

**STATE OF ARIZONA  
ARIZONA AUDITOR GENERAL**

Request for Proposals from Qualified Firms

**A. Project description**

The Arizona Auditor General (Office) is requesting proposals from qualified firms to assist it in conducting follow-up work related to the Office's 2019 performance audit of the Arizona Department of Health Services long-term care facility complaint and self-report prioritization and investigation processes. This work must be completed and results must be submitted to the Office no later than March 1, 2024.

**B. Background**

The September 2019 Arizona Department of Health Services (Department) performance audit and sunset review found that the Department failed to investigate or timely investigate some long-term care facility complaints and self-reports. We made 5 recommendations to the Department in that report. The May 2022 30-month followup found that the Department had not implemented any of the 5 recommendations and identified additional significant complaint-prioritization and investigation failures, including inappropriately closing most High-Priority complaints and self-reports without a required on-site investigation and failing to timely initiate investigations. We made 4 additional recommendations in our 30-month follow-up report. During the 36-month followup, although we found that the Department began to implement 6 of the 9 recommendations, we continued to see problems with its long-term care facility complaint and self-report prioritization and resolution processes that may put long-term care facility residents' health, safety, and welfare at risk.

**C. Work statement**

The selected Firm must conduct its work in consultation with the Office. The selected Firm must also seek input from auditee representatives to understand their perspectives on and concerns related to the auditee's operations. The work statement is intended as a listing of the minimum tasks required. The selected Firm must:

1. After receiving formal "Notice to Proceed" from the Office, make all necessary off-site preparations for the selected Firm to execute the project with minimal support from the Office.
2. Participate in a project entrance conference, potentially by video or teleconference if necessary, with representatives from the auditee and the

Office. The purpose of this entrance conference is to introduce the person or Firm, establish workspace if needed, identify liaisons, determine a periodic meeting schedule, and discuss the scope and time frame for the performance audit followup.

3. Address the following issues:
  - a. Gain an understanding of how the Department prioritizes long-term care facility complaints and self-reports, conducts its complaint and self-report investigations, and reviews and resolves complaints and self-reported incidents and compare these processes against the federal Centers for Medicare & Medicaid Services' (CMS) requirements, as outlined in CMS' [State Operations Manual](#), Chapter 5 - Complaint Procedures. [Note: The *State Operations Manual*, Chapter 5, Section 5010, states that each State survey agency is expected to have written policies and procedures to ensure that the appropriate response is taken for all allegations of noncompliance with Federal and/or State requirements and that are consistent with Federal requirements as well as with procedures in the State Operations Manual]. The Firm is expected to interview Department staff and officials, observe prioritization and investigation processes, and review documents supporting the Department's prioritization, investigation, and resolution processes, including the Department's written policies and procedures. The Firm must document its understanding and comparison of these processes against CMS requirements, including documenting any areas where the Department's processes differ from CMS requirements and provide the evidence used to support its understanding, comparison, and conclusions. The Firm must submit the written document of its work for this area to the Office by a mutually agreed upon date (see Section E(3)).
  - b. Review the Department's ASPEN Complaints/Incidents Tracking System (ACTS) Complaint/Incident Investigation Report (Investigation Report) for a sample of long-term care complaints and self-reports the Department received to determine whether the Department's intake of and priority assignment for the sampled complaints and self-reports complied with procedures and requirements outlined in CMS' [State Operations Manual](#), Chapter 5. At a minimum, the Firm's review must include:
    - Reviewing the "Provider Information," "Intake Information," "Complainants," "Residents/Patients/Clients," "Alleged Perpetrators," and "Intake Detail" sections of each ACTS Investigation Report in the sample and assessing if Department staff followed the General Intake Process outlined in the State Operations Manual, Chapter 5, Section 5010. For example, the firm should assess if Department staff collected the information necessary to make important decisions about the allegations, including conducting subsequent communication to obtain

additional information in instances where written or verbal allegations are received as necessary, as required by Section 5010.1.

- Reviewing the “Intake Detail” section of each ACTS Investigation Report and assessing if the Department’s priority assignment is consistent with the procedures and priority definitions outlined in the State Operations Manual, Chapter 5, Sections 5070 and 5075.

The Firm must document its review and assessment, including noting the reasons for determining whether the Department’s intake of and priority assignment for each complaint/self-report meets CMS requirements. The Firm must also identify complaint or self-report prioritization examples that help illustrate its conclusions. The Firm must submit a written document of its work for this area to the Office by a mutually agreed upon date (see Section E(3)).

- c. Review the ACTS Investigation Report and any associated documentation (such as worksheets completed during onsite surveys) for a sample of long-term care complaints and self-reports the Department and its contracted investigations vendor conducted to determine whether the Department’s investigations and resolutions (including any actions taken and resolutions reported) comply with procedures and requirements outlined in CMS’ [State Operations Manual](#), Chapter 5, Sections 5300 through 5390, and align with other states’ or best practices for conducting complaint/self-report investigations. The Firm must document its review and assessment, including noting whether the Department’s complaint/self-report investigation processes comply with CMS requirements and align with other state or best practices. The Firm must also identify complaint or self-report investigation examples that help illustrate its conclusions. The Firm must submit a written document of its work for this area to the Office by a mutually agreed upon date (see Section E(3)).
- d. Review the ACTS Investigation Report and any associated documentation for a sample of long-term care facilities with a history of noncompliance, including large numbers of complaints, to determine whether the Department has taken enforcement actions or other remedies to correct the noncompliance consistent with procedures and requirements outlined in CMS’ [State Operations Manual](#), Chapter 7. The Firm must document its review and assessment, including noting whether the Department’s enforcement actions and other remedies taken comply with CMS requirements. The Firm must also identify facility examples that help illustrate its conclusions. The Firm must submit a written document of its work for this area to the Office by a mutually agreed upon date (see Section E(3)).

For Sections C(3)(b) through C(3)(d), the Firm must work with the Office to select samples and review time periods that will meet the performance audit follow-up's purposes, including determining whether the Department's processes comply with CMS requirements, and are properly designed, implemented, and operating effectively. Samples will be selected after the Office conducts some preliminary data analyses of the Department's complaint and self-report data.

- e. Identify reasons why any problems noted in C(3)(a) through C(3)(d) are occurring, the real or potential impact of such problems, and make recommendations on how to address the problems and the reasons they are occurring. The Firm must consider all relevant factors that may have contributed to the problems identified, including the number of complaints/self-reports investigated during 1 onsite survey, the Department's interviewing practices, and how it documents the results of the evidence gathered during its investigations. The Firm must identify the recommendations needed to ensure the Department complies with requirements and long-term care facility residents' health, safety, and welfare are protected. The Firm must submit a written document of conclusions for this area to the Office by a mutually agreed upon date (see Section E(3)).
  - f. Provide an expert opinion on the Department's efforts to implement the 9 recommendations from the 2019 performance audit and May 2022 30-month follow-up report, if the Office requests. This may include attending interviews of Department staff with the Office, reviewing Department documentation, and discussing assessments with the Office.
  - g. The selected Firm may be required to perform certain additional procedures in connection with the performance audit followup at the Office's request. Within 10 days of notice from the Office of additional auditing procedures required, the Firm must provide the Office a written estimate of the hours necessary to perform the additional procedures. The Firm must not commence work on the additional procedures until the Office provides written approval of the hours estimated. Costs for any additional procedures must be paid at the hourly rate submitted by the Firm pursuant to Proposal Content Section I(2) below. In completing any additional procedures, the Firm must submit a written statement to the Office describing all deficiencies and errors noted as a result of the additional procedures performed.
4. The Office reserves the right to provide guidance for selected Firm, upon the Firm's request or if the Office determines it is necessary, in matters such as the nature and extent of testing procedures, written document content and format,

and other areas, as applicable, to ensure the Firm fully addresses the issues identified in Section C(3)(a) through (e).

#### **D. Qualifications and independence**

The Firm must have staff and assign staff to this work who are Surveyor Minimum Qualifications Test (SMQT) certified. In addition, the Firm's assigned staff must be knowledgeable of CMS laws, regulations, State Operations Manual, and official guidance memos.

In addition, the Firm must have no conflict of interest with regard to any other work performed for the State of Arizona or auditees. The Firm must also provide information on other areas that may result in independence issues, such as participation on a board or having a direct or indirect financial interest. The Firm must submit this information using the Independence Disclosure Form in Attachment A to this Request for Proposal (RFP). If the Auditor General determines that an independence issue exists, the Firm's proposal may not be considered. The Auditor General is the sole authority in determining whether any conflicts of interest or independence issues exist.

#### **E. Reporting**

1. The Office requires the Firm to prepare and submit written progress reports every 2 weeks for the purposes of monitoring the status, progress, and direction of the Firm's work, including any preliminary findings, conclusions, and recommendations. The Office may require additional information and/or that the Firm meet to discuss the audit's status, progress, and direction.
2. The Office requires the Firm to prepare and submit by December 29, 2023, an overview of the key work it will complete and a project timeline for completing its work. The project's timeline must include deadlines for the key audit follow-up steps and testwork to be completed, including those related to gaining an understanding of how the Department prioritizes long-term care facility complaints and self-reports, conducts its complaint and self-report investigations, and reviews and resolves complaints and self-reported incidents, and documenting final conclusions and potential recommendations.
3. The Office requires the Firm to provide written documentation on the results of its work, conclusions and recommendations as stated in Sections C(3)(a) through C(3)(d). The Firm must work with the Office to establish specific dates for providing this documentation to the Office, and no dates can be later than March 1, 2024.
4. The selected Firm must retain the documentation supporting its work, conclusions, and recommendations for 5 years from the date the Office issues its

performance audit follow-up report and make the documentation available at a location the Office specifies, free of charge, for examination by authorized Office representatives. If the Firm does not desire to retain the documentation for such period, the Firm must give the documentation to the Office for safekeeping.

## **F. Meetings and legislative briefings**

The following additional tasks are required as a part of the performance audit followup:

1. At the start of the performance audit followup, the Firm must participate in a project entrance conference, with representatives from the auditee and the Office. The purpose of this entrance conference is to introduce the Firm, establish workspace as needed, identify liaisons, determine a periodic update meeting schedule, and discuss the scope and time frame for the performance audit followup.
2. During the performance audit followup, if requested, the Firm must participate in periodic meetings (typically at least 1 meeting every 4 weeks) with representatives from the auditee. The purpose of these meetings is to update the auditee on the performance audit follow-up's progress, including any preliminary conclusions.
3. Prior to the Office completing the final performance audit follow-up report, the Firm must participate in a draft exit conference, with responsible officials from the auditee. Prior to the draft exit conference, the Firm must provide the Office with written documents containing the results of its work, conclusions and recommendations (see Sections C(3)(a) through C(3)(d)). The draft exit conference's purpose is to discuss the draft performance audit follow-up report, identify any potential accuracy concerns, and obtain comments on the performance audit follow-up report's findings and recommendations. Attendance at the draft exit conference is mandatory for the selected Firm's project manager and any other staff who performed evaluation tasks as listed in the proposal.
4. The Firm must plan and budget time and resources to participate in presentations to legislative committees or briefings to legislative members after the Office completes the final follow-up report, if requested. The Firm must allow for at least 1 in-person trip for a presentation to the legislative committees when the Auditor General requires. The Firm may be required to participate in several presentations or briefings during 1 trip.

## **G. Term of agreement**

The term of the agreement must provide for an evaluation of the Department's prioritization and investigation processes of long-term care complaints and self-reports compared to CMS' and Department requirements, as well as the reasons why

any problems noted are occurring, the real or potential impact of such problems and recommendations on how to address the problems and the reason they are occurring as specified in this RFP and must continue for the purpose of retaining performance audit follow-up documentation. The performance audit follow-up work specified in this RFP is due on or before March 1, 2024.

## H. Proposal delivery

1. Sealed proposals will be received until 5:00 p.m. Mountain Standard Time on November 27, 2023, at the following location:

Arizona Auditor General (Attention: Julie Cantrell)  
State of Arizona  
2910 N. 44<sup>th</sup> St., Ste. 410  
Phoenix, AZ 85018

Timely receipt of proposals will be determined by the date and time the proposal is received at the address specified. No proposals will be accepted after the time indicated. Proposals received after the deadline will be stamped for time and date, and returned unopened.

All material submitted in accordance with this solicitation becomes the Office's property and will not be returned.

**Alternatively, you may email the proposal to [RFP@azauditor.gov](mailto:RFP@azauditor.gov) until 5:00 p.m. Mountain Standard Time on November 27, 2023, instead of mailing hard copies. No emails will be opened until after the deadline.**

2. If the proposal is mailed, 5 copies of the proposal are required. They must be packaged in such a manner that **the outer wrapping clearly indicates** the following information:

PROPOSAL FOR: Follow-up work on Department of Health Services  
Long-Term Care Complaint Prioritization and Investigations  
PROPOSAL DEADLINE: November 27, 2023

3. Any questions relating to the RFP should be directed to Rebecca Foley at [rfoley@azauditor.gov](mailto:rfoley@azauditor.gov). Email inquiries will be acknowledged, and inquiries and responses will be posted on the Office's website ([www.azauditor.gov](http://www.azauditor.gov)). Email inquiries will be accepted only until 5:00 p.m. Mountain Standard Time on Monday, November 20, 2023. No responses will be provided for inquiries received after that date/time.
4. The Office will hold a preproposal conference on November 13, 2023, at 9:00 a.m. (Mountain Standard Time), to provide information about the performance

audit followup and to answer any questions. The conference will be held at the Auditor General's Office in Phoenix, at 2910 North 44<sup>th</sup> Street, 4<sup>th</sup> floor boardroom. For those unable to join in-person, you may request a virtual meeting link by sending an email to Rebecca Foley at [rfoley@azauditor.gov](mailto:rfoley@azauditor.gov).

5. Information provided in the proposal, including cost, will be held confidential and will not be disclosed to competitors before selecting the contractor. However, proposals may be disclosed following selection of the contractor.

## I. Proposal content

1. The technical portion of the proposal must include a minimum of:

- a. A brief statement of the Firm's understanding of the work to be done.
- b. A work plan detailing the approach the Firm intends to follow.
- c. A plan for organizing and staffing the project with an estimate of time each project staff member will devote to the project.
  - An organization chart identifying the engagement partner and manager.
  - The names of engagement staff members.
  - The role of each staff member.
  - The percentage of effort (time) of each staff member for the contract period.
  - The resumes of key engagement staff members showing education and experience relevant to this engagement, including evidence of their qualifications as required by Section D. Specify their level of participation, if any, in the engagements identified in Section I(4) below.

2. Bid amount

The proposal must outline the number of **estimated hours and total fee**. The total fee for the engagement must be determined based on the performance audit follow-up work required to produce the required documentation outlined in Section C(3)(a) through C(3)(e) and must include all necessary expenses to complete work (for example, travel and out-of-pocket expenses). The total fee must include a breakdown that at a minimum shows: (1) the total cost for conducting the performance audit follow-up work detailed in this RFP; (2) the total fee for participating in presentations to legislative committees or briefings to legislative members after the Office completes the final performance audit follow-



up report, if requested; and (3) a single hourly rate for any additional auditing procedures required in connection with this performance audit followup. The Firm must submit this information and other cost information using the Cost Proposal Form in Attachment B to this RFP.

3. Changes in work

Significant changes in the scope, character, or complexity of the work may be negotiated if it is mutually agreed that such changes are desirable and necessary. Contract changes defining, increasing, or limiting the work and compensation must be authorized in writing by the Auditor General prior to performing work.

4. References

A description of the offeror's experience in conducting recent work similar to that anticipated by this RFP.

- a. The date of the work.
- b. The name and address of the client organization.
- c. The name and telephone number of the individual in the client organization who is familiar with the work.

5. Other items that must be included in the proposal are as follows:

- a. A description of the offeror's organization.
- b. The location of the office from which the work is to be performed.
- c. Evidence of SMQT certification.

**J. Proposal evaluation and selection**

1. A selection committee will review and evaluate the proposals. During the evaluation process, you must be available to answer questions by telephone. As part of the final selection process, the Auditor General reserves the right to:
  - a. Contact references from among those provided by the Firms as requested in the Proposal Content.
  - b. Request oral presentations or discussions with the Firms. Presenters from the Firm must include key members of the proposed engagement team.

2. The Auditor General will select the proposal judged most likely to meet the project's needs and objectives. Emphasis will be placed on:
  - a. Responsiveness to the objectives and issues described in the Request for Proposals.
  - b. Firm's related past experience and reputation.
  - c. Qualifications of staff assigned to the project.
  - d. Proposed work plan.
  - e. Engagement hourly and total costs.
3. A recommendation for contract award will be made to the Auditor General; her decision will be final. The Auditor General will award the contract to the responsible Firm whose proposal is determined to be the most advantageous to the State.
4. A successful bidder will be notified by telephone with a confirmation letter and contract to follow. A sample contract is included herein (see Attachment C).
5. The Auditor General reserves the right to:
  - a. Cancel this solicitation.
  - b. Reject any and all proposals.
  - c. Select for contract negotiation the Firm's proposal that, in the Auditor General's judgment, best meets the Office's needs, regardless of any differences in estimated project costs between the Firm and all others.
  - d. Negotiate a contract that covers selected parts of this proposal.

**K. Other requirements**

Prior to commencing work, the Firms selected are required to perform the following:

1. Execute a contract, a sample of which is included as a separate document (see Attachment C).
2. Provide an insurance certificate naming the State as an additional insured in the amounts stated on pages 6 through 9 of the sample contract.

TIME FRAME FOR PROPOSAL PROCESS, STATUS REPORTS, BRIEFINGS, AND SUBMISSION OF DOCUMENTS

The following dates will apply unless the Auditor General waives or modifies them in writing:

<b>Key dates</b>	
<b>Event</b>	<b>Date</b>
RFP released	November 3, 2023
Preproposal conference	November 13, 2023
Deadline for RFP questions and inquiries	November 20, 2023
Deadline for Firms to submit proposals	November 27, 2023
Estimated contract award and notice to proceed date	December 13, 2023
Work may begin date	December 14, 2023
Deadline for Firm to submit project timeline	December 29, 2023
Firm participates in entrance conference	January 6, 2024
Firm provides written status reports to Office	Every 2 weeks
Firm briefs Auditor General and auditee	Monthly
Deadline for Firm to submit documentation to Auditor General	March 1, 2024
Deadline for Firm to participate in draft exit conference	May 1, 2024
Firm participates in legislative presentations or briefings, if requested	TBD