



Division of Legislative Audit
Attn: JC Kestel
State Capitol, 120 4th Street, Room 3
Juneau, AK 99801-1182

RFP TITLE: RFP 25-33-01 - Compliance Audits of Select Major Federal Programs

RFP CLOSING DATE & TIME: 2:00PM Alaska Time on January 14, 2025

DATE AMENDMENT ISSUED: Thursday, December 26, 2024

The following changes/additions/clarifications are made to the RFP:

1. The following questions were received from potential offerors.

- i. *Are there any repercussions through the Auditor if the Contractor misses the December deadline because a department employee is non-responsive?*

Response: If the Contractor is unable to complete any part of the work detailed in paragraph 5.01 (Scope of Work) or provide DLA with the deliverables identified in paragraph 5.03 (Deliverables), due to lack of data or other information necessary to make reasoned and informed conclusions, including but not limited to, lack of data due to an unresponsive auditee, DLA may permanently withhold payment for the work.

- ii. *Is there a budget set for this work, for the cost?*

Response: No, there is no budget set for this work. However, the Contract to be entered into as a result of this RFP will be subject to approval by the Legislative Budget and Audit Committee.

- iii. *RFP is a one-year contract with a one-year extension, correct?*

Response: Yes, the Contract may be extended, at the discretion of DLA, to examine up to four FY 26 major federal programs. Please refer to paragraph 1.01 (Purpose of the RFP) of this RFP.

- iv. *Can you please provide the number of hours it took to audit the federal programs in the prior year, broken down by the major federal programs that will be covered under this*

RFP? If the programs were not audited in the prior year, please provide an estimated number of hours that are expected to complete the audits of the major programs.

Response: The three FY 24 federal programs were audited by a Contractor. DLA does not know the number of hours it took the Contractor to audit the federal programs.

v. *What is the State's preference for onsite vs remote audit work?*

Response: DLA encourages in-person auditing. DLA has found in-person auditing to be more efficient and more likely to result in cooperation and responsiveness of DOH employees. Please refer to paragraph 1.05 (Location of Work) of this RFP.

vi. *Can we provide separate fees for remote and onsite audit vs a remote only audit?*

Response: No, all Offerors must include in the Offerors 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. Furthermore, 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. Please refer to paragraph 1.05 (Location of Work) and 6.03 (Offeror's Schedule of Professional Hours and Fees) of this RFP.

vii. *RFP is a one-year contract with a one-year extension, correct?*

Response: Yes, please refer to paragraph 1.01 (Purpose of the RFP) of this RFP.

viii. *Should the cost proposals include travel costs?*

Response: Yes, please refer to paragraphs 1.05 (Location of Work) and 6.03 (Offeror's Schedule of Professional Hours and Fees) of this RFP.

ix. *Is there no set division of work for on-site and remote, correct?*

Response: Yes, there is no set division of work for on-site and remote work. DLA encourages in-person auditing. DLA has found in-person auditing to be more efficient and more likely to result in cooperation and responsiveness of DOH employees. Please refer to paragraph 1.05 (Location of Work) of this RFP.

x. *Section 4.05 discusses the non-responsiveness in past audits – what steps have been considered for the 2025 audit to reduce the non-responsiveness? Any repercussions to the contract auditor if the December report due date is missed due to unresponsiveness?*

Response: The Contractor will work with the auditee to maximize responsiveness. In past audits, weekly status meetings, maintaining a list of outstanding documents, and maximizing on-site work are examples of steps taken to reduce non-responsiveness. Failure to meet the December deadline may jeopardize the State's ability to meet the Single

Audit reporting deadline. If the Contractor is unable to complete any part of the work detailed in Section 5.01 (Scope of Work) of this RFP, due to lack of data or other information necessary to make reasoned and informed conclusions, including but not limited to, lack of data due to an unresponsive auditee, DLA may permanently withhold the payment for the work.

- xi. *What were the hours and fees for each of the 3 major federal programs in this RPF for 2023?*

Response: The three 2024 federal programs were audited by a Contractor. DLA does not know the number of hours it took the Contractor to audit the federal programs.

- xii. *Is the contractor that audited the 3 major federal programs in the RFP invited to propose again?*

Response: Yes.

- xiii. *In Section 4.03, have IS audits been performed on the major systems used to account for and process federal program data? If so, are those audit reports available for review by the contractor? Did those reports include any findings the contractor should consider when proposing on the RFP (i.e., increased audit risks)?*

Response: IRIS and ALDER are reviewed annually as part of the annual ACFR audit. The results of the reviews may be shared with the Contractor. IRIS and ALDER control weaknesses were identified in the FY 23 Single Audit available on DLA's website at <https://legaudit.akleg.gov/wp-content/docs/audits/single/statewide/SWSA-2023-WEB.pdf>

The FY 23 Single audit did not identify findings related to the AHE MMIS or Optum MMIS controls. AHE MMIS, was subject to an SSAE 18 SOC 1 Type 2 Readiness Assessment covering the period April 1, 2023, through March 31, 2024, and a report was issued April 2024. A SOC I Type II report covering the period April 1, 2024, through September 30, 2024, was expected to be issued in November 2024 with annual reports issued going forward which should be available for review.

An SSAE 18 SOC 1 Type 2 report for Optum MMIS, is obtained annually and available for review. Effective October 1, 2024, DOH began to transition Medicaid/CHIP behavioral health claims adjudication from Optum back to the AHE system. DOH expects the transition to be complete by December 31, 2024. Although there were no audit findings in the FY 23 Single Audit related to Optum system controls, finding number 2021-043 in the FY 23 Summary Schedule of Prior Audit Findings provides the status of corrective action related to OPTUM control deficiencies that should be considered when assessing risk.

ARIES internal controls were examined by an external IT auditor for FY 22 and the report is available for review. Although there were no audit findings in the FY 23 Single Audit related to ARIES controls, finding number 2021-044 in the FY 23 Summary Schedule of Prior Audit Findings provides the status of corrective action related to ARIES control

deficiencies identified by the FY 22 external IT auditor that should be considered when assessing risk.

There have been no IT audits of the EIS system.

- xiv. *Section 5.02 discusses the location of the work. Are there portions of the testing of the 3 major federal programs that can only be done in person?*

Response: TANF eligibility is a portion of testing that should be done on-site as Alaska utilizes a mainframe system for benefit and eligibility determinations. This mainframe can only be accessed on the State network.

- xv. *Section 5.04 states that DLA's prior year workpapers are confidential per state law and are not available to the successful contractor, but if the 3 major federal programs in the RFP were audited by an independent contractor in 2023, why wouldn't those be available for review? Are the independent contractor's workpapers considered confidential under state law?*

Response: Yes, the independent contractor's workpapers are considered confidential under state law. All data, documents, reports, material, and other items generated as a consequence of work done under the Contract and all related working papers shall be held by the Contractor as confidential. Please refer to Section 3.17 (Nondisclosure and Confidentiality) of this RFP.

- xvi. *Has there been any significant turnover in the staff responsible for preparing the CMS-64 and CMS-21 reports for Medicaid and CHIP respectively?*

Response: No.

- xvii. *Has there been any significant turnover in the staff responsible for preparing the cost allocation plans for administrative costs charged to Medicaid, CHIP, or TANF?*

Response: No.

- xviii. *How many managed care organizations (MCO) are negotiated and bill Medicaid/CHIP?*

Response: Based on our understanding, there are no MCOs that bill Medicaid/CHIP in Alaska.

- xix. *Which Division is the Medicaid Fraud Control Unit part of and are the key management personnel different from the Division responsible for the administrative reporting?*

Response: The Medicaid Fraud Control Unit (MFCU) is part of the Department of Law. MFCU key management personnel are not different from MFCU staff responsible for the

administrative reporting.

- xx. *Is the new MMIS capable of providing populations of beneficiaries that qualified under the MAABD or MAGI criteria (meaning, can it produce two separate populations or is only one combined population possible)?*

Response: Yes, separate populations of beneficiaries that qualified under the MAABD or MAGI criteria populations can be provided.

- xxi. *Who administers the two other ALN's within the Medicaid Cluster, 93.775 and 93.777?*

Response: ALN 93.775 is administered by the Department of Law. ALN 93.777 is administered by the Department of Health.

- xxii. *Have the SOC reports for the AHE MMIS or Optum MMIS produced any significant concerns where the prior contractor could not rely on the service organization controls?*

Response: The 2024 Single Audit is ongoing. See response to question xiii of this RFP Amendment No. 1 for the response related to FY 23 system control deficiencies.

- xxiii. *How are TANF benefits reported by the State? Federal Only, Commingled Federal/State, Segregated State, or Separate State Program as defined by the OMB Compliance Supplement?*

Response: Federal only.

- xxiv. *Is the pandemic emergency assistance fund under TANF expected to be fully expended prior to FY25?*

Response: Yes.

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**DIVISION OF LEGISLATIVE AUDIT
RFP NUMBER 25-33-01
AMENDMENT NUMBER 1**

2. All other terms and conditions of Request for Proposals 25-33-01 will remain as written.

A signed copy of this amendment and any others issued, in addition to your proposal, must be received by the issuing office prior to the closing date and time for your proposal to be considered responsive.

JC Kestel, Procurement Manager
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NAME OF COMPANY

AUTHORIZED SIGNATURE

TITLE

PRINTED NAME

DATE