



ADDENDUM NO. 2

Date: February 4, 2022

Bid Date: February 14, 2022
at 3:00 P.M. (Local Time)

Bid Name: Internal Audit Professional Consulting Services

Bid No.: CAUD-220035-MS

NOTE: This Addendum has been issued only to the holders of record of the specifications and to the attendees of the pre-bid conference held on January 26, 2022.

The original Specifications remain in full force and effect except as revised by the following changes which shall take precedence over anything to the contrary:

1. Any questions shall be submitted in writing to the City of Gainesville Purchasing Division by 3:00 p.m. (local time), **February 3, 2022**. **The questions deadline has been extended to February 8, 2022 at 3:00 PM.** Questions may be submitted as follows:
 - Email: sowersma@cityofgainesville.org
 - or
 - Faxed (352) 334-3163
 - Attention: Melanie Sowers
2. Please find attached:
 - a) Copy of the black-out period information (Financial Procedures Manual Section 41-423 Prohibition of lobbying in procurement matters) distributed during mandatory pre-bid meeting.
3. Questions received since the pre-bid meeting:
4. Question: Which are the incumbent firms for the requested services, if any?
Answer: None
5. Question: What is the City's annual budget for the requested services?
Answer: \$20,000 + salary savings for budgeted but vacant FTEs.
6. Question: Must contractors include all three categories (Audit Consulting, Forensic/Investigative Consulting, and Internal Audit Services) of requested services in proposals, or may one or two categories be proposed?
Answer: The Contractor may specialize in one or more categories.

7. Question: What safeguards will the City Auditor have in place regarding the safeguarding of personally identifiable information? For example, will contractors be expected to access City Auditor network databases directly (e.g., using Teammate or accessing shared drives.) or will the City accept safeguards proposed by contractors such as using secure encryption software applications to exchange information during projects?
Answer: The City has its own security measures in place and will provide instructions as appropriate. The Contractor will not need specialized software.
8. Question: Under which professional standards must contractors perform Audit Consulting services (e.g., IIA Standards, GAS, AICPA Standards for Consultancy) or will this vary by Task Assignment?
Answer: This will vary by task assignment. The Office follows IIA IPPF, and GAGAS where applicable. IIA IPPF, and ISACA frameworks govern our IT Audits. AICPA and COSO standards and frameworks are levered for attest engagements, financial statements audits and financial reporting internal control reviews.
9. Question: The Qualification of Firm paragraph states, "In addition, the firm should identify its total number of technical and professional personnel by discipline and training and further describe the total workload during the project period. Indicate what resources (professional and technical time) the firm would have available to allocate to the project." If the contract will be awarded to one or more contractors for "as-needed" services, will the City please clarify its expectations for contractors to "describe the workload during the project period" and how to indicate available professional and technical time? Is there a standard project type, example or template to use for this analysis?
Answer: When a resource is needed, we will contact you with anticipated scope, timing and resource needs to determine if you would have resources available to assist with the engagement. If you do not have available resources, we will try another firm but keep you in the pool for the next project. While we don't have a minimum number of project hours to assign, at this time we have no pool of vendors and our procurement process can be very time consuming so we hope we have vendors who will be fine with participating in our pool.
10. Question: Will the City accept separate hourly rates by position, fixed fees, or alternative fee structures, or will only pricing based on blended rates be acceptable?
Answer: We will accept pricing by level, staff auditor through manager. Most internal audit resources we expect to need will require senior or manager level experience. We will not pay the partner rates unless there is an unusual circumstance where the Consultant performs our entire project (perhaps requiring specific subject matter expertise) which would likely require your senior / partner review.
11. Question: Must contractors submit pricing separate from main proposals?
Answer: No.
12. Will contractors be required to use the rates submitted in their response to this proposal for all future Task Assignments, or would the rates be negotiated when developing the statement of work?
Answer: The rates may be negotiated once the project and objectives are known.
13. Question: On page 7 of the RFQ, is the information listed in 4.1 and 4.2 the specific order the City would like the proposals to appear:
Project Understanding and Approach
Proposed Project Staff
Qualifications of Firm
Required Documents (information requested in letters a-m)
Answer: The order of the proposal does not matter.

14. Question: On average, how many audits are performed annually?

Answer: Approximately 12 operational audits annually based on current staffing (4-6 auditors). We added an FTE this year for a total of 7 auditors, including the City Auditor (CAE), but have 2 vacancies. We are getting more management requests, special projects and investigations this year.

Our audit reports are located here:

<https://www.cityofgainesville.org/CityAuditor/AuditorsReports/AuditReports.aspx> .

15. Question: What is the breakdown of that plan in terms of financial, operational, construction, IT and compliance audits?

Answer: The audit plan is based on risk. Most audits are operational and first time audits, with integrated IT planning in each engagement. Please see the most recent City Auditor Quarterly Update which tracks the audit plan

(<https://gainesville.legistar.com/LegislationDetail.aspx?ID=5211922&GUID=5B2D2414-FB25-485B-8F73-0C78FB77A196&Options=ID/Text/&Search=210655>).

A few engagements will be added to the audit plan at the March 7, 2022 Audit Committee, and we expect to conduct a more robust biennial enterprise risk assessment late in 2022.

16. Question: Can you provide any key systems that you may have?

Answer: We have two ERP systems and several additional systems to support specialized services. We feel it is a security risk to publicly list our systems.

17. Question: Is your IT environment in-sourced or out-sourced?

Answer: in-sourced

18. Do you require participation from an MBE?

Answer: No.

19. Question: Will you require data analytics capabilities for audits?

Answer: Data analytic skillsets are highly valued in our operational audits. All in-house auditors have access to Arbutus and some staff have experience with Tableau. Data analysis is important for supporting occupational fraud investigations.

20. Question: What is the City's current approach/ plan for in-person work? Is all work performed in connection with the contract expected to be conducted "on site"? Or, is all work expected to be performed remotely? Or, is a mix of on site and remote work deemed acceptable to the organization?

Answer: Hybrid is preferred as it is difficult to conduct quality process understanding walkthroughs remotely. In some cases the in-house audit lead may be able to assign work that will accommodate all remote assistance.

21. Question: Are there any restrictions from using off-shore resources in the support of internal audit services?

Answer: We would need to discuss. In most cases, given strong security, communications, and accessibility, it should not be a problem. We typically would communicate frequently with the assigned staff so 12 hour time difference, for example, would be difficult to manage. We understand most firms are experiencing staffing challenges.

22. Question: Is the IA service provider required to support the external auditor in any capacity?

Answer: IA does not perform work for the external auditors. The current external auditors are Purvis Gray for General Government and the Annual Consolidated Financial Report, and Baker Tilly for the utility financial statements.

Question: Does the external auditor leverage any of the work performed by IA?

Answer: The external auditors review the internal audit plan, audit reports, and audit issues. IA does not perform regular financial reporting internal control testing. The General Government has created an Internal Control function, but their testing is not up and running yet. IA did recently perform an audit of

financial reporting internal controls for the General Government, reported to the Audit Committee on 1/11/2022.

23. Question: Are there any unremediated/ open findings from previous internal audit reports? Are you able to share or at least quantify how many there are?

Answer: Please see #15. Open audit issues are tracked in the City Auditor Quarterly Update, all available online. Our office began a robust follow up program 2 years ago and all new issues must have a management action plan that must be completed in a year or less in most cases. We also encourage auditors to write fewer but more impactful issues in a given engagement. Sometimes the same management teams are impacted by multiple audit engagements and do not have the capacity to remediate a large number of issues in a short period of time. The issues must be risk-based and prioritized.

24. Question: Are there any restrictions on when internal audits can be performed (e.g. not during annual close or external audit, etc.)?

Answer: Not formally but we try to line up our engagements with input from management to ensure mutually acceptable timing where possible.

25. Question: What is the strength of your internal audit program? Are processes well-established, or do you require guidance on key areas, number of audits, etc.?

Answer: IA has a strong program in place that is yellow book and red book compliant. Processes are well established but resources are limited. We could use assistance on enterprise risk assessment processes and resources to help support audits, especially when additional subject matter expertise could improve outcomes in a more efficient manner.

26. Question: In Part 4 – How to Submit a Proposal, does the City expect to see responses to sections 4.1 and 4.2 in that order, or should responses in 4.1 be incorporated into the responses for 4.2?

Answer: The order of the proposal does not matter.

27. Question: Should the signed bid cover be submitted as its own file or should it be incorporated into our proposal? If so, where?

Answer: It should be turned in with the proposal. Placement does not matter.

28. Question: Does your department use an internal audit tool (such as audit board)?

Answer: IA uses TeamMate. We expect to have at least one license available per assignment. We also have a process to document testing in Word and Excel, with review and sign offs that can be loaded to the audit tool when additional licenses may not be available.

29. Question: Can you share your internal audit playbook? We are interested in understanding the engagement protocols from planning through reporting and follow up.

Answer: Planning includes background and process understanding workpapers, fraud risk assessment, equity assessment, integrated audit needs, and other considerations that culminate in a risk and control matrix that determines the highest risks to be in scope for the engagement and related controls to be tested. The Scope Memo is distributed. Auditors send a request list and begin fieldwork. We conduct status updates with management on a weekly basis ensuring any potential findings are immediately brought to their attention. In the final week of fieldwork, the final status update serves as an exit conference and all identified issues are verbally vetted. Draft issues are reviewed internally then provided to management for their final review and to obtain their management action plans. Once issues are finalized, the draft audit report is distributed to management, allowing for comments. The final report is presented to Audit Committee and published for the public. In the case of security issues, parts of the report or audit issues may be redacted for the public posting. The auditor-in-charge then has two weeks to complete admin steps and archive the audit project.

30. Question: Does your department use data analytics during the audit execution?
Answer: IA includes analytic considerations in audit planning, and strives to incorporate analytics where feasible.
31. Question: Is the provider expected to participate during the audit committee meetings?
Answer: Participating in Audit Committee is not a requirement.
32. Question: In reference to section 1.6 Determination of Responsibility of Bidders - “Bidder possess all required licenses”. What licenses are required for this work?
Answer: This refers to whether the assigned staff has earned the expected certification for the role- seniors should have CIA or CPA, IT Auditors may have CISA or CISSP, and investigators the CFE as minimum certifications.
33. Question: In reference to section 8.4 Living Wage Requirements – what is “covered” as it relates to these requirements?
Answer: Please see attached link to Living Wage Ordinance: chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/viewer.html?pdfurl=https%3A%2F%2Fwww.cityofgainesville.org%2FPortals%2F0%2Fbf%2FDoingBusiness%2FLivingWageOrdinance.pdf&clen=1080329&chunk=true

ACKNOWLEDGMENT: Each Proposer shall acknowledge receipt of this Addendum No. 2 by his or her signature below, **and a copy of this Addendum to be returned with proposal.**

CERTIFICATION BY PROPOSER

The undersigned acknowledges receipt of this Addendum No. 2 and the Proposal submitted is in accordance with information, instructions, and stipulations set forth herein.

PROPOSER: _____

BY: _____

DATE: _____

CITY OF _____
GAINESVILLE

FINANCIAL SERVICES
PROCEDURES MANUAL

41-424 Prohibition of lobbying in procurement matters

Except as expressly set forth in Resolution 060732, Section 10, during the black-out period as defined herein no person may lobby, on behalf of a competing party in a particular procurement process, City Officials or employees except the purchasing division, the purchasing designated staff contact. Violation of this provision shall result in disqualification of the party on whose behalf the lobbying occurred.

Black out period means the period between the issue date which allows for immediate submittals to the City of Gainesville Purchasing Department for an invitation for bid or the request for proposal, or qualifications, or information, or the invitation to negotiate, as applicable, and the time the City Officials and Employee awards the contract.

Lobbying means when any natural person for compensation, seeks to influence the governmental decision making, to encourage the passage, defeat, or modification of any proposal, recommendation or decision by City Officials and Employees, except as authorized by procurement documents.