

Date: 06/28/24

Subject: Respondent's Questions & State's Response, RFP #24RFP10939 – Internal Control Framework

In accordance with the subject Request for Proposals (RFP), the following are answers to respondent's questions which have been submitted prior to the specified deadline of June 28, 2024. These questions are for informational purposes only; they do not alter the requirements specified within the RFP. Any changes to the RFP will be accomplished by the Office of Procurement Management through the use of an addendum.

The State's response will be in red font following the respondent's questions.

1. **Respondent's Question:** Approximately how many state agencies are assessed annually?
 - a. The State Board of Internal Control's goal has been to onboard and assess 4-5 agencies per year as this process typically takes 7-10 weeks to complete per agency. In addition, we plan to review the documented risk assessments of at least 3-4 agencies annually as well.
2. **Respondent's Question:** Have there been any agencies that have not been onboarded yet?
 - a. Yes. Our state has the following agency breakout: 16 executive branch departments (13 of which are onboarded), 4 bureaus (1 of which is onboarded), 6 elected offices (3 of which are onboarded), 2 legislative departments and 2 judicial departments (none of which are onboarded). All agencies would be subject to this specific contract, with the primary goal to onboard those who have not been yet and periodically review the current risk assessments for those that are onboarded.
3. **Respondent's Question:** Is the same assessment frequency used for each agency? If not, please describe.
 - a. Right now, we are not using the same frequency – it is more on an ad-hoc basis due to a lack resources available to facilitate the review. Best practice for this would be at least annually or as an agency's objectives/strategic plans change.
4. **Respondent's Question:** What types of tools are you using within this process? Any automated tools?
 - a. ServiceNow GRC, Excel, SharePoint, Teams, Zoom, PowerPoint
 - b. We have our own Risk and Control Matrix (RCM) developed as well.
5. **Respondent's Question:** On average, how many hours a week do you anticipate the resource need and for how many weeks?
 - a. Hours per week will vary, but on average 10-25 hours each week would be anticipated.

6. **Respondent's Question:** What is the mix of skill sets is needed such as financial/operational versus IT?
 - a. Our State is primarily looking for a SME in risk identification and assessment, internal controls, and the facilitation in those areas. These individuals would be expected to take the concepts, processes, methodologies, and theories used in developing and implementing BFM's internal control system and assist in the roll it out to other state agencies.
 - b. Our State has a separate IT consultant for our ServiceNow GRC application, so this RFP will not focus on an IT skill set.
7. **Respondent's Question:** For the technology assessment, what type of environments/applications would be involved?
 - a. ServiceNow GRC, Excel, SharePoint, Teams, Zoom, PowerPoint
8. **Respondent's Question:** Can the work be performed remotely with occasional travel as needed?
 - a. We anticipate this project will be completely remote. All work can be done via Teams or Zoom.
9. **Respondent's Question:** Do you have a budget amount that you can share that is anticipated for this service?
 - a. No. Although price is a factor that will be considered, no estimated budget amounts have been set for this RFP as BFM does not know what an estimated cost for this project is.
10. **Respondent's Question:** Is a Contractor currently performing this work and the contract period is ending, or is this the first contract for these type of services?
 - a. PwC was the original contractor on this project and they commenced work on 2/19/18 and ended work on 12/22/24.
11. **Respondent's Question:** The RFP mentions to document availability and familiarity with the project locale. Does the State require the winning Contractor to have a local office in South Dakota?
 - a. No.
12. **Respondent's Question:** This is a multi-year contract term and the RFP indicates the Contractor will provide continuous onboarding and review of information for all state agencies. Can the State provide more specifics as to how many agencies will need services from this contract and how often?
 - a. Yes. Our state has the following agency breakout: 16 executive branch departments (13 of which are onboarded), 4 bureaus (1 of which is onboarded), 6 elected offices (3 of which are onboarded), 2 legislative departments and 2 judicial departments (none of which are onboarded). All agencies would be subject to this specific contract, with the primary goal to onboard those who have not been yet and periodically review the current risk assessments for those that are onboarded.

13. **Respondent’s Question:** Related to the above question, the RFP asks that proposers submit the total overall project cost. It would be very difficult to submit a project cost not knowing how many agencies will need services from this contract and how often, and to what extent. Will the State consider awarding this project based on hourly rates as opposed to a total project cost?
- a. Yes.
14. **Respondent’s Question:** Section 1.2 seems to indicate individual state agencies will leverage this contract to develop their own agreement with the winning Contractor of this RFP. However, Section 1.1 seems to indicate the winning contractor will evaluate the State’s current internal control framework and develop recommendations for statewide change and implementation. Can you clarify if the winning Contractor of this RFP will evaluate the statewide framework or just those agencies that choose to leverage the contract for the winning Contractor to evaluate the respective state agency’s framework?
- a. The winning contractor will be asked to evaluate the State’s current internal control framework, the related training materials, and the current risk assessments, then develop recommendations if warranted. All State agencies leverage the same framework and are statutorily required to implement it per 1-56-6.
15. **Respondent’s Question:** For the hourly rates, can proposers list an annual increase in rates for the multi-year contract term?
- a. Yes.
16. **Respondent’s Question:** For references, if the primary project executive worked at another CPA firm and did similar work at that firm, can references be used that relate to that project executive or do they need to be specific to just the current CPA firm the executive works at?
- a. References provided can include any work experience that relates to the project.
17. **Respondent’s Question:** Have there been any interim risk assessments performed since 2018? If so, when was the last and what has been the frequency?
- a. Our risk assessments are performed on an agency-by-agency basis by the Statewide Internal Control Officer, and we have not yet visited all agencies. For those that have been onboarded to our internal control implementation/risk assessment, the State aims to review those documented risks annually or as the agency’s objectives/strategic plans change.
18. **Respondent’s Question:** Has there been a more recent report to the members of the Government Operations and Audit Committee (GOAC) since 2022?
- a. Yes – please find it posted here.
19. **Respondent’s Question:** What is the status of the most recent Work Plan?
- a. The FY2025 Work Plan was adopted by the State Board of Internal Control on 6/25/24. You can access it here.

20. **Respondent's Question:** Is any resulting report from the chosen Contractor slated to be presented to the GOAC?
- a. The contractor will work with the BFM Internal Control Office to populate and refine pre-existing reports. If the contractor believes changes or additional reports are required, they could offer those to the BFM Internal Control Office.
21. **Respondent's Question:** Does BFM anticipate any obstacles? For example, timing with State's fiscal closing, ACFR preparation and audit process?
- a. No. The Internal Control Office responsibilities are separate and independent from those functions.
22. **Respondent's Question:** What is the anticipated or preferred timing of the engagement and on any final deliverables, assuming a start date of August 1, 2024?
- a. The risk assessments/internal control implementation is an ongoing process. The BFM Internal Control Office will work with the selected contractor to establish a timeline or work plan.
23. **Respondent's Question:** In addition to reviewing, assisting and supporting BFM, will the selected firm also be performing the Risk Assessment, or will that be the State Board of Internal Control?
- a. The selected contractor will be assisting the Statewide Internal Control Officer with risk assessments with each state agency.
24. **Respondent's Question:** Have there been any formal internal control questionnaires or self-assessments performed? If so, at what frequency?
- a. Yes. Any agency that has been onboarded to our program is subject to control attestation assessments semi-annually. Results of that reporting are presented to the State Board of Internal Control for review.
25. **Respondent's Question:** Related to Section 3.0, item #4, what systems or software is used to provide the selected firm with the risk and control matrix?
- a. Our risk and control matrix is a Microsoft Excel document. Final RCM's are imported to our internal control application ServiceNow GRC.
26. **Respondent's Question:** Who will be the primary key contact from BFM for the engagement?
- a. Allysen Kerr, Statewide Internal Control Officer.

27. **Respondent's Question:** Due to some unknowns in the scope and timing, will South Dakota accept an alternative pricing structure such as time and materials, caps based on approved milestones and other forms of pricing?
- a. The BFM Internal Control Office will work with the selected contractor to establish milestones within the agreed-upon work plan which may include time and material pricing.
28. **Respondent's Question:** Depending on the release of answers, will BFM consider an extended deadline to properly incorporate the responses into our submission?
- a. The deadline will be as detailed in the RFP which is 7/12/24.
29. **Respondent's Question:** Will the contractor actively be engaged with agency staff members for agencies that are implementing internal control framework?
- a. Yes. The BFM Internal Control Office has an implementation training plan which incorporates workshops to facilitate the completion of the risk and control matrix with each agency division. The contractor would be expected to assist and/or lead in the facilitation of those workshops with and agency personnel.
30. **Respondent's Question:** In our experience in conducting internal controls implementation efforts, following the review and assessment stage of implementation, more often than not, organizational change management activities to support staff throughout the implementation are required to be performed. Is it the State expectation that the vendor support such organization change management activities?
- a. No.
31. **Respondent's Question:** In step 4 it states, 'Assist with the continuous review of all current documented information in the risk and control matrix'. Does this include performing reviews for test of design and effectiveness for controls in the matrix, or is this solely updating the matrix based on changes to cycle memos/business process narratives?
- a. Both. Continuous review with state agencies would entail reviewing current documented objectives, sub-objectives, risks, and controls in the risk and control matrix. During that review we would evaluate the effectiveness and completeness of controls documented and provide suggestions and changes when warranted.
32. **Respondent's Question:** In 5.2.3.2 it states the response must contain 'A specific point-by-point response, in the order listed, to each requirement in the RFP. The response should identify each requirement being addressed as enumerated in the RFP (**expressly** including the requirements set forth in **Section 4.0 of this RFP.**) We believe this enumeration is also referring to the four scope requirement items in Section 3.0 Scope of Work, namely:
- Review and make recommendations for improvement of the current tools and internal control framework in place,
 - Assist BFM in the continuous implementation and onboarding of the internal control framework within state government,
 - Support and assist in the development, etc. Is this correct?

a. Yes.

33. **Respondent's Question:** In the Proposal Evaluation and Award Process section, there are criteria for the review and evaluation of the responses. Are there weights associated with the criteria that will be used to evaluate responses?

- a. 6.4.1 Specialized expertise, capabilities, and technical competence as demonstrated by the proposed approach and methodology to meet the project requirements; **(25%)**
 - a) Review and make recommendations for improvement of the current tools and internal control framework in place,
 - b) Assist BFM in the continuous implementation and onboarding of the internal control framework within state government,
 - c) Support and assist in the development and review of the risk assessments, control activities, information and communication, and monitoring activities, and
 - d) Assist with the continuous review of all current documented information in the risk and control matrix.
- b. 6.4.2 Resources available to perform the work, including any specialized services, within the specified time limits for the project; **(25%)**
- c. 6.4.3 Record of past performance, including price and cost data from previous projects, quality of work, ability to meet schedules, cost control, and contract administration; **(15%)**
- d. 6.4.4 Familiarity with the project locale; **(5%)**
- e. 6.4.5 Proposed project management techniques; **(15%)** and
- f. 6.4.6 Ability and proven history in handling special project constraints. **(5%)**
- g. 6.4.7 Availability to the project locale **(5%)**
- h. 6.4.8 Cost. **(5%)**