



February 19, 2026

A Request for Proposals for a Financial and Compliance Audit of the Department of Local Affairs

Responses to Prospective Bidder Inquiries

1. What were the fees charged on this contract for the last 5 years?

OSA Response: The contract fee for the Fiscal Year 2025 audit was \$91,500. The contract fee for the Fiscal Year 2024 audit was \$99,800. The contract fee for the Fiscal Year 2023 audit was \$92,900. The contract fee for the Fiscal Year 2022 audit was \$80,100. The contract fee for the Fiscal Year 2021 audit was \$84,165.

2. Were there any additional audit fees billed last year pertaining to services provided outside the scope of services listed in the RFP? If so, can you provide a list of services and additional fees pertaining to those services?

OSA Response: There were no additional audit fees billed for the Fiscal Year 2025 audit that were outside the scope of the services listed in the RFP.

3. 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 planned for the future periods that should be considered.

4. Does the Department use any IT systems outside of CORE? If so, please provide details of the system and how the information is input into CORE?

OSA Response: According to Department staff, there are no IT Systems outside of CORE.

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

OSA Response: According to Department staff, there have been no major changes to the IT Systems.

6. 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 OSA Statewide Audit Team. Once the audit team identifies significant information systems for Fiscal Year 2026, the auditors must prepare a risk-based IT audit program and complete the applicable level of testing.

7. Are there any major anticipated IT implementations or transformations in the next couple of years?

OSA Response: According to Department staff, the State is changing their financial reporting for CORE from InfoAdvantage to Insight in June 2026. The Department plans to launch Enable, which is a subsidiary ledger that will interface with CORE, in 2027.

8. As the Statewide reports for 2025 are not currently available, were there any deficiencies or material weakness reported in 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 three findings (three material weaknesses and no significant deficiencies) reported in the Fiscal Year 2025 Statewide Single Audit Report. 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 for its financial finding starts on pdf page 113 and the Department's Single Audit findings start on pdf page 245.

9. 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. The most recent audit report for Fiscal Year 2025 (Report No. 2501F) is available on our website: <https://content.leg.colorado.gov/content/statewide-single-audit-fiscal-year-ended-june-30-2025>. The Department's financial finding starts on the pdf page 113, the misstatements and corrections are on page 117. The Department's Single Audit findings start on pdf page 245 and the errors are on pdf pages 249 and 253. Pdf page 249 demonstrates errors in reporting with no correction. Pdf page 253 demonstrates the error for expenditures and the correction of the Department providing a corrected Exhibit K1 and passed on adjusting the misstatement. The Net/Gross uncorrected Audit Misstatement is on pdf pages 455 and 456.

10. 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: 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 OSA Statewide Audit Team. Once the audit team identifies significant information systems for Fiscal Year 2026, the auditors must prepare a risk-based IT audit program, determine the extent of the testing to be performed on those systems, and obtain any SOC reports, as applicable.

According to Department staff, there are no IT systems that would require the Department to obtain a SOC report.

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

OSA Response: The auditors did not experience delays in meeting OSA deadlines during the Fiscal Year 2025 audit.

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

OSA Response: The Department had three findings (three material weaknesses and no 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 section with its financial finding starts on pdf page 113 and the Department's Single Audit findings start on pdf page 245.

13. Approximately how many weeks did the audit work span? What is the Departments' preferred timing for interim and final fieldwork?

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, the Department would prefer not to have any fieldwork, financial or Single Audit, completed during Fiscal Year End Close, which is usually the month of July and the first week of August.

14. 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: The OSA is currently not aware of any areas for which the OSA would like additional audit procedures performed beyond the services required described within the RFP in section I, Part C.

15. Any anticipated audit issues for 2026?

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

16. Do you anticipate any significant changes to the number of lead balances and statistical samples required to be audited?

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.

17. 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 that should be considered in the proposed fee structure.

18. 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, the COVID emergency funding is winding down for State and Federal sources over the next few years. Any other changes will be based on legislative priorities.

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

OSA Response: According to Department staff, there are no anticipated unusual or unique transactions for Fiscal Year 2026.

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

OSA Response: According to Department staff, there are no significant changes to operating activities and/or unusual transactions during Fiscal Year 2026.

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

OSA Response: According to Department staff, the Department submitted nine financial exhibits to the Office of the State Controller during Fiscal Year 2025. The exhibit templates and instructions are on the Office of the State Controller's website at <https://osc.colorado.gov/financial-operations/fiscal-rules-procedures>.

22. 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. 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.

23. 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: 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 Department staff's time efficiently and to communicate openly and provide status updates throughout interim and final fieldwork.

According to Department staff, the Department had no concerns with the timing, communication, or audit process in the last audit year.

24. What about the audit process should be continued and what could be improved, if anything?

OSA Response: According to Department staff, when there is additional testing identified, the auditor should work through samples and questions earlier in the audit process to allow the Department time to gather sufficient evidence.

25. Can work be done remotely or in a hybrid capacity?

OSA Response: The financial and major program testing can be completed in a remote or hybrid capacity. The firm awarded the contract may contact the Department to determine the best method for performing the audit work.

According to the Department staff, the preferred method for the audit work will be in a remote capacity.

26. With respect to the audit services, how much is expected to be onsite vs. remote?

OSA Response: The fieldwork related to the Single audit and the financial audit can be completed remotely. The firm awarded the contract may contact the Department to determine the best method for performing the audit work.

According to the Department staff, the preferred method for the audit work will be in a remote capacity for the entire audit.

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 Department does not anticipate any direct impacts from new accounting standards.

28. What level of assistance, if any, do you anticipate needing with the upcoming implementation of new GASB standards for YE 6/30/26?

OSA Response: According to Department staff, there is no direct affect to the Department for Fiscal Year 2026 as this is a statewide implementation.

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

OSA Response: The current auditor was engaged to perform the Fiscal Year 2021 through Fiscal Year 2025 audits.

30. Are there any disagreements with the current auditor?

OSA Response: According to Department staff, there are no known disagreements with the current auditor.

31. Is the current auditor permitted to bid?

OSA Response: The current audit firm 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. for information on the eligibility of firms to propose.

32. How many auditors were used onsite for both interim and final fieldwork?

OSA Response: According to the Department staff, there were no auditors onsite for the interim and final fieldwork.

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.

34. 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, the previous controller retired in November 2025 and the Department hired a new controller in December 2025, there were no other changes mentioned.

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

OSA Response: According to Department staff, there are no unusual or complex accounting issues.

36. Are Department staff willing/able to be in the office for onsite work?

OSA Response: According to Department staff, the staff at the Department are willing and able to be in the office for onsite work.

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

OSA Response: According to Department staff, there are no findings from any governmental or other funding source reviews.