2.	**Prospective bidders' inquiry deadline (11:59 p.m.MT)**	**Thursday, February 5, 2026**
3.	OSA response to inquiries deadline	Thursday, February 19, 2026
4.	**Proposal submission deadline (11:59 p.m. MT)**	**Thursday, March 5, 2026**
5.	Approximate bid selection date	Thursday, March 19, 2026
6.	Approximate contract date	Thursday, April 2, 2026

E. Inquiries

Prospective bidders may make written inquiries concerning this RFP to obtain clarification of requirements. Inquiries must be submitted via email to Elizabeth Forbes, Contract Monitor, at elizabeth.forbes@coleg.gov. **No inquiries will be accepted after 11:59 p.m. MT on Thursday, February 5, 2026.**

F. Submission of Proposals

Proposals must be submitted via email to Elizabeth Forbes, Contract Monitor, at elizabeth.forbes@coleg.gov. **No proposals will be accepted after 11:59 p.m. MT on Thursday, March 5, 2026.**

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

G. Acceptance of Proposal

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

H. Addendum or Supplement to Request for Proposals

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

I. Award Without Discussion

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

J. Award Information to Unsuccessful Firms

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

K. Joint Ventures

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

L. 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. Have participated in a quality control review within the past 3 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 the Department under contract with the OSA in previous years may bid on this contract provided that the lead partner under the proposal has not performed audit services beyond a total maximum of 5 years within a 10-year period.

M. OSA Contract Monitor

The OSA will assign a contract monitor to serve as the Contractor's primary point of contact and liaison throughout the audit. The contract monitor will attend all key Department meetings during the engagement (e.g., entrance/exit conferences, findings clearing meetings, briefing meetings with management or boards/commissions, Legislative Audit Committee hearing); assist the Contractor in understanding the OSA's requirements, processes, and expectations; and facilitate the OSA's review of project deliverables, including providing guidance and feedback for revisions.

N. Award of Bid

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

O. Submission of Invoices

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

Section II Required Information

A. Proposal Sections

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

1. Title Page

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

2. Table of Contents

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

3. Transmittal Letter

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

4. Profile of the Organization

This section of the proposal must:

a. State whether the organization is local, national, or international.

b. Give the location(s) of the office from which the work will be done and number of partners, shareholders, and managers and other professional staff employed at that office.

c. Describe the range of activities performed by the office from which the work will be done, including descriptions of or links to prior work products that demonstrate experience and expertise providing the services described in this RFP. This should also include the numbers and classifications of personnel who will work on the audit.

d. Affirm that the organization is a properly licensed certified accounting firm authorized to practice in the State of Colorado.

e. Describe any and all work that (i) is currently being performed for the Department or the State of Colorado, (ii) work that was performed for the Department or the State of Colorado within the past 2 years (i.e., March 2024 through March 2026), and (iii) is

planned for the Department or the State of Colorado (i.e., proposals submitted for work that has not yet been awarded or contracted).

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

   Prior, current, or planned work disclosed pursuant to Item #4(e) 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.

g. Affirm that the organization does not have any past history of substandard work (e.g., a prior engagement has been terminated for poor performance).

h. 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.

i. Affirm that the organization has participated in a quality control review within the past 3 years. A copy of the results of the organization's most recent external peer review must be included in the proposal.

j. Provide no more than three references for similar work performed.

5. Qualifications of Assigned Personnel

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

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

6. Organization's Approach to the Audit

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

and approach for census data testing, plans for selecting a representative group of contributing employers, and planned reliance on employer auditor's attestation, or plans for the audit firm directly performing the procedures. The proposal must include description of the planned use of an auditor's specialist, including an actuary, either internal or external, and the purposes for which the specialist may be used to assist the auditor in obtaining sufficient, appropriate audit evidence for valuation of investment assets, and/or actuarially calculated balances.

7. Contract Terms and Conditions

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

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

8. Compensation and Staff Hours

This section of the proposal must:

a. State the number of professional staff hours estimated to complete the audit work by staff level, the associated hourly rate, and the resulting total cost. Travel costs incurred in the performance of audits are reimbursable only as a part of the hourly rate and must be covered under said rate and will not be separately reimbursed.

b. 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 2026 is $10,400.

c. Affirm that all prices, terms, and conditions will be held firm for at least 90 days after the bid opening.

9. Delivery Schedule

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

10. Additional Data

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

B. Separate Redacted Proposal for Proposals Containing Proprietary Information

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

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

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

Section III Proposal Evaluation Process

A. General

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

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

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

B. Mandatory Criteria

1. The organization 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 3 years. A copy of the review must be included in the proposal.

3. The organization is independent for the audit engagement.

C. General Criteria

1. Adequacy and completeness of the proposal with respect to the information required by Section II of the RFP.

2. Experience and stability of the organization.

3. Qualifications and experience of personnel, including any subcontractors, specialists, or consultants to be assigned to the audit team.

4. Comprehensiveness and appropriateness of the proposed work plan.

5. Proposed hours and cost.

6. Proposed time frame for meeting project milestones and completing the audit.

7. Acceptance of the OSA's standard contract and its related exhibits without significant revision.

Section IV Supplemental Information

Attached to this RFP are the following documents:

1. Standard OSA contract and related exhibits. See Section II(7) of the RFP for discussion. The State is developing the standard OSA contract document in an accessible format and in compliance with the state's accessibility rules. The State will provide an accessible version of the standard OSA contract document to the Contractor after the State has completed development of the standard OSA contract document in an accessible format. The accessible OSA contract document will not change or amend any substantive terms of the standard OSA contract that is attached to this RFP.

2. Statewide Attestation memo templates to be submitted to the OSA's statewide audit team applicable for the prior fiscal year's audit.

Note: To view the contract template and Statewide Attestation memo templates, please be sure to download the RFP, save the pdf, and then open the saved file in Acrobat. You should be able to see the contract template and the exhibits as attachments. If you can't see the attachments, click the paperclip icon. (You will not see linked attachments in a pdf preview.)

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

- Department of Local Affairs Website-Executive Director's Office: https://cdola.colorado.gov/executive-directors-office.

- Prior Audits

    - The Statewide Single Audit, including any findings for the Department for the Year Ended June 30, 2025, is anticipated to be available after the scheduled Legislative Audit Committee hearing on February 11, 2026. The Statewide Single Audit for the Year Ended June 30, 2024 is available at our website at:

        - https://content.leg.colorado.gov/sites/default/files/documents/audits/2401f_statewide_single_audit_fy_2024-accessible.pdf

    - Audit reports for prior years are available at: Search Audits | Colorado General Assembly

- Colorado Office of the State Auditor Website: Office of the State Auditor