



February 19, 2026

**A Request for Proposals for a Financial and Compliance Audit of the Department of Labor and Employment, Fiscal Year 2026**

**Responses to Prospective Bidder Inquiries**

1. How long has the current auditor been conducting the audit of the Department?

**OSA Response:** The OSA has performed the audit in house since Fiscal Year 2021.

2. Can you please share which audit firm currently performs these services, how long they have performed, and if they've been invited to bid?

**OSA Response:** The OSA performed the audit in-house for Fiscal Years 2021 through 2025. All audit firms are invited to bid and must comply with the requirements of the RFP and therefore, would be allowed to propose if they comply with the requirements. See Section I, Part N. for information on the eligibility of firms to propose.

3. What were the fees charged on this contract for the last 5 years? Were there any additional audit fees billed last year pertaining to services provided outside the scope of the services listed in the RFP? If so, can you provide a list of services and additional fees pertaining to those services?

**OSA Response:** The OSA has performed the audit in-house since Fiscal Year 2021. Therefore, there was not a contract associated with this audit and there are no prior fees. The contract fees for the last 3 years the audit was contracted out are as follows:

Fiscal Year 2018 – Base contract amount - \$75,700; Additional amount for testing one major program - \$7,650

Fiscal Year 2019 - Base contract amount - \$77,400; Additional amount for testing two major programs - \$15,650

Fiscal Year 2020 - Base contract amount \$77,000; Additional amount for testing three major programs - \$43,475.

Based on additional work performed by our Office, when we perform the Department audit, in-house, our hours do not provide a good comparison for contract purposes. However, we think

the audit is comparable to similar existing audits, which had Fiscal Year 2025 contract amounts ranging between approximately \$65,000 and \$75,000.

4. Please provide a summary of the fees, rates and total audit hours for the last 3 years.

**OSA Response:** The OSA performed the audit in-house for Fiscal Years 2021 through 2025. Therefore, there was not a contract associated with this audit and there are no prior fees.

Based on additional work performed by our Office, when we perform the Department audit, in-house, our hours do not provide a good comparison for contract purposes. However, we think the audit is comparable to similar existing audits, which had Fiscal Year 2025 contract amounts ranging between approximately \$65,000 and \$75,000.

5. Can you please confirm if the scope of the work performed by the firm would include issuing any stand-alone reports (i.e. responsible for issuing any audit/attest opinions) or if this RFP is specifically performing testing on behalf of the Office of the State Auditor (for both the financial statement audit and compliance audit)?

**OSA Response:** The scope of work performed by the firm does not include issuing a standalone report. The audit firm is performing testing as part of the State of Colorado Group Audit. The Office of the State Auditor is the Group Auditor for the Statewide audit in Fiscal Year 2026. This is in accordance with Section 2-3-103 (1)(a) C.R.S., that specifies the duties of the state auditor “to conduct or cause to be conducted postaudits of all financial transactions and accounts kept by or for all departments, institutions, and agencies of the state government, including educational institutions, and the judicial and legislative branches...”.

6. Historically, has the audit engagement been conducted in person, remotely, or through a hybrid approach, and do you have a preferred model for the incoming audit team?

**OSA Response:** According to Department staff, the audits have been conducted remotely historically. There is not a preferred model for the incoming audit team.

7. For the sharing of audit documentation, our firm uses a secure web portal titled Suralink, will that be accepted as a method for transferring of data?

**OSA Response:** According to Department staff, Suralink is acceptable, however, please note that all documentation is provided for audit purposes only and must not be shared with third parties. The firm should assume full responsibility for any security issues or unauthorized disclosures that may occur during the transmission and once the data is in your possession.

As noted in Contract Section J1, the contractor shall keep confidential all audit records, unless those records are publicly available. The contractor shall not, without prior written approval of the OSA, use, publish, copy, disclose to any third party, or permit the use by any third party of any audit records, except as otherwise stated in the contract, permitted by law, approved by the

OSA in accordance with §2-3-103(3), C.R.S., or otherwise approved in writing by the OSA. RFP Section IV provides instructions on how to view the contract requirements.

8. Reflecting on your current audit relationship, what aspects of the service have worked especially well and should be carried forward by a new audit firm?

**OSA Response:** According to Department staff, knowledge of the Department's existing programs, policies, procedures, and State fiscal rules.

9. From your perspective, what defines a strong and successful long-term relationship between the firm and the state?

**OSA Response:** All OSA expectations of auditors are outlined in the RFP. The OSA places great importance on communication with the OSA contract monitor throughout the audit process and completing the audit in accordance with all due dates established in the timeline. It is important that the auditors use the Department staff's time efficiently and to communicate openly and provide regular status meetings throughout interim and final fieldwork.

According to Department staff, a successful relationship would require sincerity in technical discussions that includes clear communications, and early indications of the significance of the findings. When a major issue is presented as minor, it undermines the collaborative process. We seek a partnership where the tone and content of the communication consistently matches the severity of the findings.

10. What are the areas of improvement that the Department or OSA would like to see made in the overall audit process, timing, communication, other areas? What about the audit process should be continued and what could be improved, if anything?

**OSA Response:** According to Department staff, while the current audit process is robust and provides valuable assurance, the duration of the timeline significantly impacts daily departmental operations. To minimize the impact on daily operations, we recommend optimizing the audit timeline and providing a comprehensive PBC list at the start of the audit.

11. For the account balances that are tested for the Department (as referenced in Audit Scope 2.a. of the RFP) – can you please expand on how the testing approach is determined? For example if it's consistently substantive tests of details, or if analytical procedures are incorporated? Please confirm whether sample sizes are determined by the Statewide Team or the firm.

**OSA Response:** The OSA's Statewide audit team may select various account balances for statistical sampling, lead account balances, or analytical procedures as part of the substantive portion of testwork for departments. This selection is made based on a low control risk assessment at the statewide level and the statistical sample sizes are determined by the OSA's Statewide audit team. If the auditor determines to conduct sample testing on any lead account balances or other audit areas, then the contract auditor will determine those sample sizes. If the

contract auditor has determined a higher risk assessment in any area for the Department, then, in consultation with the OSA, additional substantive procedures beyond the account balances selected for testing by the Statewide audit team may need to be performed by the contract auditor to address that risk.

12. In the audit scope section 2.c. – who specifically makes the determination of compliance areas that could have a material effect on the Department’s financial information?

**OSA Response:** The contracted audit firm should perform their risk analysis to determine which compliance areas could have a material effect on the Department’s financial information. Additionally, access to prior year work papers will be granted to the successful bidder after the contract has been signed.

13. Will the Office of the State Auditor require or request a review of the audit firm’s workpapers?

**OSA Response:** Yes, as noted in Contract Section I.2, the OSA requires the firm to allow the OSA contract monitor to review workpapers. Subject to the confidentiality requirements of our contract, the contractor shall permit the OSA or its authorized agent(s), any successor auditor, the federal government and any other duly authorized agent of a governmental agency to access and inspect, excerpt, and copy contractor’s workpapers and reports related to this contract during the record retention period to assure compliance with the terms of the contract, to evaluate performance under the contract, or for any other purpose required by the OSA. The OSA reserves the right to inspect the work at all reasonable times and places during the term of this contract, including any extensions or renewals.

14. Were there any significant deficiencies or material weaknesses identified during the 2025 audit?

**OSA Response:** The Department had 6 findings (four material weaknesses and two significant deficiencies) reported in Fiscal Year 2025. These can be found in the Statewide Fiscal Year 2025 audit report at:

<https://content.leg.colorado.gov/content/statewide-single-audit-fiscal-year-ended-june-30-2025>  
(The Department’s section starts on PDF page 91).

15. Were there any major audit issues identified for 2025? Any anticipated ones for 2026?

**OSA Response:** The Department had 6 findings (four material weaknesses and two significant deficiencies) reported in Fiscal Year 2025. These can be found in the Statewide Fiscal Year 2025 audit report at:

<https://content.leg.colorado.gov/content/statewide-single-audit-fiscal-year-ended-june-30-2025>  
(The Department’s section starts on PDF page 91).

According to the Department, the Department does not anticipate any major audit issues for Fiscal Year 2026.

16. How many audit adjustments were proposed, recorded, and passed in the last audited fiscal year and what were the nature of these audit adjustments?

**OSA Response:** The Department's corrected and uncorrected misstatements are reported within the Statewide Single Audit reports. See the Fiscal Year 2025 report (Report No. 2501F) on our website:

<https://content.leg.colorado.gov/content/statewide-single-audit-fiscal-year-ended-june-30-2025> (Appendix B, starting on PDF page 453).

The nature of the adjustments are noted in the Department's findings in the Fiscal Year 2025 report starting on PDF page 91.

17. Have there been any findings reported from any governmental or other funding source reviews?

**OSA Response:** According to Department staff, yes, there have been findings.

This information is part of the confidential audit workpapers. Access to prior year work papers will be granted upon award of the contract.

18. What is the Department's preferred timing for interim and final fieldwork? How many auditors were onsite for both interim and final fieldwork and for how long? Can work be done remotely or in a hybrid capacity? Are Department staff willing/able to be in the office for onsite work?

**OSA Response:** Interim fieldwork related to the Single Audit and the financial audit can begin as soon as the OSA has a completed contract with the awarded firm, a signed engagement letter has been obtained from Department management, and an entrance conference has been held with the Department/contract auditor/OSA. The firm awarded the contract may contact the Department to determine the best timing for performing fiscal year-end audit work. In general, Single Audit work may be performed at interim, with testwork related to coverage through the end of the year performed at a later time. Remaining fiscal year-end financial work may begin after fiscal year-end close, which is approximately the beginning of August. All testing generally needs to be done based on the associated attest due dates as noted in the RFP. This timing is normally discussed during the entrance conference.

According to Department staff, their preference would be to have the interim testing occur between April and May, so they can prioritize year-end close during June through September. Some interim testing can be performed in late August and September with flexibility for some initial audit requests. Work is done in a hybrid capacity. With notification, appropriate staff can be notified to be in the office.

19. What types of problems, if any, have been encountered during recent audits that caused delays in meeting OSA deadlines?

**OSA Response:** There have not been major delays in meeting OSA deadlines.

20. Does the Department anticipate any major changes in its federal or state funding over the next several years that would have a significant impact?

**OSA Response:** According to Department staff, there is currently no indication of significant changes to the Department's federal or state funding for the foreseeable future.

21. Does the Department have any unusual or complex accounting issues?

**OSA Response:** According to Department staff, the Department does not have any accounting issues considered unusual or complex.

22. Any unique or unusual transactions during Fiscal Year 2026 that we should be aware of?

**OSA Response:** According to Department staff, the Department does not currently have transactions that we categorize as unusual or complex under our existing framework.

23. Are there any known significant transactions or activities planned for the future periods that should be considered in our proposed fee structure?

**OSA Response:** According to Department staff, there are no known significant transactions or activities planned for the future periods.

24. Were there any significant changes to your operating activities and/or unusual transactions during the current fiscal year?

**OSA Response:** According to the Department, there have been no significant changes to our operating activities this fiscal year.

25. How many of the State's exhibits are applicable to the Department?

**OSA Response:** According to Department staff, they complete approximately 10 Exhibits (A, C, F, I, K1, K3, M, P, PPA, W). The Department has various Department codes which factor into the number of combinations of the same Exhibit.

26. Are there any disagreements with the current auditor?

**OSA Response:** According to Department staff, there are no disagreements with the Office of the State Auditor.

27. Are there any key lessons learned from recent audits that you believe would be important for a new firm to understand as part of a potential transition?

**OSA Response:** The OSA Contract monitor will assist with the transition and work the new audit firm to respond to the new audit team's questions.

28. Has there been any personnel turnover at the Department in any key accounting positions during the last 12 months?

**OSA Response:** According to Department staff, there has not been turnover at the Department in key accounting positions during the last 12 months.

29. Have there been any changes or departures in key staff, at all levels, in the past year that would affect the upcoming audit?

**OSA Response:** According to Department staff, the Department is down six accountants which impacts workload. However, key staff are present.

30. Are you aware of any upcoming departures of key financial reporting personnel due to retirements, etc. in the next year or two?

**OSA Response:** According to Department staff, there are no known or anticipated departures of key financial reporting personnel at this time.

31. Are there any known upcoming changes in key management at the Department?

**OSA Response:** According to Department staff, there are no known or anticipated changes in key management at this time.

32. What significant systems are tested as part of the Department's information technology?

**OSA Response:** This is part of the prior year work papers. State statute [Section 2-3-103(3)] does not permit the OSA to publicly release this information. Changes to the IT testing for the future audits will need to be determine by the awarded contractor in consultation with the OSA. The Fiscal Year 2026 contractor will need to determine the significant systems for the Fiscal Year 2026 audit. Significant systems tested during Fiscal Year 2025 is information that is part of the confidential audit workpapers. Access to prior year work papers will be granted to the successful bidder after the contract has been signed.

According to Department staff, the significant systems are MyUI Benefits; MyUI Employer; MyFAMLI Benefits; MyFAMLI Employer; Accessible Web-Based Activity and Reporting Environment (AWARE), which will be replaced with Reimagine VR; and Modernized Connecting Colorado.

33. Which financial reporting (accounting) systems are currently in use by the department? Is remote or read-only access provided to the audit firm to assist with testing?

**OSA Response:** According to Department staff, the Department uses CORE (Colorado Operations Resource Engine) which is the State's official financial reporting (accounting) systems. No access will be granted.