



# OFFICE OF THE STATE AUDITOR



DIANNE E. RAY, CPA  
—  
STATE AUDITOR

September 27, 2017

## CONTRACTING FOR SERVICES — SELECTION PROCESS (SEPTEMBER 2017) STATUS REPORT

Members of the Legislative Audit Committee:

Attached are the status reports from the Department of Human Services and the Department of Personnel & Administration on the implementation of recommendations in the Office of the State Auditor's (OSA) Contracting for Services — Selection Process performance audit.

We reviewed the supporting documentation from both the Department of Human Services and the Department of Personnel & Administration for each recommendation that they reported having implemented as follows:

- Documentation showing the new Department of Human Services requirements for RFP file documentation.
- Documentation of the Department of Human Services' guidance on developing RFP evaluation criteria.
- Documentation showing the Department of Human Services' policies and procedures describing what constitutes a conflict of interest, options for mitigating conflicts, and documentation related to conflicts of interest that it maintains in its RFP files.
- Documentation of the Department of Personnel & Administration guidance regarding selecting contractors for services using federal grant funds including how to handle specific scenarios.

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Based on our review, the supporting documentation substantiates the Department of Human Services' and the Department of Personnel & Administration's reported implementation status.



**COLORADO**  
Department of Human Services

September 20, 2017

Dianne E. Ray  
State Auditor  
Colorado Office of the State Auditor  
1525 Sherman Street, 7th Floor  
Denver, Colorado 80203

Dear Ms. Ray:

In response to your request dated September 1, 2017, the Colorado Department of Human Services has prepared a status report regarding the implementation of the audit recommendations related to the Department of Human Services procurement processes, which were contained in the May 2016 performance audit, *Contracting for Services-Selection Process*. The enclosed status report provides a brief description of actions the Department has taken to implement each recommendation.

If you have any questions, please do not hesitate to contact Sarah Wager at (303) 866-2636 or by email at [sarah.wager@state.co.us](mailto:sarah.wager@state.co.us).

Sincerely,

Tony Gherardini  
Deputy Executive Director of Operations

Enclosure

cc: Reggie Bicha, Executive Director  
Sarah Wager, Interim Director, Office of Administrative Solutions  
Melissa Wavelet, Director, Office of Performance and Strategic Outcomes  
Mette Boes, Audit Division Director  
Clint Woodruff, Division of Financial Services Director  
Jeremy R. Hill, Procurement and Contracts Director



# AUDIT RECOMMENDATION STATUS REPORT

**AUDIT NAME:** Contracting for Services-Selection Process

**AUDIT NUMBER:** 1551P

**DEPARTMENT:** Department of Human Services

**DATE OF STATUS REPORT:** September 20, 2017

## SUMMARY INFORMATION

Rec. Number	Agency's Response	Original Implementation Date	Implementation Status	Revised Implementation Date (If applicable)
1a	Agree	August 2016	Implemented	
1b	Agree	October 2016	Implemented	
2	Agree	October 2016	Implemented	

## DETAIL OF IMPLEMENTATION STATUS

**Note:** The Department agreed with all of the audit recommendations.

### Recommendation No. 1:

The Department of Human Services should strengthen its contractor selection processes for services by developing written policies and procedures that:

A. Establish requirements for what documents should be generated and maintained for each RFP. This could include the use of a revised RFP file checklist that lists all of the required documentation, including the master scoresheet and documentation showing the date each proposal was received.

**Current Implementation Status for Rec. 1, part a:** Implemented.

#### Agency's Update:

The Department established requirements through written policies and procedures for what documents should be generated and maintained for each RFP. The Department completed implementation of this recommendation through the use of a revised Solicitation File Checklist that lists all the required documentation, including the master score sheet and a revised Bid Summary Sheet that documents the date each proposal was received at the time of the required bid opening. Both documents are required to be completed prior to the award of any RFP.

B. Provide direction on developing evaluation criteria within RFPs that accurately reflect how proposals will be evaluated, and ensure that evaluation scoresheets and weighting match the RFP.

**Current Implementation Status for Rec. 1, part b:** Implemented.

**Agency's Update:**

The Department provided direction through written policies and procedures on developing evaluation criteria within RFPs that accurately reflects how proposals will be evaluated and ensures that evaluation score sheets and weighting match the RFP. The Department implemented this recommendation by requiring evaluation factors to be included in every RFP and instituting peer and managerial reviews of the scoring methodology utilized in evaluating the evaluation factors from the RFP. This process is documented as part of the Solicitation File Checklist.

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**Recommendation No. 2:**

The Department of Human Services should improve controls over conflicts of interest when selecting contractors for services by implementing written policies and procedures describing what constitutes a potential conflict of interest that should be disclosed and assessed, criteria for evaluating whether a disclosed situation represents a conflict, options for mitigating conflicts, and documentation related to conflicts of interest that should be maintained.

**Current Implementation Status for Rec. 2:** Implemented.

**Agency's Update:**

The Department improved controls over conflicts of interest in selecting contractors for services by implementing written policies and procedures describing what constitutes a potential conflict of interest that should be disclosed and assessed, criteria for evaluating whether a disclosed situation represents a conflict, options for mitigating conflicts, and documentation related to conflicts of interest that should be maintained.



## COLORADO

Office of the State Controller

Department of Personnel  
& Administration

1525 Sherman St.  
Denver, CO 80203

September 28, 2017

Dianne E. Ray, CPA  
State Auditor  
Colorado Office of the State Auditor  
1525 Sherman St., 7<sup>th</sup> Floor  
Denver, CO 80203

Dear Auditor Ray:

In response to your request, we have prepared an updated status report regarding the implementation of audit recommendations contained in the Contracting for Services – Selection Process. The attached report provides a brief explanation of the actions taken by the Department of Personnel & Administration to implement each recommendation.

If you have any questions, please do not hesitate to contact me at 303 866-3765 or by email at [bob.jaros@state.co.us](mailto:bob.jaros@state.co.us).

Sincerely,

A handwritten signature in blue ink that reads "Robert Jaros".

Robert Jaros, CPA, MBA, JD  
Colorado State Controller



# AUDIT RECOMMENDATION STATUS REPORT

**AUDIT NAME:** Contracting for Services-Selection Process

**AUDIT NUMBER:** 1551P

**DEPARTMENT:** Department of Personnel & Administration

**DATE OF STATUS REPORT:** August 9, 2017

## SUMMARY INFORMATION

Rec. Number	Agency's Response	Original Implementation Date	Implementation Status	Revised Implementation Date (If applicable)
3	Agree	September 2017	Implemented and Ongoing	

## DETAIL OF IMPLEMENTATION STATUS

**Note:** The Department agreed with the audit recommendation.

### Recommendation No. 3:

The Department of Personnel & Administration should clarify its guidance and/or rules regarding selecting contractors for services using federal grant funds to promote efficient and effective use of such funds within the requirements of the Procurement Code and rules. This should include seeking statutory change, as necessary.

**Current Implementation Status for Rec. 3:** Implemented.

#### Agency's Update:

The effective date for the modernization of the procurement code went into effect on August 9, 2017. In addition, the Department of Personnel & Administration, Office of the State Controller issued a policy and guidance on Competition Requirements for Grants. The policy and guidance can be found on the OSC website at <https://www.colorado.gov/pacific/osc/policies-issued-state-controller>.

The procurement rules are being revised to coincide with the revised procurement code and the policy and guidance. The timeline for the procurement rules to be effective is currently January 2018.