



February 19, 2026

**A Request for Proposals for a Financial and Compliance Audit of the Department of Public Health and Environment, Fiscal Year 2026**

**Responses to Prospective Bidder Inquiries**

1. 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 current audit firm, CliftonLarsonAllen, LLP, has performed the audit for Fiscal Years 2021 through 2025. The incumbent audit firm 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 L, of the RFP for the criteria that must be met to be considered an eligible bidder.

2. 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:** This Department is a feeder audit; therefore, this RFP is specifically related to testing performed on behalf of the OSA for the financial statement and compliance audit as noted in Section I, Part C, of the "Audit Scope" section of the RFP. The contract auditor for this Department will not issue a stand-alone report or audit opinions.

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:** Contract fees paid for Fiscal Years 2025, 2024, 2023, 2022, and 2021 were \$80,300, \$121,300, \$100,800, \$87,700, and \$98,453, respectively.

The base contract fee for Fiscal Year 2025 was \$70,100. The total contract cost of \$80,300 included \$10,200 for major program testing on the Immunization Cooperative Agreements program [ALN 93.268].

4. Are you currently aware of any areas for which OSA would like additional audit procedures performed beyond the standard audit plan or mentioned in the RFP?

**OSA Response:** Expected audit procedures to be performed are outlined in Section I, Part C, of the “Audit Scope” section of the RFP. No additional audit procedures are expected to be performed for the Fiscal Year 2026 audit other than what is outlined in this section of the RFP.

5. Were there any significant deficiencies or material weaknesses identified during the 2025 audit? In addition, were there any verbal comments or control deficiencies and if so, was a management letter issued?

**OSA Response:** The Department had one material weakness finding and one significant deficiency finding identified during the prior year audit, which are included as part of the Statewide Single Audit report. The Fiscal Year 2025 Statewide Single Audit report can be found at the following link:

<https://content.leg.colorado.gov/index.php/content/statewide-single-audit-fiscal-year-ended-june-30-2025>

If the Department did have a management letter for Fiscal Year 2025, this information will be part of the confidential workpapers. State statute [Section 2-3-103(3), C.R.S.] does not permit the OSA to publicly release this information. Access to prior year work papers will be granted to the awarded contractor upon signature of the contract.

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

**OSA Response:** Any material weakness and/or significant deficiencies identified in the audit are included as part of the Statewide Single Audit report. The Fiscal Year 2025 Statewide Single Audit report can be found at the following link:

<https://content.leg.colorado.gov/index.php/content/statewide-single-audit-fiscal-year-ended-june-30-2025>

According to Department staff, there are no anticipated issues at the Department for Fiscal Year 2026.

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

**OSA Response:** Yes, as noted in the example contract Section I. 2. (included as part of Section IV in the RFP), 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 duty 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.

8. 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, they are comfortable with using the contract auditor's preferred web portal for data transfers.

The OSA is comfortable with this as long as the portal complies with the OSA's information security requirements. See details of these requirements in the example contract Section AA. Exhibit E. (included as part of Section IV in the RFP). As noted in contract Section J.1., 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 part of any audit records, except as otherwise stated in the contract, permitted by law, approved by the OSA in accordance with Section 2-3-103(3), C.R.S., or otherwise approved in writing by the OSA.

9. 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?

**OSA Response:** Overall, it is essential there is timely responsiveness and proactive, clear communication between the Department, the contract auditor, and the OSA in order to meet all deadlines outlined in the contract and to ensure that the OSA receives all necessary information in a timely manner to prevent delays to the overall statewide audit. In addition, the auditors should maintain regular communication with the OSA's contract monitor on the overall audit status. See additional information on the role of the OSA contract monitor in the example contract, Section W. Exhibit A, 3.A. (included as part of Section IV in the RFP).

According to Department staff, they would like to see better communication from the contract auditor surrounding document requests and due dates. In the instance of crossover with other state departments for shared major programs and expenditures, they would like better communication between the contract audit teams, departments, and the OSA.

10. How many audit adjustments were proposed, recorded, and passed in the last audited fiscal year and what were the nature of these audit adjustments? Were any of the adjustments repeats from prior year audits?

**OSA Response:** The Department's corrected and uncorrected misstatements for the prior year are included as part of the Statewide Single Audit report, Appendix B. Additionally, details of significant adjustments and repeat adjustments can be found in the Department's chapter within Section II: Financial Statement Findings of that report.

The Fiscal Year 2025 Statewide Single Audit report can be found at the following link:

<https://content.leg.colorado.gov/index.php/content/statewide-single-audit-fiscal-year-ended-june-30-2025>

The Fiscal Year 2024 Statewide Single Audit report can be found at the following link:

<https://content.leg.colorado.gov/index.php/content/statewide-single-audit-fiscal-year-ended-june-30-2024>

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

**OSA Response:** According to Department staff, there are none.

12. What is the Department's preferred timing for interim and final fieldwork?

**OSA Response:** Interim fieldwork related to the financial audit and Single 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. Internal control testing and interim financial work may begin at a time subsequent to the entrance conference as agreed upon by the contractor and management. 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, included in the Section IV of the RFP. The timing is normally discussed during the entrance conference.

Historically, the current auditor has performed interim fieldwork from May-June and final fieldwork from August-October. According to Department staff, they are comfortable with this continued timing.

13. Historically, has the audit engagement been conducted in person, remotely, or through a hybrid approach? Do you have a preferred model for the incoming audit team and are Department staff willing/able to be in the office for onsite work?

**OSA Response:** According to Department staff, the audit has been performed remotely in recent prior years and the Department staff prefer that the audit continue to be performed remotely. The Department's positions are hybrid; staff can be available in person on an as needed basis, but scheduling may be difficult. Most documents are electronic in nature (rarely any hardcopy documents) and can be audited remotely.

14. How many auditors were onsite for both interim and final fieldwork and for how long? Please provide a summary of the rates and total audit hours for the last 3 years?

**OSA Response:** The number of auditors, summary of rates, and total audit hours for this audit was not provided to us.

According to Department staff, they worked with an average of three audit staff during interim and final fieldwork.

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

**OSA Response:** In the most recent audit, the contract auditor did not have any delays in meeting OSA deadlines.

16. 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, they are unsure of federal dollars reductions, as evidenced by recent federal administration events related to Department of Health & Human Services, Centers for Disease Control and Prevention, etc. dollars. Additionally, as the state budget is discussed, it's possible for state funding to also decrease in the upcoming years.

17. Does the Department have any unusual or complex accounting issues? Any unique or unusual transactions during Fiscal Year 2026 that we should be aware of?

**OSA Response:** According to Department staff, there are no unusual or complex accounting issues and none expected for Fiscal Year 2026.

18. Were there any significant changes to your operating activities during the current fiscal year?

**OSA Response:** According to Department staff, there have been no significant changes.

19. Does the Department use any IT systems outside of CORE? If so, please provide a detail of the system and how the information is input into CORE? Also, how have the controls over IT for these systems been tested in the past and does the Department obtain any SOC reports over any of the IT systems?

**OSA Response:** According to Department staff, they use various IT systems in addition to CORE. They do not obtain SOC reports for any of these systems. Detailed information on IT systems and testing 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. Changes to the IT testing for the future audits will need to be determine by the awarded contractor in consultation with the OSA.

20. Have there been any changes in the IT systems in the last year?

**OSA Response:** According to Department staff, in May 2025, the Department changed its timekeeping system from Kronos to UKG. Otherwise, nothing else changed in the last year.

21. Does the OSA expect an IT auditor to be used on these engagements or will the OSA continue to test CORE and provide a specific IT program to contractors for use at the individual departments?

**OSA Response:** The auditors will need to evaluate whether any significant systems besides CORE and CPPS are present in Fiscal Year 2026 and confirm those systems with the Contract Monitor and the OSA's Statewide audit team. If the audit team identifies significant information systems are present for Fiscal Year 2026, the auditors must prepare a risk-based IT audit program and complete the applicable level of testing.

22. 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, it uses CORE, the State's accounting system. The contract auditors can work with the Department's accounting division to obtain view-only access to CORE, which can be granted once the OSA has a completed contract with the awarded firm.

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

**OSA Response:** In the prior year, the Department submitted the following exhibits: Exhibits A2, A3, C1, F1, F3, I, K1, K3, M P, PPA, R, U1, U2, W1, W3, and Z1. According to Department staff, the Fiscal Year 2026 exhibits to be submitted are expected to be similar.

24. In the past few years how many of the Department's accounts have been selected by the OSA for testing?

**OSA Response:** This information 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.

25. 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.

26. 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 OSA will provide various pieces of information, including statewide risks, for the contract auditor’s consideration. However, it is the contract auditor’s responsibility to perform a risk assessment of significant audit areas for the Department and related compliance requirements, as noted in Section I, Part C, of the “Audit Scope” section of the RFP.

27. Has the Department determined the impact of new accounting standards on its financials and if so, what is the expected impact to the department.

**OSA Response:** According to Department staff, the Office of the State Controller (OSC) is currently exploring the changes that might be needed with regards to updated GASB pronouncements. Currently, the OSC is looking at GASB 104 to determine if this is material statewide. If so, there will be new accounting elements in CORE for reporting purposes.

28. 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? What could be improved, if anything?

**OSA Response:** According to Department staff, regular update meetings between the contract auditor and Department have worked well, as well as a listing of all document requests including due dates and regular updates on which items have been received by the contract auditor.

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

**OSA Response:** Overall, it is essential there is timely responsiveness and proactive, clear communication between the Department and the contract auditor. In addition, the auditors should maintain regular communication with the OSA’s contract monitor on the overall audit status. See additional information on the role of the OSA contract monitor in the example contract, Section W. Exhibit A, 3.A. (included as part of Section IV in the RFP).

30. 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 has specific deliverables and all testing needs to be done based on the associated attest due dates, included in the Section IV of the RFP. It is essential that contract auditor maintain timely responsiveness and proactive, clear communication between the Department, contract auditor, and OSA in order to meet these due dates and to ensure that

the OSA receives all necessary information in a timely manner to prevent delays to the overall statewide audit.

31. Are there any disagreements with the current auditor?

**OSA Response:** There were no disagreements between management and the current auditor during the prior engagement.

32. 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 any turnover in the key accounting positions.

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

**OSA Response:** According to Department staff, there are no known upcoming changes in key management.