



## **ADDENDUM No. 1**

**Issue Date: September 25, 2023**

**Project Name: Internal Audit Services**

**Project Number: 298-RFP-InternalAudit-FY24**

This addendum forms a part of the Advertisement for Proposals and modifies the original Proposal 298-RFP-InternalAudit-24 only to the extent specifically noted below and to address questions received. Failure to acknowledge this addendum in the submittal may subject the proposal to be deemed non-responsive.

This Addendum consists of Questions & Answers. Addendum 1 consists of 9 pages.

### **Questions and Answers:**

**Question:** We were hoping to obtain a copy of the internal audit plan and any internal audit report if publicly available or could be made public.

**Answer:** There is currently not an internal audit work plan. For copies of any previous materials please see this website:

<https://www.ashevillenc.gov/departments/city-clerk/boards-and-commissions/audit-committee/>

**Question:** Does this venture require bonding?

**Answer:** No.

**Question:** What is the anticipated cost of this venture?

**Answer:** The City does not currently have an anticipated cost; will depend on RFP responses

**Question:** If this is not a new venture, what was the previous cost for these services?

**Answer:** This will be a new venture; previous services were provided in-house.

**Question:** When is the anticipated start date?

**Answer:** As soon after the award date as possible.

**Question:** Are there specific certifications or registrations required to bid on this venture?

**Answer:** Firm must be licensed and registered for practice in North Carolina.

**Question:** Are vendors able to acquire state certifications directly following being

awarded this contract?

**Answer:** No

**Question:** Do you have specific invoicing requirements?

**Answer:** Invoices should be submitted on a monthly basis or at the end of the engagement.

**Question:** How frequent should invoices be sent?

**Answer:** Invoices should be submitted on a monthly basis or at the end of the engagement.

**Question:** Are you looking for a qualified firm with certified public accountants?

**Answer:** Preferred but not required

**Question:** What is the anticipated award date for this contract?

**Answer:** October or November 2023

**Question:** Copy of the City's most recently approved Internal Audit Plan.

Copy of the Internal Audit Risk Assessment Report prepared by Cherry Bekaert

**Answer:** The City does not currently have an internal audit plan. Risk Assessment materials from March 2023 presentation to Audit Committee are [attached](#).

**Question:** What percentage of the work does the City estimate can be done remotely vs. onsite?

**Answer:** Most of the work can be done remotely but there will likely be times when onsite work or attendance at meetings will be required.

**Question:** Will offshore resources from India be allowed to perform some audit work provided there is sufficient guidance and review by the U.S. project team leaders? This would reduce costs to the City.

**Answer:** Yes

**Question:** How many fraud investigations were performed by the current/prior firm who provided these services in the last year?

**Answer:** No firm has been providing these services so the answer is none.

**Question:** How much did the City spend on the current/prior firm who provided these services in the last year, or does the City have a set budget for internal audit services under this contract for the upcoming year?

**Answer:** No firm has been providing these services. We do not have a set budget.

**Question:** For individual engagements / audits performed by the selected firm, will the City entertain both fixed fee and rate/per-hour (with an estimated amount) engagements?

**Answer:** Yes

**Question:** For audit reports issued by the selected firm, will these be on the firm's

letterhead or the City's, or does the City not have a requirement?

**Answer:** No requirement

**Question:** Will the selected firm need to present their audit reports in person at the Audit Committee meetings or can this be done virtually?

**Answer:** Currently Audit Committee meetings are held virtually but that could change in the future with a vote of the committee.

**Question:** Under the evaluation criteria, section 2 says the selected firm will "Demonstrate that the Offeror fully understands the scope of work by including a proposed approach to developing an Internal Audit Plan (IAP) based on the City's recently completed Risk Assessment". Will the City provide this so interested firms can review it if they are to develop a approach based on this format?

**Answer:** Risk Assessment materials from March 2023 presentation to Audit Committee are [attached](#).

**Question:** Related to the risk assessment, is the City open to alternative risk assessment approach provided by our firm other than the set template from last year?

**Answer:** Yes

**Question:** Can the City expand on what is meant in the Cost form where there are fields or direct hourly rate, other hourly rate, and full hourly rate? What type of other hourly rates would there be? We'd expect just to include one hourly rate for each title of firm resource.

**Answer:** It is acceptable to include one hourly rate for each title of firm resource.

**Question:** Why is the City providing a RFP for this work? Is the current provider's contract expiring or were their performance issues with the prior firm?

**Answer:** The City is looking to contract out the work due to challenges with finding qualified staff to perform the work. There is not a current provider.

**Question:** For MWBE, the RFP doesn't seem to indicate the bidding firm is supposed to give a set percentage of the work to an MWBE firm. Can the City confirm there is no expectation for this? If there is, how is that incorporated into the scoring of the RFP by the bidding firms?

**Answer:** The City's MWBE Aspirational Participation Goal for this General Services contract is 14.6% from MBE: Black American-owned (B), Hispanic American-Owned (H), Asian American-Owned (A), and Native American-Owned (N) businesses. If the bidding firm is subcontracting, then they are expected to perform outreach to MWBE's to subcontract in order to attempt to meet this aspirational goal.

If the bidding firm makes an attempt to subcontract and is unsuccessful in meeting the aspirational goal, that is acceptable, so long as the bidder can demonstrate that they performed the outreach as required. The bidder needs to provide documentation demonstrating their efforts outreaching to MWBE's.

The MWBE/ABI outreach is not part of scoring. It is a requirement of the RFP in order to be deemed responsive to the solicitation. If you did not attend the pre-proposal meeting where the ABI process for outreach and submitting documentation was

discussed, you can view the video here: <https://youtu.be/L46kHUzokDA>

**Question:** If a proposing vendor has been awarded preapproved vendor status for the NC Statewide Internal Audit Convenience contract 946C, can the City of Asheville leverage that list of preapproved vendors, lowering the information to be provided in this RFP's response?

**Answer:** No. All information requested in the RFP must be submitted by all firms regardless of vendor status.

**Question:** Can 100% of the work performed, under this 3-year contract, be performed remotely, by the co-source partner?

**Answer:** Most but not all of the work can be performed remotely.

**Question:** For the hourly bill rate table, can the proposing vendor show either (1) separate charts of bill rates for each of the 3-year period, to accommodate market, living wage, salary increases or (2) one chart of bill rates for year one, with a cumulative percentage increase annually for years 2 and 3 bill rates?

**Answer:** Yes

**Question:** If a proposing vendor is not a CPA firm, but is a professional services firm, preapproved vendor under the NC Statewide Internal Audit Convenience contract 946C, and does not require a peer review per the AICPA standards for CPA firms, will the non-CPA-firm vendors be considered, since they cannot provide a peer review?

**Answer:** Non-CPA firms will be considered.

**Question:** Will the City of Asheville provide a copy of the recently completed Risk Assessment along with the answers document? We did not see it shared on the City of Asheville's website.

**Answer:** Risk Assessment materials from March 2023 presentation to Audit Committee are [attached](#).

**Question:** Will the City of Asheville select one or multiple internal audit vendors through this proposal?

**Answer:** We are looking for one vendor to complete all internal audit work for the 3 year period.

**Question:** When was the last existing internal audit risk assessment completed? Will this document be available to the awarded vendor?

**Answer:** Risk Assessment materials from March 2023 presentation to Audit Committee are [attached](#).

**Question:** How many process owners / department heads were interviewed for the previous risk assessment?

**Answer:** Conducted 21 workshops covering 31 units and sub-units to include departments and process areas.

**Question:** Is there an existing Internal Audit Department for the City of Asheville? If

not, was there ever an Internal Audit function within the City of Asheville?

**Answer:** There has historically been one Internal Auditor position at the City who reported to an Assistant City Manager but that position has been vacant for two years.

**Question:** How many audit hours does the City of Asheville from their co-source partner each year?

**Answer:** The service has not been previously contracted out so we do not have number of audit hours used.

**Question:** Are quarterly Audit Committee meetings conducted in-person or virtually for the City of Asheville?

**Answer:** Currently Audit Committee meetings are held virtually but that could change in the future with a vote of the committee.

**Question:** Who are the members of the current Audit Committee for the City of Asheville?

**Answer:** The Audit Committee includes Councilwoman Sage Turner (Council Designee), Andrew Emory (Secretary), Debbie Evenchik, Sandra Frempong, and Nate Hathaway (Chair).

**Question:** For other City of Asheville RFP's Asheville required the following disclosures as part of the proposal response. Are these attachments required for this proposal?

- Attachment G: financial results
- Attachment D: HUB info
- Attachment E: for the required customer references
- Attachment F: location of workers
- Byrd Anti-Lobbying 3-page disclosure form

**Answer:** Only HUB Info and references are required.

**Question:** As it relates to MBE goals - could you please clarify that if the proposer determines our best course is to select "Self Performing" (Option 1) of the ABI Outreach Documentation, is confirmation of the 3 vendor attests and signature to the form sufficient, or is there any additional steps, forms, or procedures necessary required under Option 1?

**Answer:** If the vendor is self-performing (Option 1) then only the first ABI form (ABI Outreach Documentation) is required.

**Question:** Can you share the risk assessment that was recently performed for the City? If not, can you share the list of top key risks being considered by the City for audit planning currently?

**Answer:** Risk Assessment materials from March 2023 presentation to the Audit Committee are [attached](#).

**Question:** Has an audit plan or list of current audit topics/scopes for Year 1 thru Year 3 been developed? If so, can you please share this information with us?

**Answer:** No

**Question:** Does the City have any preferred tools or protocols for sharing of files, audit evidence, etc.?

**Answer:** No

**Question:** On the good faith efforts criteria, several of the options refer to a date of “bid opening” as the measurement date for when certain efforts must be performed by to qualify. Is this the same as the proposal due date? If it is a different date, what is the date of bid opening?

**Answer:** The term ‘bid’ should be replaced with ‘Request for Proposal’ and they are the same dates for when your proposal is due.

**Question:** On the Advertisement – Internal Audit Services document it states under Miscellaneous Requirement of the Proposal: “All proposals must be submitted on the FORM provided.” Is there a specific form that is required to be used for the proposal?

**Answer:** I have searched for this direction and did not find anything. The ABI FORMS must be returned and under 4. Cost Proposal, we are directing proposers to use the cost form included. You may free form costs on it as well. Please disregard the ‘Attachment A’ reference.

#### **4. Cost Proposal**

The Offerors must use the Cost Proposal included in this solicitation as Attachment A to provide pricing proposals.

**Question:** Does the City prefer work being performed on-site or remote?

**Answer:** Most but not all of the work can be performed remotely.

**Question:** During the Pre-Proposal Meeting on September 19, 2023, it was discussed that the Offeror would draft a 3-year annual audit plan based on the City’s existing risk assessment that was prepared by Cherry Bekaert. Is Cherry Bekaert permitted to participate in this RFP process?

**Answer:** Yes

**Question:** Can the City’s existing risk assessment be included in the Addendum to this RFP (298-RFP-InternalAudit-FY24)?

**Answer:** Risk Assessment materials from March 2023 presentation to Audit Committee are [attached](#).

**Question:** Is it acceptable to the City if the audit work is performed remotely whenever online tools and electronic copies of documents can be utilized? What is the City’s expectation in terms of the Offeror’s presence on site (e.g. for the fieldwork, presentation at a City Audit Committee meeting, etc.)?

**Answer:** Most but not all of the work can be performed remotely. Audit Committee meetings are currently virtual.

**Question:** Regarding the Relevant Projects and References under Evaluation Criteria,

what information does the CITY expect the Offeror to use for the “comparable volume” on page 9 of the RFP? Would it be the City’s operating budget, population, the number of employees, or something else?

**Answer:** Operating budget or number of employees is preferred.

**Question:** With respect to the current state IA program/activities, what areas does the City feel are successful, and what areas need improvement?

**Answer:** The City has not had an active program for several years due to a vacancy.

**Question:** Did the City of Asheville receive a proposed Annual Audit Plan from the contractor that completed the City’s most recent Annual Risk Assessment?

**Answer:** No

**Question:** Does the City of Asheville have any Follow-up audit engagement requirements that need to be fulfilled under the proposed Annual Audit Plan? (i.e. follow-up on correction action from previous audit findings under any external agency and/or internal audits).

**Answer:** No

**Question:** Will the awarded contractor be required to complete additional non-audit services such as annual internal audit self-assessment and/or provide support for any external quality assurance review?

**Answer:** No

**Question:** Typically, what percentage of the City’s Audit plan is comprised of: (1) Assurance & Consulting Engagements, (2) Follow-up and Monitoring of Previous Findings, (3) Legislative Requirements, (4) Technical Assistance, (5) Data Analytics & Continuous Monitoring Projects, (6) Annual Risk Assessment, and (7) Hotline Complaints?

**Answer:** The city has not recently had an internal audit plan but we anticipate most will be Assurance & Consulting Engagements in the first 1-3 years. With some Risk Assessment work also included.

**Question:** Is it recommended that the awarded contractor perform at least one internal audit service in all 27 City of Asheville departments, within the 3-5 year contract term?

**Answer:** No

**Question:** Insurance Requirements: Can a sole practitioner CPA Firm that has the AICPA Professional Liability (AON) Insurance policy with \$1,000,000 per claim \$2,000,000 aggregate and CPA Net Protect Cyber coverage still be considered for award if firm does not have Commercial General Liability coverage?

**Answer:** Yes.

**Question:** The RFP describes an MWBE goal, but there seems to be no particular goal stated. Can the City clarify what goals are present for MWBE participation?

**Answer:** The City’s Asheville Business Inclusion Program is the City’s minority business program. The goal of 14.6% is listed on page 18 of this Request for Proposal.

If you did not attend the pre-proposal meeting where the ABI process for outreach and submitting documentation was discussed, you can view the video here: <https://youtu.be/L46kHUzokDA>

**Question:** In the RFP, it is stated that there is an existing risk assessment, can you provide the existing risk assessment?

**Answer:** Risk Assessment materials from March 2023 presentation to Audit Committee are [attached](#).

**Question:** What is the budget allocated for each year of this contract?

**Answer:** We do not currently have a determined budget amount allocated. Funding in year 1 will come from salary savings from vacant Internal Auditor position; funding for additional years will be allocated through the budget process.

**Question:** Approximately how many hours are anticipated for each year of this contract?

**Answer:** The City does not have a set amount of hours anticipated.

**Question:** Approximately how many internal audits does the City expect to be completed each year?

**Answer:** 1-3

**Question:** What are the most important attributes of a partner (Firm) for this project?

**Answer:** Relevant experience with similar sized municipalities; preferably North Carolina experience.

**Question:** Do you anticipate this engagement to be performed on-site, remotely, or hybrid?

**Answer:** Hybrid

**End of Q&A**



This document and all other documents can be found at [www.ashevillenc.gov/bids](http://www.ashevillenc.gov/bids) under this proposal number.

Failure to acknowledge this addendum in the submittal may subject the proposal to be deemed non-responsive.

Please sign this addendum and include it with your bid package.

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Name of Firm

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Representative's Name and Title

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Signature