RFP 25-05 Addendum 1

INTERNAL AUDITOR SERVICES

Questions and Answers

General Questions:

1. Has the City outsourced internal audit services in the past? Yes

2. What initiated the need for Internal Audit Services or the need to change providers? The contract with the current service provider ends 12/31/25, with no options to renew remaining.

3. Risk Assessment: Once the RFP has been awarded, we are looking for the vendor to perform a risk assessment.

a. Has the City performed an enterprise-wide risk assessment previously? No

b. What was the date of the most recent risk assessment? N/A

c. Who performed the risk assessment? N/A

d. How many stakeholders were involved in the process? N/A

e. Can you share the number of hours utilized for the risk assessment? N/A

f. Will the City be willing to provide a copy of the Risk Assessment prior to the submission of the response to the RFP? N/A

4. Policies and Procedures:

a. Does the City have written policies and procedures and/or SOPs? Yes

b. If yes to 4.a., when was the last time they were updated? City's financial policies are currently in the process of being updated. SOP's are updated as needed.

c. Are your policies centralized, or decentralized, or both, please elaborate. All policies are centralized within the Finance Department.

5. Internal Audit Plan and Reports: The City is looking forward to working with the selected vendor to develop the internal audit plan.

a. Does the City have an internal audit plan? Yes

b. Can you share the most recent internal audit plan? Yes

c. Are there any open audits in progress with the current vendor, and will they be expected to be completed by the new vendor? All audits currently open will be completed by the current vendor by 12/31/25.

d. How many audits are performed on an annual basis and what is the date of the most recent internal audit plan and status of audits performed? The expectation is to have 1 audit per quarter, for a total of 4 audits per year

e. Are there any areas of specific concern the City has noted currently? City management and staff, the internal auditor, and members of the City's Audit Committee work together to identify departments, functions, and programs to audit each year.

6. Is the City's preference for work to be remote, in-person, or hybrid. If hybrid, what components are preferred to be performed in-person? Fieldwork for each internal audit can be performed remotely, but in-person attendance is required for each quarterly Audit Committee meeting held at Dunwoody City Hall.

7. How often does the Audit Advisory Committee meet and is the expectation that the selected vendor will attend/present at each meeting? Typically how often would the City expect the selected vendor to meet with the City Council. Fieldwork for each internal audit can be performed remotely, but in-person attendance is required for each quarterly Audit Committee meeting held at Dunwoody City Hall. The City expects the selected vendor to meet with the City Council when requested by city management or councilmembers.

8. Have there been any significant findings in any internal, external, or regulatory audits or reviews, including material weaknesses, non-compliance, or fraud, waste, abuse, or illegal acts? No

9. Does the City have a process for tracking and remediating findings? If so, what is the status of the remediation efforts? Yes. All remediation efforts are complete.

10. Budget: Does the City have a dedicated or anticipated budget in hours and fees for the scope of work requested in the RFP? $15,000

11. Systems:

a. What are the major systems that would impact the scope of work. Tyler ERP Pro v10

b. Are systems centralized or decentralized? Centralized

c. Are there any major planned changes in systems during the anticipated timeline of this engagement? None planned at this time.

12. Timeline and Deliverables

a. Will a liaison(s) be provided to the consultant during the engagement to ensure that data is available in the time manner needed to meet the objectives and milestones. Yes

b. Please clarify who the liaison(s) will be including any Project Committee Leaders and/or City personnel, Technology personnel, and other identified personnel. Finance Director, Assistant Finance Director, and Accounting Manager

13. Does the City manage a hotline? Is it the expectation that the vendor selected would assist with the management of the hotline? Yes, the City has a hotline, and no the City is not expecting the selected vendor to assist with the management of the hotline.

14. Has the City ever had an IT Risk Assessment performed? If yes, what was the date of the most recent one performed? Will the City provide a copy of the assessment prior to the submission of the response? The City had an Information Technology General Controls Review performed. Yes.

15. As part of the evaluation criteria, specific experience performing internal audits for cities and counties in Georgia is noted. Is this a specific requirement and if so, how is that evaluated for scoring purposes? While not required, the City would prefer a vendor with experience performing internal audits for cities and counties in Georgia. Vendors with this experience could earn more points than vendors without this experience during the scoring process.

16. Our firm protocol requires a Master Service Agreement (MSA) with a Scope of Work attachment to be signed. Will the City agree to review and sign the MSA? The MSA would have to be evaluated by the City's legal staff.

17. Regarding Appendix D: Professional Services Contract, to ensure adherence with professional standards, are vendors allowed to include exceptions provided by our

legal team within the proposal or will there be a contract negotiation period following award? Contract negotiation if needed after award.

18. General; Is the City able to disclose the rationale behind the decision to transition from the current internal audit service provider? The contract with the current service provider ends 12/31/25, with no options to renew remaining.

19. General; Is the City considering a change in its current internal audit service provider due to a standard rotation policy, concerns regarding audit quality, or a strategic initiative to enhance the internal audit function? The contract with the current service provider ends 12/31/25, with no options to renew remaining. Thus, the City is issuing an RFP to solicit proposals from potential service providers.

20. Is the City able to disclose the planned annual budget (or spend) for the internal audit services in this RFP? $15,000

Scope & Frequency of Audits

1. In the 2021 RFP, the City anticipated approximately four audit projects per year. Should proposers assume a similar number for budgeting purposes, or will project scope and volume be based on a dynamic, risk-based approach going forward? The expectation is to have 1 audit performed per quarter, for a total of 4 audits per year.
2. Does the City have any existing or draft internal audit plan or risk-assessment results that should guide the initial engagement priorities? The City is looking forward to working with the selected vendor to develop the internal audit plan and complete a risk assessment.
3. Are there specific departments, functions, or programs the City considers high-priority for audit coverage in the coming year covered under this RFP? City management and staff, the internal auditor, and members of the City's Audit Committee work together to identify departments, functions, and programs to audit each year.

Strategic Alignment & Priorities

4. Would the City prefer inclusion of advisory or capacity-building services (e.g., risk workshops, control training, etc.) within the internal-audit scope, or should these be proposed separately as optional services? The City would prefer the inclusion of advisory or capacity-building services be proposed separately as optional services.

5. Has the City identified particular strengths or value areas from the prior internal-audit provider that it would like to preserve or expand upon under this new engagement? N/A

Pricing & Contractual Structure

6. Would the City prefer a fixed annual fee (based on expected audit volume) or a flexible hourly-rate model with a not-to-exceed ceiling per year or per engagement? The City would prefer a fixed annual fee.
7. We understand the City expects quarterly meetings, does that equate to four internal audits per year? The City expects 1 audit to be conducted per quarter, for a total of 4 audits per year.
8. Do you require a "wet signature" on the proposal or would digital be suitable? The City requires a wet signature on the proposal.
9. Our proposed team has a number of professional licenses and certificates. Under your proposal required content, are you asking for a copy the firm's CPA license to practice in Georgia or for copies of the personal certifications of the team? The City is expecting to receive a copy of the firm's CPA license to practice in Georgia, as well as that the license and/or certification of the Audit Manager on the engagement. It is not expected that Audit Staff have the requested license and/or certification, but it is preferred. And yes, the City is expecting to see the license of each person included in the response, if they have it.
10. Can you provide an organizational chart for the City? Please see attached.
11. Is the School District included as part of the City's internal audit program? No.
12. Does the City have an already-established or identified list of departments or risk-areas it is interested in auditing? Can this be shared? Once the RFP has been awarded, we are looking for the vendor to perform a risk assessment.
13. Do you have a current internal audit service provider? Can you provide any previous internal audits performed? Yes – the City does have a current internal audit service provider.
14. Do you have an annual placeholder in the budget for the outsourced internal audit? $15,000
15. Do you expect all internal audit work to be completed on site or will a hybrid or remote option be acceptable? Fieldwork for each internal audit can be performed remotely, but in-person attendance is required for each quarterly Audit Committee meeting held at Dunwoody City Hall.
16. Is there a risk assessment and existing internal audit plan that you can share? The City is looking forward to working with the selected vendor to develop the internal audit plan and complete a risk assessment.

City of Dunwoody Organizational Chart