

REQUEST FOR PROPOSALS



RETURN THIS PROPOSAL TO:

DIVISION OF LEGISLATIVE AUDIT

Issuing Office Mailing Address: State Capitol, 120 4th Street, Room 3, Juneau, AK 99801-1182

Issuing Office Hand Delivery Address: Terry Miller Legislative Office Building, 129 6th Street, Room 222, Juneau, Alaska

RFP NO. 23-33-02

COMPLIANCE AUDITS OF SELECT MAJOR FEDERAL PROGRAMS

SEALED PROPOSALS MUST BE RECEIVED AT THE ABOVE ADDRESS OR MUST BE EMAILED TO JC.KESTEL@AKLEG.GOV BY 2:00 P.M. ALASKA TIME ON OCTOBER 24, 2022.

Offerors Are Not Required To Return This Form

Under AS 36.30.020, the Alaska Legislative Council adopted procurement procedures that were based on competitive principles consistent with AS 36.30 and adapted to the special needs of the Legislative Branch. Therefore, the Legislative Branch follows its own procurement procedures and is not subject to the procurement procedures of the Executive Branch. Copies of the Alaska Legislative Procurement Procedures are available upon request or at <https://aws.state.ak.us/OnlinePublicNotices/Notices/Attachment.aspx?id=136413>.

IMPORTANT NOTICE: You must register with the procurement manager listed in this document to receive subsequent amendments to this Request for Proposals, whether you received this request for proposals from the State of Alaska's "Online Public Notice" website or another source. Failure to register with the procurement manager may result in the rejection of your proposal.

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SECTION ONE

Introduction and Instructions

1.01 Purpose of the RFP

The Alaska Division of Legislative Audit (“Division” or “DLA”) is seeking sealed proposals from auditing firms to perform a compliance audit of select FY 23 major federal programs administered by the Alaska Department of Health (DOH) and the Alaska Department of Labor and Workforce Development pursuant to the Single Audit Act Amendments of 1996 (P.L. 104-156) (Single Audit), standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Contingent upon successful negotiation of a contract, the contractor selected will perform the federal compliance audit of the programs for the fiscal year ending June 30, 2023.

Additionally, the contract may be extended, at the discretion of the Division, to examine five FY 24 major federal programs.

1.02 Proposal Submission, Delivery, and Acceptance

An Offeror must submit and deliver its proposal in one sealed package to the issuing office identified on Page 1 of this RFP, or may email its proposal to the Procurement Manager at the email address shown on Page 1 of this RFP, no later than the date and time listed on Page 1 of this RFP as the deadline for receipt of proposals. If mailed or hand delivered, the package must be marked on the outside to identify the RFP and the Offeror. If emailed, the email must contain the RFP number in the subject line of the email.

An Offeror must prepare and submit the Offeror’s COST PROPOSAL separately from the Offeror’s TECHNICAL PROPOSAL.

Only one (1) copy of the Offeror’s COST PROPOSAL should be submitted in a separate sealed envelope or PDF document marked COST PROPOSAL with the RFP number on the outside of the envelope or with the RFP number in the subject line of the email that the PDF Proposal is sent in.

Only one (1) copy of the TECHNICAL PROPOSAL with the remainder of the offer shall be submitted in a sealed envelope or container with the RFP number on the outside of the sealed envelope or container or the TECHNICAL PROPOSAL with the remainder of the offer can be emailed in the form of a PDF document labeled TECHNICAL PROPOSAL with the RFP number in the subject line of the email that the PDF forms are sent in.

Emailed proposals must be submitted as an attachment in PDF format. The PDF document should be named in a format such as “Offeror A – Cost Proposal for RFP 23-33-02.pdf” (Offeror A is the name of the Offeror).

Please note that the maximum size of a single email (including all text and attachments) that can be received by the Division is 20 megabytes (mb). If the email containing the proposal exceeds

this size, the proposal must be sent in multiple emails that are each less than 20mb and each email must comply with the requirements described in the previous two paragraphs.

The Division is not responsible for unreadable, corrupt, or missing attachments. It is the Offeror's responsibility to contact the issuing office at (907) 465-6705 – Voice, (907) 465-4980 – TDD to confirm that the emailed proposal has been received. Failure to follow the above instructions may result in the proposal being found non-responsive and rejected.

Proposals must be received no later than the date and time listed on Page 1 of this RFP as the deadline for receipt of proposals. Faxed, or oral proposals will not be accepted.

It is the responsibility of the Offeror to ensure that its proposal and any issued RFP amendments (signed by the Offeror) are in the issuing office prior to the scheduled proposal closing time. A proposal will be rejected if the proposal and any signed amendments are not received prior to the closing date and time.

1.03 Photocopies

Photocopied proposals are allowed.

1.04 Contract Term and Work Schedule

The contract term and work schedule set out herein represents the Division's best estimate of the schedule that will be followed. If a component of this schedule is delayed, the rest of the schedule may be shifted by the same number of days, at the discretion of the Division. The project schedule may be adjusted by the DLA project director with written notice to the contractor.

The length of the contract will be from the date the contract is signed by the Legislative Auditor until project completion, approximately December 11, 2023. The contract may be extended for up to one additional year, to approximately December 30, 2024, at the discretion of the Division, to examine five major federal programs for FY 24. If the contract is extended, DLA and the contractor will mutually agree in writing upon the terms, including compensation, for additional work to be performed.

The estimated RFP schedule is as follows:

9/25/22	Issue RFP
10/10/22	Pre-Proposal Teleconference
10/14/22	Deadline for Written Questions
10/24/22	Deadline for Receipt of Proposals
10/31/22	Division issues Notice of Intent to Award a Contract
11/14/22	Contract signed by Division

After the contract has been awarded, the following key contract dates apply:

<u>Item</u>	<u>Anticipated Dates of Action</u> <u>FY 23 Audit</u>
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Project Starts	Monday, March 13, 2023
Draft Copies of Reports Delivered to DLA	Monday, December 4 2023, by 4:00 p.m. ADT
Final Copies of Reports Delivered to DLA	Monday December 11, 2023, at 4:00 p.m. ADT

Note: All dates are approximate and subject to change.

If extended the key dates for the audit of FY 24 major federal programs are anticipated to follow a similar timeline with the final reports delivered to DLA the second Monday of December.

1.05 Location of Work

The work is to be performed at the contractor's location and in Juneau and Anchorage, Alaska. The expectation is that the audit will be carried out through a combination of in-person and remote work. The Division has found in-person auditing to be more efficient and more likely to result in cooperation and responsiveness of DHSS employees.

The Division will not provide permanent workspace for the contractor; however, it will provide office space in Juneau and Anchorage for field visits while performing audit work. The Division can accommodate up to 4 auditors at a time. Additionally, workspace should be available at the auditee.

The contractor must include in their lump sum price proposal: all incidentals and travel costs including transportation, lodging, and per diem costs sufficient to pay for travel to and within Alaska.

To access the on-site workspace, the contractor's staff will be required to follow all existing Division and building policies as well as any active State of Alaska, Anchorage, or City and Borough of Juneau emergency orders or mandates. The Division reserves the right to restrict access to the contractor's staff if the Division determines that the contractor's staff is not in compliance with the policies, emergency orders, or mandates. The Division will not be responsible for any contractor's on-site staff cost for any staff member that is not in compliance with the policies, emergency orders, or mandates. Once the Division determines that the contractor's staff is in compliance with the policies, emergency orders, or mandates the staff will be granted access to the workspace.

1.06 Human Trafficking

By signature on the proposal, the offeror certifies that the offeror is not headquartered in a country recognized as Tier 3 in the most recent United States Department of State's Trafficking in Persons Report.

In addition, if the offeror conducts business in but is not headquartered in a country recognized as Tier 3 in the most recent United States Department of State's Trafficking in Persons Report, a certified copy of the offeror's policy against human trafficking must be submitted to the Division prior to contract award.

The most recent United States Department of State's Trafficking in Persons Report can be found at the following web site: <https://www.state.gov/reports/2022-trafficking-in-persons-report/>.

If an offeror fails to comply with this paragraph, the Division may reject, without liability, the offeror's proposal as non-responsive, cancel the intent to award to the offeror, or cancel the resulting contract to the offeror.

1.07 Americans with Disabilities Act

The Alaska State Legislature complies with Title II of the Americans with Disabilities Act of 1990. Individuals with disabilities who may need auxiliary aids, services, and/or special modifications to submit a proposal should contact the procurement manager no later than ten days prior to the deadline for receipt of proposals to make any necessary arrangements. If a request for special arrangements is received less than ten days prior to the deadline for receipt of proposals, the Division will attempt to accommodate the request.

1.08 Review of RFP; Contact Limited

Offerors should carefully review this solicitation, without delay, for defects and questionable or objectionable material. Comments concerning defects and objectionable material must be made in writing and received by the procurement manager at least ten (10) days prior to the deadline for receipt of proposals. This will help prevent the opening of a defective solicitation and exposure of an offeror's proposal upon which award could not be made. Protests by an offeror based on any omission or error, or on the content of the solicitation, may be disallowed if the offeror has not brought these faults to the attention of the procurement manager, in writing, ten (10) days prior to the deadline for receipt of proposals.

Offerors or their agents may not contact any member of the evaluation committee or their staff or any member of the Legislature or their staff regarding this RFP. All questions concerning this RFP must be directed to the procurement manager listed on the first page of this RFP.

1.09 Questions Received Prior to Deadline for Receipt of Proposals

Two types of questions generally arise. One may be answered by directing the questioner to a specific section of the RFP. These questions may be answered over the telephone. The second type is a question that would require the procurement manager to clarify or interpret part of the RFP or its intent. Response to the second type of question will not be given except in writing via amendment to the RFP. Offerors must put these questions in writing. These questions must be received by the procurement manager at least (10) days prior to the deadline for receipt of proposals.

1.10 Amendments

If an amendment to this RFP is issued, it will be posted to the State of Alaska's Online Public Notice website and will be provided to all who have registered with the procurement manager after receiving the RFP from the State of Alaska's Online Public Notice website or some other source.

1.11 Number of Proposals; Alternate Proposals

Offerors may only submit one (1) proposal for evaluation, if an Offeror submits more than one (1) proposal for evaluation, all proposals from the Offeror will be rejected. Proposals that offer something different than what is asked for will be rejected.

1.12 Right of Rejection

Offerors must comply with all of the terms of this RFP, Alaska Legislative Procurement Procedures, and all applicable local, state, and federal laws, codes, and regulations. The procurement manager may reject any proposal that does not comply with all of the material terms, conditions, and performance requirements of this RFP.

Offerors may not qualify the proposal or restrict the rights of the Division. If an offeror does so, the procurement manager may determine the proposal to be a non-responsive counter-offer and the proposal may be rejected.

A proposal may be rejected if the proposal contains a material alteration or erasure that is not initialed by the signer of the proposal.

The procurement manager may waive minor informalities that:

- a) do not affect responsiveness;
- b) are merely a matter of form or format;
- c) do not change the relative standing or otherwise prejudice other offers;
- d) do not change the meaning or scope of the RFP;
- e) are trivial, negligible, or immaterial in nature;
- f) do not reflect a material change in the work, services, or products requested; or
- g) do not constitute a substantial reservation against a requirement or provision.

Furthermore, a proposal may be rejected in whole or in part when in the best interest of the Division, as provided in sec. 130 of the Procurement Procedures of the Alaska State Legislature.

1.13 Non-Award of Contract

This RFP does not obligate the Division to award a contract, or, as provided in sec. 125 of the Procurement Procedures of the Alaska State Legislature, to pay any costs incurred in the preparation of a proposal when the Division does not award a contract.

1.14 Disclosure of Proposal Contents

All proposals and other material submitted become the property of the Division and may be returned only at the Division's option. All proposal information, including detailed price and cost information, will be held in confidence during the evaluation process and prior to the time a Notice of Intent to Award is issued. Thereafter, proposals will become public information. Contracts for

services provided to the Division in the preparation of an audit are subject to sec. 200(b) of the Alaska Legislative Procurement Procedures.

Trade secrets and other proprietary data contained in proposals may be held confidential if the offeror requests, in writing, that the procurement manager do so, and if the Procurement Manager agrees, in writing, to do so. The offeror's request must be included with the proposal, must clearly identify the information they wish to be held confidential, and must include a statement that sets out the reasons for confidentiality. Unless the Procurement Manager agrees in writing to hold the requested information confidential, that information will also become public after the Notice of Intent to Award is issued.

1.15 Subcontractors

Subcontractors may be used to perform work under the contract. If an offeror intends to use subcontractors, the offeror must identify in the proposal the names of the subcontractors and the portions of the work the subcontractors will perform. Qualifications of subcontractor staff assigned to the engagement should be described in the same manner as contractor staff.

If a proposal with subcontractors is selected, the offeror must provide the following information concerning each prospective subcontractor within five working days from the date of the Division's request:

- a) complete name of the subcontractor;
- b) complete address of the subcontractor;
- c) type of work the subcontractor will be performing;
- d) percentage of work the subcontractor will be providing;
- e) evidence that the subcontractor is authorized under Alaska Statute (AS) 08.04 to provide services within the State of Alaska;
- f) evidence that the subcontractor holds a valid Alaska business license and accounting firm permit; and
- g) a written statement, signed by each proposed subcontractor that clearly verifies that the subcontractor has agreed to render the services required by the contract and is free from conflicts of interest and is independent in fact and appearance.

An offeror's failure to provide this information, within the time set, may cause the Division to consider the offeror's proposal non-responsive and reject it. The substitution of one subcontractor for another may be made only at the discretion and with the prior written approval of the DLA project director.

All subcontractors that perform work under the contract resulting from this RFP are subject to the requirements of this RFP, including, but not limited to, the requirements of secs. 3.05 (Applicable Law) and 3.06 (Insurance Requirements) of this RFP.

1.16 Joint Ventures

Joint ventures are acceptable. If submitting a proposal as a joint venture, the offeror must submit a copy of the joint venture agreement which identifies the principals involved and their rights and responsibilities regarding performance and payment.

1.17 Offeror's Certification

By signature on the proposal, offerors certify that:

- a) the offeror will comply with the laws of the State of Alaska;
- b) the offeror will comply with the applicable portion of the Federal Civil Rights Act of 1964;
- c) the offeror will comply with the Equal Employment Opportunity Act and the regulations issued thereunder by the federal government;
- d) the offeror will comply with the Americans with Disabilities Act of 1990 and the regulations issued thereunder by the federal government;
- e) the offeror will comply with all terms and conditions set out in this RFP;
- f) the proposal submitted was independently arrived at, without collusion;
- g) the offer shall be good and firm for a period of at least 90 days from the date of deadline for receipt of proposals to the RFP; and
- h) programs, services, and activities provided to the general public under the resulting contract will conform to the Americans with Disabilities Act of 1990, and the regulations issued thereunder by the federal government.

If any offeror fails to comply with (a) through (h) of this sec. 1.17 (Offeror's Certification), the Division reserves the right to disregard the proposal, terminate the contract, or consider the contractor in default under the contract.

1.18 Conflict of Interest

Each proposal shall include a statement indicating whether or not the firm or any individuals working on the contract has a possible conflict of interest (e.g., currently employed by the State of Alaska or formerly employed by the State of Alaska within the past five years) and, if so, the nature of that conflict. For the purposes of this sec. 1.18 (Conflict of Interest), employment means either direct employment or employment as an independent contractor or subcontractor with the State of Alaska.

The firm must provide information regarding its independence with respect to the reporting entity and its quality control procedures. Each of the following items must be disclosed or provided, as applicable :

1. A statement that the firm is independent with respect to the State of Alaska;
2. All work, including non-audit services, with the State of Alaska. In addition, the firm shall briefly describe all services the firm is planning to perform or has proposed to

- perform for the State of Alaska;
- 3. Any lawsuits with the State of Alaska;
- 4. Any relationships with the State of Alaska that could impair independence;

The contractor shall keep itself free from any potential conflict of interest and maintain its independence, both in fact and appearance. The offeror must certify and represent it will not, at any time during the duration of the awarded contract, have an accounting, auditing, or any other relationship with any entity covered under the contract that may impair the independence of the contractor.

The Division reserves the right to consider a proposal non-responsive and reject it or cancel the award if any interest disclosed from any source could either give the appearance of a conflict or cause speculation as to the objectivity of the offeror. The Division's determination regarding any questions of conflict of interest shall be final.

1.19 Project Director

The administration of the contract issued as a result of this RFP is the responsibility of the individual assigned by the Division to be the DLA project director. The DLA project director shall be named in the contract issued as a result of this RFP. The DLA project director may be changed at the Division's discretion. The Division shall provide written notice of the change to the Contractor.

1.20 Assignment/Transfer

Assignment or transfer of the contract entered into as a result of this RFP is subject to sec. 160 of the Procurement Procedures of the Alaska State Legislature.

1.21 Binding on Successors

Subject to sec. 1.20 (Assignment/Transfer) and 1.24 (Severability) of this RFP, the contract issued as a result of this RFP and all the covenants, provisions and conditions contained in the contract shall inure to the benefit of and be binding upon the successors and assigns of the contractor and the Division.

1.22 Dispute

A contract resulting from this RFP is governed by the laws of the State of Alaska. If the contractor has a claim arising in connection with the contract that it cannot resolve with the Division by mutual agreement, sec. 350 of the Alaska Legislative Procurement Procedures governs contract controversies.

1.23 Venue and Applicable Law

In the event that the parties to the resulting contract find it necessary to litigate the terms of the contract, venue shall be State of Alaska, First Judicial District at Juneau, and the contract shall be interpreted according to the laws of Alaska.

1.24 Severability

If any provision of the contract is declared by a court to be illegal or in conflict with any law, the Division and the contractor shall negotiate the continuation of the contract without the provision.

1.25 Procurement Procedures

This RFP is subject to the Alaska Legislative Procurement Procedures.

1.26 Records; Audit

The requirements in this sec. 1.26 (Records; Audit) are in addition to any other records required by this RFP. The contractor shall accurately maintain detailed time records that state the date of the work, describe in detail the work done, and identify what individual did the work. The contractor shall also keep any other records that are required by the contract issued as a result of this RFP or the DLA project director. The records required by this paragraph are subject to inspection by the Division at all reasonable times.

1.27 Materials and Processes Covered by Patents, Trademarks, or Copyrights

If the offeror employs any design, device, material, or process covered by a patent, trademark, or copyright not held by the offeror, the offeror shall provide for the use by suitable legal agreement with the owner. The offeror and the surety shall indemnify, hold harmless, and defend the Legislature of the State of Alaska, the Division, the officers, agents, and employees of the Legislature or the Division, and any affected third party from any and all claims for infringement by reason of the use of patented design, device, material or process, or any trademark or copyright, and for any costs, expenses, and damages due to infringement at any time during the work or after the completion of the work.

1.28 Coverage Under the Ethics Law

Certain provisions of AS 24.60 (the Legislative Ethics Act) apply to legislative contractors. It is the responsibility of the offeror to review AS 24.60, determine whether the offeror is in compliance with AS 24.60, and remain compliant throughout the term of the contract.

1.29 Cancellation of Solicitation

This RFP may be canceled as provided in sec. 120 of the Procurement Procedures of the Alaska State Legislature.

SECTION TWO

Standard Proposal Information

2.01 Authorized Signature

All proposals must be signed by an individual authorized to bind the offeror to the provisions of the RFP. Proposals must remain open and valid for at least 90-days from the date set as the deadline for receipt of proposals.

2.02 U.S. Funds

Prices quoted shall be in U.S. funds.

2.03 Taxes

All proposals shall be submitted exclusive of federal, state, and local taxes.

2.04 Amendments to Proposals

Amendments to or withdrawals of proposals will only be allowed if requests are received prior to the deadline that is set for receipt of proposals. No amendments or withdrawals will be accepted after the deadline unless they are in response to the Division's request.

2.05 Supplemental Terms and Conditions

Proposals must comply with sec. 1.12 (Right of Rejection). However, if the Division fails to identify or detect in a proposal a term or condition that conflicts with those contained in this RFP or that diminishes the Division's rights under any contract resulting from the RFP, the conflicting term or condition will be considered null and void. After award of contract:

- a) if conflict arises between a term or condition included in the proposal and a term or condition of the RFP, the term or condition of the RFP will prevail;
- b) if there is a conflict between the RFP and the contract document, or between the proposal and the contract document, the contract document will govern; and
- c) if the Division's rights would be diminished as a result of application of a term or condition included in the proposal, the term or condition will be considered null and void.

2.06 Clarification of Offers

In order to determine if a proposal is reasonably susceptible for award, communications by the Procurement Manager for the Proposal Evaluation Committee (PEC) are permitted with an offeror to clarify uncertainties or eliminate confusion concerning the contents of a proposal. Clarifications may not result in a material or substantive change to the RFP or the proposal. The evaluation by the PEC members may be adjusted as a result of clarification under this section.

2.07 Prior Experience

In order for offers to be considered responsive offerors must meet these minimum prior experience requirements.

1. The offeror should be an independent CPA firm, registered in the State of Alaska or have submitted an application for registration in the State of Alaska. If an application has been

submitted, a copy must be provided, and the firm must assert that they have not made attempts to register in the past and been rejected;

2. Supervisory personnel (partners, managers) of the offeror must have at least seven (7) years of experience in the audit of government organizations, including federal compliance audits. Those government audits must have included audits comparable in complexity and size to the audit of DOH (including information systems) solicited as part of this RFP.
3. The offeror must not have been suspended or debarred by the federal government, and shall affirm that they are not on the federal excluded parties list;
4. Supervisory personnel on the contract must meet the CPA licensing requirements of the State of Alaska;
5. The offeror shall be a member of, or plan to apply to be a member of, before final contracting, the AICPA Governmental Audit Quality Center;
6. The offeror shall comply with and be able to sign without modification confidentiality agreements as required; and
7. The offeror shall comply with the obligations under the Health Insurance Portability and Accountability Act of 1996 (HIPPA), as amended, and its accompanying requirements.

An offeror's failure to meet these minimum prior experience requirements will cause its proposal to be considered non-responsive and their proposal will be rejected.

2.08 Evaluation of Proposals

An evaluation committee made up of at least three state employees or public officials will evaluate proposals. The evaluation will be based solely on the evaluation factors set out in Section Seven (Evaluation Criteria) of this RFP.

After receipt of proposals, if there is a need for any substantial clarification or material change in the RFP, an amendment will be issued. The amendment will incorporate the clarification or change, and a new date and time established for new or amended proposals. Evaluations may be adjusted as a result of receiving new or amended proposals.

2.09 Federal Tax ID

A valid Federal Tax ID must be submitted to the Division within five working days from the date of the Division's request.

2.10 Alaska Business License, Legal Entity and Other Required Licenses

The Offeror must have a current, valid Alaska business license when the proposal is submitted. The Offeror must include the business license number in the cover letter or provide a copy of the business license with the Proposal. The Offeror must include in the cover letter the type of legal (e.g., corporate) entity of the Offeror and the current status of that entity. If the Offeror is a corporation or a limited liability company, the business entity must be in good standing with the State of Alaska Department of Commerce, Community, and Economic Development at the time

of proposal submission. **For more information regarding an Alaska business license or legal entity's status, please contact the Division of Corporations, Business, and Professional Licensing in the Department of Commerce, Community, and Economic Development at (907) 465-2550 or visit: <https://www.commerce.alaska.gov/web/cbpl>.** If an Offeror fails to comply with this paragraph, the Division reserves the right to disregard the proposal.

Prior to the deadline for receipt of proposals, all offerors must hold any other necessary applicable professional licenses required by Alaska Statute, including, but not limited to, a valid firm permit or a valid out-of-state permit.

2.11 Alaska Bidder Preference

If an offeror qualifies for the Alaska Bidder Preference, the offeror will receive a preference of five percent (5%) that is applied to the offeror's total cost proposed before points are calculated in accordance with Section 2.12 (Formula Used to Convert Cost to Points) of the proposal evaluation process. The preference will be given to an offeror who:

- 1) holds a current Alaska business license prior to the deadline for receipt of proposals;
- 2) submits a proposal for the contract under the name appearing on the offeror's current Alaska business license;
- 3) has maintained a place of business within the state staffed by the offeror, or an employee of the offeror, for a period of six months immediately preceding the date of the proposal;
- 4) is incorporated or qualified to do business under the laws of the state, is a sole proprietorship and the proprietor is a resident of the state, is a limited liability company (LLC) organized under AS 10.50 and all members are residents of the state, or is a partnership under AS 32.06 or AS 32.11 and all partners are residents of the state; and
- 5) if a joint venture, is composed entirely of ventures that qualify under (1) – (4) of this subsection.

In order to receive the Alaska Bidder Preference, the proposal must include a statement that the offeror is eligible to receive the Alaska Bidder Preference.

If the offeror is a LLC or partnership as identified in (4) of this subsection, the statement must also identify each member or partner and include a statement certifying that all members or partners are residents of the state.

If the offeror is a joint venture which includes a LLC or partnership as identified in (4) of this subsection, the affidavit must also identify each member or partner of each LLC or partnership that is included in the joint venture and include a statement certifying that all of those members or partners are residents of the state.

2.12 Formula Used to Convert Cost to Points

The distribution of points based on cost will be determined by the Procurement Manager. Cost Proposals will have the Alaska bidders preference applied to the proposed total cost prior to

converting cost to points. The lowest cost proposal will receive the maximum number of points allocated to cost. The points allocated to cost on the other proposals will be determined through the method set out below. In the generic example below, cost is weighted as 25 percent (25%) of the overall total score. See Section Seven (Evaluation Criteria) to determine the value, or weight of cost for this RFP.

EXAMPLE

Formula Used to Convert Cost to Points

[STEP 1]

List all proposal prices, adjusted where appropriate by the application of all applicable preferences.

Offeror #1 - Non-Alaskan Offeror	\$40,000
Offeror #2 - Alaskan Offeror	\$42,750 – (\$45,000 proposal with 5% AK Bidder Preference applied)
Offeror #3 - Alaskan Offeror	\$47,500 – (\$50,000 proposal with 5% AK Bidder Preference applied)

[STEP 2]

Convert cost to points using this formula.

$$\frac{[(\text{Price of Lowest Cost Proposal}) \times (\text{Maximum Points for Cost})]}{(\text{Cost of Each Higher Priced Proposal})} = \text{POINTS}$$

The RFP allotted 25 percent (25%) or 25 points of the total of 100 points for cost.

Offeror #1 receives 25 points.

Offeror #1 received 25 points because the lowest cost proposal, in this case \$40,000, receives the maximum number of points allocated to cost, 25 points.

Offeror #2 receives 23.4 points.

$$\begin{array}{ccccccc} \$40,000 & \times & 25 & = & 1,000,000 & \div & \$42,750 & = & 23.4 \\ \text{Lowest} & & \text{Max} & & & & \text{Offeror \#2} & & \text{Points} \\ \text{Cost} & & \text{Points} & & & & \text{Adjusted By} & & \\ & & & & & & \text{The Application Of} & & \\ & & & & & & \text{All Applicable} & & \\ & & & & & & \text{Preferences} & & \end{array}$$

Offeror #3 receives 21.1 points.

$$\begin{array}{ccccccc} \$40,000 & \times & 25 & = & 1,000,000 & \div & \$47,500 & = & 21.1 \\ \text{Lowest} & & \text{Max} & & & & \text{Offeror \#3} & & \text{Points} \\ \text{Cost} & & \text{Points} & & & & \text{Adjusted By} & & \\ & & & & & & \text{The Application Of} & & \\ & & & & & & \text{All Applicable} & & \\ & & & & & & \text{Preferences} & & \end{array}$$

2.13 Contract Negotiation

After issuing the Notice of Intent to Award, the Legislative Auditor may elect to initiate contract negotiations with the offeror selected for the award. The option of whether or not to initiate contract negotiations rests solely with the Legislative Auditor.

The Legislative Auditor may terminate negotiations with a successful offeror who has been selected for award on the Notice of Intent to Award, and may commence negotiations with another offeror, if the successful offeror:

- a) fails to provide the information required to begin negotiations in a timely manner; or
- b) fails to negotiate in good faith; or
- c) indicates they cannot perform a contract within the budgeted funds available for the project; or
- d) cannot come to terms after a good faith effort to negotiate with the Division.

2.14 Notice of Intent to Award – Offeror Notification of Selection

Upon selection of an apparent successful offeror, the Procurement Manager will issue a written Notice of Intent to Award and send copies to all offerors. The Notice of Intent will set out the names of all offerors and identify the proposal selected for award.

2.15 Protest

If an offeror wishes to protest a solicitation, the award of a contract, or the proposed award of a contract, the protest must be filed as required by sec. 230 and 240 of the Alaska Legislative Procurement Procedures.

2.16 Pre-Proposal Teleconference

All prospective Offerors are encouraged to call in to the pre-proposal teleconference. This pre-proposal teleconference will be held on Monday, October 10, 2022, at 10:00 am., Alaska Time. To attend, Offerors must call one of the following teleconference lines: 907-586-9085 (Juneau), 907-563-9085 (Anchorage), or 1-844-586-9085 (toll free outside of Juneau and Anchorage).

The purpose of the teleconference is to discuss details of the RFP with the prospective Offerors and allow them to ask questions concerning the RFP. Call-in attendance at the pre-proposal teleconference is not mandatory. The Procurement Manager will not provide any information on what information was given or details that were discussed during the teleconference to potential Offerors that do not attend the teleconference. Participants should read the RFP and call into the meeting prepared to discuss any concerns and ask questions.

Questions asked about the RFP during the teleconference will be answered in accordance with 1.09 (Questions Received Prior to Deadline for Receipt of Proposals). The Procurement Manager may request potential Offerors to submit questions in writing for further clarification.

Offerors with a disability needing accommodation should contact the Procurement Manager prior to the date set for the pre-proposal teleconference so that reasonable accommodation can be made.

SECTION THREE

Standard Contract Information

3.01 Format of Contract

The contract entered into as a result of this RFP will be in the contract format desired by the Division.

3.02 Contract Approval

The contract to be entered into as a result of this RFP and any amendments entered into after the signing of the contract will be subject to approval by Legislative Budget and Audit Committee (LBAC). The Division will not be responsible for any work done by the contractor, even work done in good faith, if it occurs prior to the signing of the contract.

3.03 Proposal as a Part of the Contract

Part or all of this RFP and the successful proposal will be incorporated into the contract.

3.04 Additional Terms and Conditions

The Division reserves the right to include additional terms and conditions in the contract.

3.05 Applicable Law

The contractor must comply with all applicable federal and state labor, wage, hour, safety, and any other laws which have a bearing on the contract, and must have all licenses and permits required by the Division, State, and any municipality that is applicable, for performance of the contract that is covered by this RFP.

3.06 Insurance Requirements

Without limiting indemnification responsibilities under sec. 3.14 (Indemnification) and sec. 1.27 (Materials and Processes Covered by Patents, Trademarks, or Copyrights), the contractor shall purchase at its own expense and maintain in force at all times during the performance of services under this agreement, the policies of insurance listed below. Where specific limits are shown, it is understood that they shall be the minimum acceptable limits. If the contractor's policy contains higher limits, the Division shall be entitled to coverage to the extent of such higher limits. Certificates of insurance must be furnished to the DLA project director prior to beginning work and must provide for notice of cancellation, nonrenewal, or material change of conditions. Failure of the contractor to furnish the Division with satisfactory evidence of insurance, or to notify the Division of the lapse of, or material change in, the policy, is a material breach of the contract resulting from this RFP and shall be grounds for termination of the contractor's services. All insurance policies shall comply with and be issued by insurers authorized in Alaska or another state to transact the business of insurance.

Workers Compensation Insurance: The contractor shall provide and maintain, for all employees engaged in work under this contract, coverage as required by AS 23.30.045, and as required by any other applicable statute. The policy must waive subrogation against the state.

Commercial General Liability Insurance: Covering all business premises of, and operations by or on behalf of, the Successful Offeror in the performance of the contract, including, but not limited to, blanket contractual coverage, products coverage, premises and operations

coverage, independent contractor's coverage, broad form property damage endorsement, and personal injury endorsement; the policy must have minimum coverage limits of \$1,000,000 combined single limit per occurrence and annual aggregates where generally applicable. Unless waived by the Division, the insurance policy shall name the Division as an additional insured.

Commercial Automobile Liability Insurance: Covering all vehicles used by the contractor in the performance of services under this agreement with minimum coverage limits of \$500,000 combined single limit per occurrence.

All insurance shall be considered to be primary and non-contributory to any other insurance carried by the Division through self-insurance or otherwise.

The contractor shall provide evidence of continuous coverage by submitting, without reminder, annual renewal certificates for the required insurance to the Division project director for the life of the contract.

3.07 Contract Funding and Budget

Funds are contingent upon the approval of the LBAC to award a contract. Upon LBAC approval, funds will be available in an appropriation to pay for the Division's monetary obligations under the contract through June 30, 2023. The availability of funds to pay for the Division's monetary obligations under the contract after June 30, 2023, is contingent upon appropriation by the Legislature of funds to pay for work conducted from July 1, 2023, through the end of the contract. In addition to any other right of the Division under the contract to terminate the contract, if, in the judgment of the Division, sufficient funds are not appropriated, the contract will be terminated by the Division without liability of the Division for the termination, or amended. To terminate under this section, the DLA project director shall provide written notice of the termination to the contractor and the contract will be terminated under paragraph 3.12 (Termination of Contract) of this RFP.

The Division does not have a predetermined budget or budget limit for this project. The project's budget will be determined when a contract is awarded by LBAC. A similar RFP for FY 16, 17, and 18 led to a contract to audit DHSS major federal programs at a contract amount of \$750,000.00 for each fiscal year.

3.08 Contract Payment

No payment will be made until the billing is approved by the DLA project director. If a payment is not made within 90 days after the Division has received a properly approved billing, the Division shall pay interest on the unpaid balance of the billing at the rate of 1.5 percent (1.5%) per month from, and including, the 91st day through the date payment is made. A payment is considered made on the date it is mailed or personally delivered to the contractor.

The Division is not responsible for and will not pay local, state, or federal taxes. All costs associated with the contract must be stated in U.S. currency.

3.09 Informal Debriefing

When the contract is completed, an informal debriefing may be performed at the discretion of the DLA project director. If performed, the scope of the debriefing will be limited to the work performed by the contractor.

3.10 Contract Personnel

Any change to the project team members or subcontractors named in the proposal must be approved, in advance and in writing, by the DLA project director. Personnel changes that are not approved by the Division may be grounds for the Division to terminate the contract.

3.11 Inspection & Modification – Reimbursement for Unacceptable Deliverables

The contractor is responsible for the completion of all work set out in the contract. All work is subject to inspection, evaluation, and approval by the DLA project director. The Division may employ all reasonable means to ensure that the work is progressing and being performed in compliance with the contract. The DLA project director may instruct the contractor to make corrections or modifications, if needed, in order to accomplish the contract's intent. The contractor will not unreasonably withhold such changes.

In addition to any other right of the Division under the contract to terminate the contract, the Division may terminate the contract for substantial failure of the contractor to perform the contract. In this event, the Division may require the contractor to reimburse monies paid (based on the identified portion of unacceptable work received) and may seek damages.

3.12 Termination of Contract

Upon delivery of written notice to the contractor, the contract may be terminated by the Legislative Auditor with or without cause. To terminate, the DLA project director shall provide notice by email or delivery of a hard copy to the contractor, whichever method is selected in the sole discretion of the DLA project director. If the contract is so terminated and the termination is not based on a breach by the contractor, the Division shall compensate the contractor for services provided under the terms of the contract up to the date the termination notice is delivered, provided the contractor provides the Division with a statement in writing containing a description, including, but not limited to, the detailed records required by sec. 1.26 (Records; Audit) of the services provided prior to contract termination.

3.13 Breach of Contract

In case of a breach of the contract, for whatever reason, by the contractor, the Division may procure the services from other sources and hold the contractor responsible for damages resulting from the breach.

3.14 Indemnification

The Successful Offeror shall indemnify, save harmless, and defend the Division and the Division's officers, agents, and employees from liability of any nature or kind, including, but not limited to, costs, attorney fees, and expenses, for or on account of any and all legal actions or claims of any character whatsoever resulting from injuries or damages sustained by any person or persons or property as a result of any error, omission, or negligence of the Successful Bidder that occurs on

or about the Division's or other State of Alaska premises or that relates to the Successful Offeror's performance of its contract obligations.

3.15 Contract Amendments

In addition to any other amendment the parties may be allowed to make under the contract, the terms of the contract entered into as a result of this RFP may be amended by mutual agreement of the parties.

3.16 Contract Changes – Unanticipated Amendments

During the course of the contract, the Division may request the contractor to perform additional work. That work will be within the general scope of the initial contract and may not amount to a material amendment of the contract. When additional work is requested and the contractor agrees to perform the additional work, the DLA project director will provide the contractor a written description of the additional work and request the contractor to submit a firm time schedule for accomplishing the additional work and a firm price for the additional work. Cost and pricing data must be provided to justify the cost of such amendments.

The contractor may not commence the additional work until the DLA project director has secured any required approvals necessary for the amendment and the Division and the contractor have signed a written contract amendment, approved by the LBAC, or the committee's designee.

3.17 Nondisclosure and Confidentiality

The contractor agrees that all confidential information shall be used only for purposes of providing the deliverables and performing the services specified in this RFP or the under the resulting contract and shall not disseminate or allow dissemination of confidential information except as provided for in this section. The contractor shall hold as confidential and will use reasonable care (including both facility physical security and electronic security) to prevent unauthorized access by, storage, disclosure, publication, dissemination to and/or use by third parties of, the confidential information. "Reasonable care" means compliance by the contractor with all applicable federal and state law, including the Social Security Act and the Health Insurance Portability and Accountability Act (HIPAA). The contractor must promptly notify the Division in writing if it becomes aware of any improper storage, disclosure, loss, unauthorized access to, or use of the confidential information.

Confidential information, as used herein, means any data, files, software, information, or materials (whether prepared by the state, the Division, or their agents, advisors, or contractors) in oral, electronic, tangible, or intangible form and however stored, compiled, or memorialized, that is classified confidential as defined by the State of Alaska Information Security Policies adopted by the Department of Administration and provided by the Division to the contractor or a contractor agent or otherwise made available to the contractor or a contractor agent in connection with the contract, or acquired, obtained, or learned by the contractor or a contractor agent in the performance of the contract. Examples of confidential information include, but are not limited to, personal information, health data, financial data, trade secrets, equipment specifications, user lists, passwords, research data, and technology data (infrastructure, architecture, operating systems, security tools, IP addresses, etc.).

Additionally, all data, documents, reports, material, and other items generated as a consequence of work done under the contract resulting from this RFP and all related working papers shall be held by the contractor as confidential.

SECTION FOUR

Background Information

4.01 State of Alaska Single Audit

The DLA, led by the Legislative Auditor, is the Group Auditor for the Single Audit. The contractor selected for this engagement will be a Component Auditor, performing the federal compliance audit for select major federal programs. The contractor will be required to perform the federal compliance audit of major federal programs in accordance with requirements as set forth in the *Single Audit Act Amendments of 1996* (P.L. 104-156) (Single Audit), standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

As Group Auditor, DLA will reference the work performed by the Component Auditor in the auditor's reports on compliance for each major federal program (MFP) and internal control over compliance included in the Single Audit completed and issued by DLA.

4.02 Restructure of the Department of Health and Social Services (DHSS) for FY 23

DHSS was originally established in 1919 as the Alaska Territorial Health Department. With the formal proclamation of statehood on January 3, 1959, the department's responsibilities were expanded to include the protection and promotion of public health and welfare. These core duties are reflected in the mission of the department – to promote and protect the health and well-being of Alaskans – and are outlined in Article 7, secs. 4 and 5, of the Constitution of the State of Alaska.

Core Services

1. Protect and promote the health of Alaskans.
2. Provide quality of life in a safe living environment for Alaskans.
3. Manage health care coverage for Alaskans in need.
4. Facilitate access to affordable health care for Alaskans.
5. Strengthen Alaska families.
6. Protect vulnerable Alaskans.
7. Promote personal responsibility and accountable decisions by Alaskans.

The FY 22 DHSS's enacted budget authorized more than 3,400 staff positions.

DHSS's FY 22 fiscal operations were centralized in its Finance and Management Services section, and DHSS's program operations were decentralized within DHSS's divisions.

Effective FY 23, DHSS was restructured into the following two separate departments.

Department of Health (DOH)

- Division of Public Health
- Division of Public Assistance
- Division of Behavioral Health

- Division of Health Care Services
- Division of Senior and Disabilities Services

Department of Family and Community Services (DFCS)

- Division of Juvenile Justice
- Alaska Psychiatric Institute
- Alaska Pioneer Homes
- Office of Children's Services

A description of the restructure, including organization charts, can be found at <https://dhss.alaska.gov/Commissioner/Pages/reorganization/default.aspx>.

DOH offices in which fieldwork will be necessary are located in Anchorage and Juneau. The Medicaid Fiscal Agent (Service Organization) is located in Anchorage.

4.03 Overview of the Department of Labor and Workforce Development (DLWD)

DLWD's mission is to provide safe and legal working conditions and to advance opportunities for employment. Its core services include:

- Protect workers
- Develop workforce
- Replace income

The FY 23 enacted budget authorized approximately 660 positions mainly located in Juneau and Anchorage. DLWD's administrative operations are centralized in its Division of Administrative Services and program operations are decentralized within its other divisions.

The Unemployment Insurance program is administered by DLWD's Division of Employment and Training Services (DETS). The Division of Administrative Services assists DETS with financial and program reporting as well as accounting for indirect costs. IT staff that support the program are organizationally located within DETS. The primary program, administrative, and IT staff are located in Juneau.

4.04 Information Systems Relevant to the Engagement

Multiple systems are utilized to account for and process federal program data such as:

- IRIS - A series of integrated software systems that handle accounting, finance, procurement, payroll and human resource management processes for the operations of the State. The system is commonly referred to as the State's accounting system.
- ALDER - Alaska Data Enterprise Reporting (ALDER) is a statewide reporting tool designed to integrate data from multiple systems into a unified environment with a single toolset for simpler and effective reporting. This system is used to pull financial reports for IRIS information.
- AHE MMIS - The State's primary Medicaid Management Information System is operated by the fiscal agent, Conduent Inc. The system is a sophisticated web-enabled solution for

administering all Medicaid programs with availability to providers and recipients who participate in the medical assistance programs. The claims processed through AHE MMIS are interfaced into the State's central accounting system IRIS. An SSAE 18 SOC 1 type 2 report and a SSAE SOC 2 type 2 report are obtained annually. Note – only payments for Medicaid and CHIP direct services are processed through AHE MMIS. Administrative expenditures for the two programs are processed in IRIS.

- Optum MMIS - A Medicaid Management Information System launched February 2020 operates through OptumHealth Behavioral Services FACETS platform. The system provides a claims administration process for Section 1115 Demonstration Waiver behavioral services claims. Approximately 10 percent (10%) of Medicaid expenditures are processed through Optum MMIS and interfaced into the State's central accounting system IRIS. An SSAE 18 SOC 1 Type 2 report is obtained annually.
- ARIES - Alaska's Resource for Integrated Eligibility Services system is an integrated system for public assistance eligibility determined using the MAGI methodology. Approximately 88 percent (88%) of Medicaid eligibility determinations are processed by ARIES. The system is maintained by programming staff employed by DOH.
- EIS – Medicaid eligibility system for non-MAGI eligibility. The system is maintained by programming staff employed by DOH
- DB2 – is a system used by DLWD to process unemployment benefit claims and payments. The system is maintained by programming staff employed by DLWD. The DB2 mainframe server is hosted with an offsite vendor. An SSAE18 SOC 2 type 2 report is obtained annually for the offsite vendor.

4.05 Results of Prior Audits

The State of Alaska FY 21 Single Audit is available at the Division's website at <https://legaudit.akleg.gov/wp-content/docs/audits/single/statewide/40022-SWSA-21.pdf>.

The FY 21 Independent Auditor's Report on Federal Compliance reported material non-compliance with respect to DHSS major federal programs Medicaid, Children's Health Insurance Program, and Temporary Assistance for Needy Families. The FY 21 Independent Auditor's Report on Internal Control Over Compliance noted material weaknesses for all three programs. The systematic nature of related findings as well as the degradation of internal controls resulting from the COVID-19 pandemic make it likely that material weaknesses in controls will continue for at least two additional years. The FY 20 Independent Auditor's Report on Federal Compliance was unmodified with respect to the Unemployment Insurance program. The Unemployment Insurance program was not audited for FY 21 or FY 22.

IRIS and ALDER system controls are examined annually by an external IT audit firm. The FY 21 examinations identified material weaknesses in certain control assertions. Upon finalization of a contract, a copy of the FY 22 examination reports will be provided to the contractor.

ARIES system controls are examined annually by an external IT audit firm. The FY 21 examination identified significant deficiencies in certain control assertions. Upon finalization of a contract, a copy of the FY 22 examination reports will be provided to the contractor.

A special audit of Medicaid eligibility dated August 2020 found that 42 percent (42%) of DHSS's Division of Public Assistance eligibility determinations tested were not accurate and 43 percent (43%) were not made in a timely manner. Many of the errors were procedural in nature with no fiscal impact, while some errors resulted in ineligible costs. A copy of the performance audit can be found at <https://legaudit.akleg.gov/wp-content/docs/audits/special/dhss/30094-Med-Eligibility-WEB.pdf>.

4.06 Responsiveness Of DHSS Employees and Management

During prior audits of DHSS federal programs, DLA auditors have struggled to complete the audits in a timely manner due to the general unresponsiveness from DHSS program staff, administrative staff and management. Vacancies, turnover, competing priorities, as well as a recent cyberattack has limited the availability of DHSS resources.

SECTION FIVE

Scope of Work

5.01 Scope of Work

The successful contractor will audit four MFPs for the fiscal year ending June 30, 2023, located within the newly established Department of Health (DOH) and one MFP located within the Department of Labor and Workforce Development (DLWD). The MFPs to audit as part of this RFP are:

Department of Health

Medicaid Cluster (ALs 93.778, 93.775, 93.777)

Children's Health Insurance Program (AL 93.767)

Special Supplemental Food Program for Women, Infants, and Children (AL 10.557)

Temporary Assistance for Needy Families (AL 93.558)

Department of Labor and Workforce Development (DLWD)

Unemployment Insurance (AL 17.225)

The successful contractor will be responsible for performing the federal compliance component of the State of Alaska's FY 23 Single Audit for the MFPs identified above. This will include, but not necessarily be limited to, the following:

1. Scheduling entrance and exit conferences with DOH and DLWD management;
2. Performing program-level planning, including, but not limited to, identifying relevant direct and material compliance requirements, setting materiality, and determining sample sizes;
3. Obtaining an understanding of internal control over the MFPs sufficient to plan the audit to support a low assessed level of control risk;
4. Planning the testing of internal control to support a low assessed level of control risk for the management assertions relevant to the compliance requirements and performing tests of internal control as planned;
5. Performing sufficient tests of transactions and such other audit procedures necessary to determine whether laws, regulations, and the provisions of contracts or grant agreements that may have a direct and material effect on each program were complied with and to support an opinion on compliance;
6. Following-up related prior federal compliance DHSS and DLWD audit findings in coordination with DLA; including performing procedures to assess the accuracy of the summary schedule of prior audit findings as it relates to the MFPs identified for audit. DLA will provide guidance as to the audit procedures necessary to assess the accuracy of the prior findings and may review audit documentation;
7. Preparing written audit findings and obtaining views of DOH and DLWD officials and corrective action plans;
8. Preparing an abbreviated Schedule of Findings and Questioned Costs for the MFPs tested; and
9. Preparing and signing a report on whether DHSS complied with the direct and material compliance requirements similar in form to DLA's auditors report: "Independent

Auditor’s Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program” and “Independent Auditor’s Report on Internal Control Over Compliance” in accordance with the Office of Management and Budget (OMB) Uniform Guidance.

10. Provide to DOH and DWLD staff periodic (no less than bi-monthly) progress reports which include the identification of any outstanding requests.
11. Provide the DLA project director periodic (no less than bi-monthly) progress reports which include the identification of any outstanding requests.
12. Provide to DOH and DLWD staff a portal (such as SHAREFILE) for the secure transmission of documentation. The portal must be capable of transmitting a large volume of data. Provide a means to manage the requested documentation in a manner which is easily identified and includes the date requested and the date received.

The audit of the MFPs must comply with the Single Audit Act Amendments of 1996 (P.L. 104-156) (Single Audit), standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). In preparing a proposal, prospective contractor(s) must consider the need to coordinate with DLA as the group auditor. Meeting all deadlines established in cooperation with DLA is critical to enable DLA to issue a timely Single Audit.

5.02 Location of Work

In-person fieldwork for the Medicaid Cluster, Children’s Health Insurance Program (CHIP), and Temporary Assistance for Needy Families Program (TANF) will mainly be conducted in Anchorage. In-person fieldwork for the Special Supplemental Food Program for Women, Infants, and Children (WIC), and the Unemployment Insurance program will be mainly in Juneau. However, the cross-cutting internal controls related to cash management and reporting for all DOH programs will be in Juneau. For in-person and remote work, auditors that need to meet with state staff must make themselves available during the hours of 8:00 am and 5:00 pm Alaska Time on workdays as defined by the State of Alaska work calendar.

5.03 Deliverables

For purposes of timely completion of the State’s Single Audit, the contractor will complete the DOH and DLWD federal compliance work no later than December 11, 2023, and will be responsible for:

1. Issuing a signed, not restricted as to use, report on compliance with requirements applicable to each MFP and internal control over compliance in accordance with the provisions of OMB Uniform Guidance using a template provided by DLA.
2. Preparing an abbreviated Schedule of Findings and Questioned Costs for DOH and DLWD MFPs (note that the schedule is abbreviated because not all of the required elements are applicable to this engagement).
3. Completing a template provided by DLA that records the extent to which prior DHSS’ and DLWD’s Single Audit federal compliance recommendations have been implemented and whether the relevant sections of the FY 23 summary schedule of prior audit findings

- complies with Uniform Guidance.
4. Providing the necessary information for specified sections of the OMB data collection form for submission to the Single Audit Clearinghouse.
 5. Communicating all findings in writing to DOH and DLWD in sufficient detail to validate accuracy, obtain views of management, and obtain a written response from the agency on the corrective action plan using a template provided by DLA.
 6. Providing DLA with the documented audit findings, management responses, and corrective action plans.

In the event the contractor has any reasonable suspicion of fraud (regardless of materiality) or other irregularities and illegal acts, or indications of illegal acts, the contractor must make an immediate written report to the Legislative Auditor.

5.04 Prior Year Audit Workpapers

DLA's prior year workpapers are confidential per state law and are not available to the successful contractor.

The contractor must allow DLA access to audit work papers at no cost. In addition, the contractor should allow staff from relevant federal agencies reasonable access to audit work papers at no cost. The contractor shall retain the working papers for a period of five (5) years from the date of the signed compliance opinion.

5.05 Staff Qualifications

The contractor shall warrant that all persons assigned by it to the performance of this contract shall be employees of the contractor or specified subcontractor and shall be fully qualified to perform the work required. If the auditors are in a time zone outside of Alaska, they will be available to meet and conduct business with state staff, as needed, during the hours of 8:00 am and 5:00 pm Alaska Time on workdays as defined by the State of Alaska work calendar.

Failure of the contractor to provide qualified staffing at the level required by the contract specifications may result in termination of this contract or damages. Substitutions for the individuals listed in the bid proposal shall be allowed only upon the written approval of the Division project director. The person substituted shall have substantially the same qualifications as or better qualifications than the person replaced. The contractor shall, provide a resume of any member of its staff or subcontractor's staff assigned to or proposed to be assigned to any aspect of the performance of this contract.

During the course of this contract, DLA reserves the right to approve or disapprove the contractor's staff assigned to this contract. Upon the written request of the DLA project director, any employee of the contractor or subcontractor who, in the opinion of the project director, is unacceptable shall be removed from work under this contract. In the event that any employee of the contractor or subcontractor is removed pursuant to a written request from DLA, the contractor shall fill the vacancy with a replacement reasonably acceptable to the DLA project director in a manner which does not adversely impact the timely performance under this contract.

A tentative schedule of all staff that would in fact be assigned to the audit that includes the

information listed below must be included:

1. Name and indicated responsibilities for the project;
2. Labor Category (for instance – partner, manager, staff, etc.);
3. Expertise (for instance – specific federal program, IT specialist, etc.);
4. Professional Certifications (CPA, CISA, etc.) and advanced degrees;
5. Total years of government compliance audit experience;
6. Total years employed by the firm; and
7. Brief description of government compliance audit experience in the last five years in the areas considered essential to this RFP.

The firm should include a summary of any specialists they would use for the tasks included in this request. Firms should also include information on any other work for the tasks included in this request that it might use a subcontractor to perform. If a subcontractor is to be used, qualification of staff, as described above, must be provided for all subcontractor staff working on the audit.

SECTION SIX

Proposal Format and Content

6.01 Proposal Format and Content

The Division discourages overly lengthy and costly proposals. In order for the Division to evaluate proposals fairly and completely, offerors must follow the format set out in this RFP and provide all information requested. Offerors must submit:

- (a) one (1) original hard copy and a USB flash drive containing a print-ready electronic PDF version of their technical proposal and one original hard copy of their Cost Proposal to the Issuing Office by mailing or hand delivery to the address listed on Page 1 of this RFP; or
- (b) one PDF version via email per the instructions in section 1.02 (Proposal Submission, Delivery, and Acceptance).

The proposal must be split into two parts: 1) a technical proposal and 2) a cost proposal.

6.02 Technical Proposal Format

In order to be a responsive bidder, the offeror will provide sufficient information related to the following six areas. All qualified proposals will be evaluated and scored as described in Section Seven (Evaluation Criteria) of this RFP, with the final selection made by the Division. Offerors are encouraged to organize their submissions in such a way as to follow the general evaluation criteria listed below. Information included may be used to evaluate the offeror's firm as part of any criteria regardless of where that information is found within these sections. Information obtained from the proposal and from any other relevant source may be used in the evaluation and selection process.

All proposals should include the following items in the order as shown below. Please be as concise and clear as possible. Each section should be titled with the corresponding section, with all relevant information included. Each page should be numbered consecutively.

The proposals received by the stated deadline will be ranked according to the following criteria:

1. Cover Letter

Provide a cover letter on the offeror's letterhead signed by a person with the authority, including fiscal authority, in the organization to bind the offeror, certifying the accuracy of all information in the proposal, that the proposal will remain valid for at least 90 days from the deadline for receipt of proposals, that the offeror meets all minimum requirements of the RFP, and that the offeror will comply with all provisions in this RFP. The cover letter should include the certifications, statements, and information as required by section 1.17 (Offeror's Certification) and section 1.18 (Conflict of Interest) of this RFP. The cover letter should have the offeror's complete legal name, type of entity, address, telephone number, Alaska business license number or other forms of evidence of the license, and the firm permit number (the winning contractor will need to have a valid firm permit to conduct attestation engagements in Alaska), and should state whether, and how, the offeror qualifies as an Alaska Bidder. The cover letter must also include the name, mailing address, and telephone number of the person the Division should contact regarding the proposal.

2. Project Understanding and Approach

- a) Describe your understanding of the project.
- b) Describe the percent of hours anticipated to be worked in Alaska by federal program.
- c) Identify and discuss any potential problems you foresee during the design and implementation phase.
- d) Identify and discuss methods you would recommend to mitigate those problems.
- e) Describe and discuss your firm's areas of strength, as they would apply to this project.
- f) Describe your firm's limitations, as they would apply to this project.

3. Approach to Project Management

- a) Describe your firm's project management approach and team organization during all phases for similar projects. How would these areas apply to this project?
- b) Describe the physical location of team members, including any project associates of the firm that will be involved in the project, and how project management will be impacted by team members or associates not physically located in Alaska.
- c) Describe how non-responsiveness by auditee staff will be planned for and addressed.
- d) Describe systems used for planning, scheduling, estimating, and managing project oversight and accountability services.
- e) Describe the firm's experience on quality assurance and dispute resolution.
- f) Describe the firm's Quality Assurance/Quality Control as it relates to data and other information gathering for this project. Include a statement about how that would be implemented in this project.
- g) Describe how the firm will coordinate with DLA to meet deadlines to allow DLA to submit the Single Audit in compliance with federal deadlines.

4. Relevant Firm Experience

- a) A statement detailing the applicant's overall reputation, service capabilities, and quality as it relates to this project.
- b) A statement detailing whether the applicant is Alaska owned and based, and if so, for how long. Where applicable, provide previous addresses if the applicant business has moved, if within the last ten years.
- c) List and briefly describe three comparable projects completed by your firm or currently in progress over the last five years; include auditing standards complied with during the engagement, the federal programs audited and amount of related federal expenditures, and discuss contract amendment history, if applicable. For each project, include: the contract value (original value plus all contract amendments, if applicable); the project owner; the project location; a contact name, title, address, current/accurate telephone number, and email address (if available); and specify whether the project was completed within expected or anticipated timelines.
- d) A minimum of two referrals and references from other agencies and owners. If possible, references should be from the projects listed above and should be limited to projects completed in the last five (5) years.
- e) List all projects in the last five (5) years with the State of Alaska, or a statement that that your firm had no projects in the last five (5) years with the State of Alaska.

- f) A statement of applicant capacity and intent to proceed without delay if selected for this work.
- g) Photocopies (attached as a clearly marked Appendix to the response) of all relevant licenses, certifications, and permits, etc.
- h) Describe any instances in which the firm's license to practice has been suspended or revised by any state board of accountancy within the past seven (7) years;
- i) Explanation of the firm's current internal control system, including such items as audit documentation review procedures, staff independence requirements, and continuing professional education requirements;
- j) Photocopy (attached as a clearly marked Appendix to the response) copy of the firm's most recent peer review report, matters for further consideration, and a statement indicating the review(s) included government compliance engagements.

5. Team Experience & Qualifications

Firms will be evaluated on their ability to provide experienced, qualified, and trained staff. Consideration should be given to providing staff that has demonstrated experience in performing complex audits and in the areas considered essential for this RFP including experience auditing Medicaid claims processing systems and Medicaid eligibility systems.

- a) Describe each team member's position within the firm (i.e. partner, manager, senior, staff), years employed by the firm, prior experience conducting federal compliance audits, and the prior experience auditing the specific federal programs identified in the RFP. Provide resumes of each proposed team member. List education completed, professional certifications, and professional continuing education taken within the last two (2) years.
- b) Briefly describe each team member's role on this project. *Please note, once listed in your RFP submission, listed members may not be reassigned without the approval of the DLA project director; any reassignments are expected to have equivalent qualifications. Please choose individuals with this in mind.*
- c) Provide "team" experience working together on similar projects.
- d) Identify proposed subcontractors and provide the same information (5(a) through 5(c) above) for subcontractor employees proposed to be members of the auditing team.
- e) Individually list any current firm employees or subcontractor employees who have previously been employed by the State of Alaska within the last five years. Include the government entity and dates of such employment.
- f) Identify specialists to be used as well as the qualifications of the specialists. Include a statement that the specialists comply with independence requirements.

6. Other Factors & Required Information

- a) Provide current workload and ability to comply with the timeline detailed in sec. 1.04 (Contract Term and Work Schedule) of this RFP.
- b) Provide relevant factors that may impact the quality and value of work.
- c) List any special contract terms and conditions the firm/team would like to be considered for inclusion in any contract it might execute with DLA under this RFP. Inclusion of these contract terms are subject to the discretion of DLA.
- d) Provide the proposer's Federal Employer Identification Number.

- e) Provide a Schedule of Professional Hours and Fees and a Total Cost Statement (to be submitted in a separate envelope marked (“Cost Proposal”).

6.03 Offeror’s Schedule of Professional Hours and Fees

(To be submitted in a separate envelope marked “Cost Proposal”)

Cost proposals must include an itemized list by federal program of all direct and indirect costs associated with the performance of the contract, including, but not limited to, total number of hours at various hourly rates. The hourly billing rate should be an “all-inclusive hourly rate” and as such should include all additional incidental costs associated with the performance of the contract resulting from this RFP such as travel, lodging, technology, etc.

6.04 Offeror’s Total Cost Statement

(To be submitted in a separate envelope and file marked “Cost Proposal”)

On firm letterhead, submit a statement in this format, signed by a member authorized to bind the firm:

Date

Kris Curtis
Legislative Auditor
PO Box 113300
Juneau, AK 99811-3300

Dear Ms. Curtis:

We hereby propose to perform the federal compliance of select major federal programs for the State of Alaska Division of Legislative Audit for the fiscal year ending June 30, 2023. We propose a maximum of _____ professional hours and a maximum of \$ _____ in professional fees to complete this engagement.

FIRM
BY
TITLE
PHONE
EMAIL

6.05 Evaluation of Proposals

All proposals will be reviewed to determine if they are responsive. They will then be evaluated using the criteria set out in Section Seven (Evaluation Criteria).

SECTION SEVEN

Evaluation Criteria

It is the Division's intent to conduct a comprehensive, fair, and impartial evaluation of all proposals. All proposals will be reviewed to determine if they are responsive. They will then be evaluated using the criteria set out below. The total number of points used to score the responses is 100.

7.01 Understanding of the Project and Methodology (25 Percent)

Proposals will be evaluated against the questions set out below:

- [a] How well has the offeror demonstrated a thorough understanding of the purpose and scope of the project?
- [b] How well has the offeror identified pertinent issues and potential problems related to the project?
- [c] How well has the offeror identified pertinent issues and potential problems related to the project?
- [d] To what degree has the offeror demonstrated an understanding of the deliverables the state expects it to provide?
- [e] Has the offeror demonstrated an understanding of the state's time schedule and can meet it?
- [f] How comprehensive is the methodology and does it depict a logical approach to fulfilling the requirements of the RFP?
- [g] How well does the methodology match and achieve the objectives set out in the RFP?
- [h] Does the methodology interface with the time schedule in the RFP?

7.02 Management Plan for the Project (25 Percent)

Proposals will be evaluated against the questions set out below:

- [a] How well does the management plan support all of the project requirements and logically lead to the deliverables required in the RFP?
- [b] How well is accountability completely and clearly defined?
- [c] Is the organization of the project team and other associates clear and were the team member and associate's physical locations provided?
- [d] How well does the percentage of in-person versus remote auditing contribute to the successful completion of the project.

- [e] Did the offeror describe how non-responsiveness by auditee staff will be planned for and addressed?
- [f] How well does the management plan illustrate the lines of authority and communication?
- [g] To what extent does the offeror already have the hardware, software, equipment, and licenses necessary to perform the contract?
- [h] Does it appear that the offeror can meet the schedule set out in the RFP?
- [i] To what degree is the proposal practical and feasible?
- [j] To what extent has the offeror identified potential problems?

7.03 Firm Experience and Staff Experience and Qualifications (25 Percent)

Proposals will be evaluated against the questions set out below:

Questions regarding the personnel:

- [a] Do the individuals assigned to the project have experience on similar projects?
- [b] Do the individuals assigned to the project have experience working together on similar projects?
- [c] Are staff work experience narratives complete and do they demonstrate backgrounds that would be sufficient for individuals engaged in the work the project requires including whether the staff have adequate experience with the specific federal programs identified in the scope of work?
- [d] How extensive is the applicable education and experience of the personnel designated to work on the project including subcontractor employees and specialists?

Questions regarding the firm:

- [e] How well has the firm demonstrated experience in completing similar projects on time and within budget?
- [f] How successful is the general history of the firm regarding timely and successful completion of projects?
- [g] If a subcontractor will perform work on the contract, how well do they measure up to the evaluation used for the offeror?
- [h] Are there negative quality reviews over the past 7 years?

7.04 Contract Cost (25 Percent)

Overall, a minimum of 25% of the total evaluation points will be assigned to cost. The cost amount used for evaluation may be affected by one or more of the preferences referenced under Section 2.11 (Alaska Bidder Preference).

Converting Cost to Points

The lowest cost proposal will receive the maximum number of points allocated to cost. The point allocations for cost on the other proposals will be determined through the method set out in Section 2.12 (Formula Used to Convert Cost to Points). All offerors that qualify as an Alaska Bidder will receive a five (5) percent bidder's preference. This preference will be given before converting the cost to points. The Procurement Manager will be calculating this section of the evaluation criteria.