

8/7/23

**City of Sioux Falls**  
**Addendum No. 1**  
**Request 23-0091**  
**Internal Audit Services**

The following answers to questions asked by firms. These answers are hereby made of the RFP.

1. Section 2.02 - The RFP states that the Internal Audit Office utilizes “Audit Board” to centralize audit management, drive collaboration and maximize efficiency. Is the City referring to “AuditBoard” which is an audit software tool?

Answer: Yes, this is referring to AuditBoard, the audit software tool. Currently we only utilize OpsAudit on the platform.

1. If so, is there a preference or requirement for the co-source provider to utilize this tool as part of engagement execution or document retention?

Answer: We would prefer the co-source firm to utilize AuditBoard. That way, the City owns the workpapers and information.

2. Section 2.06 - For the estimated number of hours for the option years of year 4 and year 5 – should these option years include total hours for all audit activities provided by the firm (not just risk assessment and internal audit plan)?

Answer: Yes, the estimated hours should include total hours for all audit activities.

3. Section 2.03 – Would the selected internal audit co-source provider hold separate meetings with the Audit Committee and City Council when presenting the:
  1. risk assessment results and internal audit plan each year?

Answer: Yes, this would occur during the last Audit Committee meeting of the year. Next, a presentation is made to City Council at an informational meeting, then a resolution is written and a presentation is made to the City Council during a regular meeting. The presentations to the City Council only includes the audit plan, not the risk assessment results.

2. results from individual internal audit reports?

Answer: These are first presented to the Audit Committee, then to the City Council at an informational meeting (Tuesdays @ 4pm). Next, the audit report is read into record at a regular City Council meeting, but a presentation is not made during that meeting.

4. Section 2.03 - Are Audit Committee meetings held on different days from the City Council meetings?

Answer: Yes, they are typically held on Wednesday or Thursday at 3pm or 4pm, but the Audit Committee has flexibility to schedule them whenever they want.

5. Section 2.04 – Will the selected internal audit co-source provider have a requirement to periodically meet with other members of management for the City? For example, should there be periodic status update meetings with someone other than the City’s Internal Auditor or the Audit Committee (including discussing preliminary results from internal audit projects)?

Answer: There are no specific requirements other than what is laid out in the IIA’s IPPF, which are the guidelines we follow. We typically only meet with management on an audit-by-audit basis, at the beginning and end of the audit and only throughout the audit if necessary. We also meet with management from all departments annually to go over the risk assessment results.

6. Section – 2.03 Is there a preference or requirement for the internal audit projects to be performed onsite (at City locations) or for them to be performed remotely?

Answer: There is no requirement for audits to be performed onsite, as the City’s Internal Auditor will be available onsite to complete any tasks that require them to be onsite.

7. Section – 2.03 Can you clarify the City Internal Auditor’s role on performing individual audits?
1. Will they be part of the co-source firms’ overall engagement team, such as another staff member to perform walkthroughs and testing?

Answer: The City’s current internal auditor hasn’t had the opportunity to work with other auditors with a lot of experience. To start out, it would be beneficial for the City’s auditor to be part of the overall engagement team, where a manager or lead auditor can provide feedback and support. For at least the first year, we may want the City’s auditor to work with the firm’s auditor(s) together on an audit to help build their knowledge and experience.

2. Will they be expected to perform their own individual audits (from the overall audit plan) or be a team resource with co-source firms’ staff on any particular audit?

Answer: As mentioned above, the City’s auditor would like to be a part of the engagement team, performing walkthroughs and testing on audits. The City’s auditor is also willing to be a team resource for the co-source firm and provide help with any other audit the firm is working on.

3. Will they perform any review work (first or second level review) of the internal audit projects performed by the co-source firm that is selected?

Answer: We would like the City’s auditor to perform some level of review; not necessarily to provide a stamp of approval, but so they can go through the audits step-by-step and see what and learn how the audit was done.

8. Appendix B - We noted some carryover audits on the 2023 audit plan. However, does the City have an estimate or expectation of how many audits they would like performed each year (which would include any carryover audits from the prior year)?

Answer: We have some carryover audits due to staff turnover. The Audit Committee is currently expecting around 8-10 audits per year, but these expectations may change once the contract is awarded and audits are being performed.

9. Do you have an estimated budget and/or estimated hours for the internal audits that were utilized for Appendix B?

Answer: It really depends on the audit and its complexity, but in the past, we calculated an average of 250 hours per audit and 60 hours for follow-up.

10. How many interviews would you estimate for the enterprise-wide risk assessment?

Answer: We have typically done one interview per department in the past. Last year we did about 30 interviews.

11. Would you be able to share your previous risk assessment and annual internal audit plan?

Answer: Attached

12. Will information technology and/or security audits (i.e. external penetration testing, internal vulnerability assessment, email phishing, and/or IT controls) be part of your audit plan plan?

Answer: These have not been part of the plan in the past. They could be options going forward if the firm has the right expertise.

13. Will there be any preferential points for local firm?

Answer: No.

14. In terms of pricing estimates for the services, are you expecting a fee quote of hourly rates by staff level ("rate card"), a blended rate, or are you expecting a fee quote by year? If by year, is an estimate or range of dollars be acceptable as we will now know the number of hours and/or audits?

Answer: Per the RFP: "Firms shall provide an employee classification hourly rate schedule and provide an estimated number of hours to complete the tasks listed below each year."

15. Does the City have a preference for onsite versus remote audits?

Answer: We don't have a requirement for onsite audits as the City's auditor will be onsite.

16. Is this the first internal audit RFP prepared by the City or a renewal of an expiring contract for internal audit services? If applicable, why are you looking at replacing the previous provider?

Answer: This is the first internal audit RFP the City has done.

17. Have there been any known frauds or material control breakdowns with the City that would impact our approach?

Answer: There are not any known frauds or material control breakdowns.

18. Was there any specific concerns with the the City that was the catalyst for this RFP?

Answer: It has been hard to keep a full audit staff, so the Audit Committee/City Council decided to try a different approach to provide internal audit services.

**Sign this form and include with your proposal response.**

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Signature

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Company

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Date