

ADDENDUM NUMBER FOUR

THE UNIVERSITY OF NEW MEXICO HOSPITALS

Purchasing Department
933 Bradbury Dr. SE Ste 3165
Albuquerque, New Mexico 87106

Date: August 10, 2020

Proposal Number: RFP 422-20

Name of Procurement Specialist: Jennifer Sanchez

Due Date: July 1, 2020 @ 2:00 pm MST/MDT

Revised Due Date: August 20, 2020 @ 2:00 pm MST/MDT

Notice to all respondents:

Amend the Proposal: **RFP 422-20 - INTERNAL AUDIT SERVICES**

This **addendum** becomes part of the Proposal Documents and **modifies**, as noted below, the original Bidding Documents. THE FOLLOWING PROVISIONS OF THE ABOVE-REFERENCED RFP ARE AMENDED AS FOLLOWS:

WRITTEN RESPONSES – QUESTIONS AND ANSWERS

GENERAL INQUIRES

QUESTION 1: What is the budgeted fee for these internal audit services? What is the anticipated budget available for the budgetary period for the duties and responsibilities considered in this RFP?

RESPONSE: The UNMHSC determine that the question does not relate to the RFP or any clarification thereof.

QUESTION 2: Has UNMHSC had any budget issues related to COVID-19?

RESPONSE: The UNMHSC determine that the question does not relate to the RFP or any clarification thereof.

QUESTION 3: What prompted UNMHSC to initiate the current request for internal audit services?

RESPONSE: Function is currently being done internally. UNMHSC has made the decision to obtain these functions from an outside company.

QUESTION 4: Is the internal audit function currently outsourced? If so, why is the current RFP being issued? Does UNMHSC have incumbent providers for the described services?

- a. If so, could you provide a listing of audits completed through co-sourcing in the past two years?
- b. What is the driver for issuing an RFP for Internal Audit services at this time?

RESPONSE: Function is currently done internally.

QUESTION 5: If outsourced and UNMHSC elects to engage a new service provider, what would be the expectation of the internal audit manager with regard to being local based or not?

RESPONSE: It is not a minimum requirement for the manager to be locally based.

QUESTION 6: If outsourced, is the internal audit project manager local or do they travel in from another location?

RESPONSE: The UNMHSC determine that the question does not relate to the RFP or any clarification thereof.

QUESTION 7: How many days is the project manager onsite?

RESPONSE: This would need to be evaluated on an as needed basis since not all audits require onsite presence.

QUESTION 8: What are the titles/positions of the decision makers involved in the selection process for this work?

RESPONSE: The UNMHSC determine that the question does not relate to the RFP or any clarification thereof.

QUESTION 9: What mix of staffing (e.g. staff, senior, manager, director, partner, etc.) does UNMHSC expect on each audit?

RESPONSE: This is up to the offeror to propose what they think is appropriate.

QUESTION 10: What is the historical number of annual internal audits completed?

RESPONSE: Expected volume was included in the RFP. Please see Exhibit B – Evaluation Criteria Section 1.c.iii “Describe availability of assigned staff to provide up to 3,000 hours of Internal Audit Services per contract/calendar/fiscal year.” and Section 3.a “Provide number of individuals, number of

hours by type of personnel, hourly rate for each category of personnel, expected number of audits performed per contract year, and total fee. As set forth above, please base your proposal on an estimated 3,000 hours of work per contract year.

QUESTION 11: What has the historical level of effort been related to risk assessment process on an annual basis? **Risk Assessment is completed annually.**

QUESTION 12: Please describe leadership’s perspective of internal audit:

- a. What is leadership’s view of the role and perceived value of internal audit?
- b. How has internal audit successfully added value to the institution in recent years? How does leadership expect internal audit to align its activities to support the institution’s strategic goals?
- c. What would you change within internal audit to be able to deliver maximum value to the UNMHSC?

RESPONSE: The UNMHSC determine that the question does not relate to the RFP or any clarification thereof. Moreover, it is anticipated that the successful offeror’s skill and experiences will over time allow it to “add volume” and “align activities”.

QUESTION 13: Does UNMHSC have an enterprise risk management (ERM) program? If so, what is the involvement and interaction with internal audit and key compliance functions across the institution?

RESPONSE: Compliance and Internal Audit work together on risk assessment for the UNMHSC.

QUESTION 14: Does UNMHSC expect to engage more than one provider with whom they are planning to establish relationships?

RESPONSE: The intent is that a single provider will be selected. UNMHSC reserves the right to make award(s) as necessary to meet it needs.

QUESTION 15: While we are an independent CPA firm licensed to perform public accounting services in New Mexico with a New Mexico Public Accountancy Board permit and with professionals who are capable of performing internal audits under IIA, AICPA, and GAGAS and other standards, we are not on the State Auditor’s list of approved firms per NMAC 2.2.2.8. Because this RFP is for internal audit services as opposed to financial audits and AUP engagements with agencies, will not being on the State Auditor’s list of approved firms preclude us from proposing on UNMHSC RFP 422-20, Internal Audit Services?

RESPONSE: Only those Offerors appearing on the New Mexico State Auditor’s 2020 Approved Firm List may submit a proposal response to this RFP.

QUESTION 16: In the Scope of Work section, it states “The services shall be conducted in accordance with Requirements for Contracting and Conducting Governmental Audits (Section 2.2.2, et seq., NMAC).” Are all entities noted within the RFP to be compliant with the New Mexico Statement Auditor Rule 2 NMAC 2.2 or does this just relate to specific entities?

RESPONSE: UNM Hospital falls under this requirement.

QUESTION 17: How many audits/hours do you currently perform within the calendar audit year? How many are IT, operational and compliance focused (if we can receive the internal plan/risk assessment, this question may be answered by reviewing such documents)

RESPONSE: The UNMHSC determine that the question does not relate to the RFP or any clarification thereof.

QUESTION 18: Have the organizations within the scope of this RFP ever had an internal audit function or had internal audits performed in the past? If this type of work has been completed in the past, will the selected firm have the opportunity to review previous audit work?

RESPONSE: Yes, all entities have had internal audits. Yes, the successful offeror will have access to prior audits.

QUESTION 19: How many hours are currently allocated to assisting with external audit activities?

RESPONSE: The UNMHSC determine that the question does not relate to the RFP or any clarification thereof.

QUESTION 20: How many internal audit projects does UNMHSC anticipate outsourcing on a yearly basis?

RESPONSE: There is no set number of audits to be conducted. The number of audits will depend on the annual risk assessments and internal audit plans and the hours related to each item on that plan. The successful offeror will participate in helping us develop those plans.

QUESTION 21: Who will be the primary contact for the selected firm in coordinating and overseeing work performed? Who will be responsible for quality reviews of the audits, service provider’s management/partner level personnel, or client?

RESPONSE: The primary contact(s) are not determined at this time. Quality reviews will be the responsibility of the successful offeror.

QUESTION 22: Do you expect to audit significant construction projects at UNMHSC in the next two years?

RESPONSE: To be determined.

QUESTION 23: Give the current COVID-19 situation, will there be an expectation that audits be performed remotely or in-person?

RESPONSE: Staffing will be in accordance with UNMHSC policy and requirements set forth by UNMHSC Occupational Health. At this time, most likely remote.

SCOPE OF WORK

QUESTION 24: How do you envision internal audit best supporting research at UNMHSC, specifically your stated strategic initiative to “foster innovation and translate our research and discoveries into clinical and educational practice”? What research risks would you anticipate being of focus for internal audit in the upcoming three years?

RESPONSE: The audit will support the clinical function of the UNMHSC and not research functions.

QUESTION 25: Does the external auditor currently place reliance on any activities (internal audit, control testing, etc.) completed by internal audit? If so, to what extent is reliance placed upon the work of internal audit? If not, does UNMHSC desire more coordination between internal and external audit to drive reliance?

RESPONSE: UNMHSC desires more coordination between internal and external audit functions.

QUESTION 26: Can you describe the background, structure and reporting lines of the internal audit function? (i.e. current vs. future state, in-house, co-sourced, number of individuals, entities, and overall reporting structure). Can the internal audit organizational chart be shared?

RESPONSE: The UNMHSC determine that the question does not relate to the RFP or any clarification thereof. UNMHSC seeks offerors to recommend in their proposals an appropriate structure/organization to pertain an internal audit function.

QUESTION 27: If UNMHSC has an internal IA team, what is the current makeup including IA, IT IA and analytics capabilities?

RESPONSE: The offeror should not include the use of internal staff in their quote. The internal staff has used IDEA and frequently Excel for analytics.

QUESTION 28: Is the internal audit function responsible for investigating code of conduct, ethics, whistleblower complaints, potential acts of fraud, or potential data breaches?

RESPONSE: Internal audit may assist UNMHSC compliance with these investigations.

QUESTION 29: Please describe the internal audit partner's intended role, frequency and regular/recurring involvement (if applicable) with regards to:

- a. Interaction with UNMHSC's staff (please clarify what is meant by "staff" from page 13, section 1.b.viii)
- b. Interaction with the University of New Mexico Internal Audit Department or Audit & Compliance Committee
- c. Interaction with External Auditors
- d. Interaction with Management
- e. Interaction with the Board of Trustees and Board of Regents

RESPONSE: This will be determined based on the skill and ability of the successful offeror as well as the needs of UNMHSC. The offeror should plan on meeting with management to present completed audits as well as presenting audits to the Board of Trustees. There will be an internal point of contact that will meet with successful offeror on a regular basis.

QUESTION 30: Do the entities within the scope of this RFP have mature internal control structures?

- a. Have there been any identified specific areas of concern?
- b. Have there been any material weakness or significant deficiencies in internal controls noted previously?
- c. Are there any specific IT concerns? Have there been any OCR issues, reportable breaches?
- d. Is the organization aware of any previous fraudulent activities that have taken place?

RESPONSE: The UNMHSC determines that the question seeks information that, if it exists, may implicate confidentiality, trade secrets, attorney client relationship, and attorney work product. Moreover, the UNMHSC determine that the question does not relate to the RFP or any clarification thereof.

QUESTION 31: Will the internal audit services under this contract be solely focused on internal audit and operations or will also they also include healthcare compliance projects?

RESPONSE: In the RFP, UNMH requested “The proposal should include hourly fees for additional related services as may be requested by UNMHSC.” From time to time, UNMHSC may request that its audit department provide support to projects, which could include compliance projects. Because of this, UNMHSC requested that Offerors provide hourly rates for additional or supplemental related work.

QUESTION 32: Will UNMHSC continue to have an internal audit and compliance team? If yes, what is the size of the team, what will our role be, will we oversee the IA function or work side by side with your team?

RESPONSE: No, this audit does not cover compliance and the UNMHSC will continue to have a separate compliance team. The current internal audit staff is 1 FTE. It is anticipated that the successful offeror will lead UNMHSC internal audit and will have a high-level reporting relationship as set forth in the RFP. The actual hours of work is subject to increase or decrease based on the needs of UNMHSC.

QUESTION 33: Per Exhibit A of the RFP (Scope of Work), Section IV.11, “In order to ensure efficiency and internal competencies, UNMHSC in its sole discretion may elect to provide UNMHSC employed staff who will support and assist the successful Contractor with internal audit functions”. Can UNMHSC provide clarification as to the nature and extent of UNMHSC employed staff provided? For instance, would this employed staff be comprised of UNMHSC internal audit personnel, and if so to what extent would this personnel be provided?

RESPONSE: This is subject to change. Offeror’s proposal should not factor in the use of UNMHSC internal resources.

QUESTION 34: Is this RFP going to require the Service Provider to perform other internal audit functions, such as reporting to UNMHSC Boards of Governance committees and conducting regular follow up activities to ensure that management action plans have been implemented based on previously issued internal audit reports?

RESPONSE: Yes.

QUESTION 35: Can you provide further detail discussion regarding the expectation of services and level of effort related to Exhibit A, Scope of Work, IV, question 7, page11?

RESPONSE: Not at this time.

QUESTION 36: What priorities does the UNMHSC want to address initially as part of the contract?

RESPONSE: The UNMHSC determine that the question does not relate to the RFP or any clarification thereof. Moreover, the question requests information, if it exists, that may be deemed confidential, a trade secret, or subject to attorney-client protections.

QUESTION 37: How many major systems or subsystems are utilized within the UNMHSC group?

RESPONSE: This is listed in the RFP.

QUESTION 38: WORK REQUIREMENTS AND TECHNICAL APPROACH, PAGE 15, 2iii, 4— Given confidentiality, would it be acceptable to provide example reports that do not reference any proprietary information, including name of organization.

RESPONSE: Example reports should have proprietary or identifiable information redacted.

QUESTION 39: The Scope of Work section number 5 states “provide UNMHSC’s respective Boards of Governance and Management with an independent assessment of recommendations on how internal controls could be improved and areas where further operating efficiencies and effectiveness could be attained.” How often do you anticipate internal audit meeting with the board? Are these meetings typically in person or over teleconference?

RESPONSE: To be determined, based on the needs of the Boards and UNMHSC.

QUESTION 40: What are the expectations of the selected firm to handle issue monitoring and follow up procedures?

RESPONSE: The offeror may be expected to assist UNMHSC with this.

QUESTION 41: WORK REQUIREMENTS AND TECHNICAL APPROACH, PAGE 15, 2iii, 1.a.—Given the fact the audit plan would be completed upon completion of initial risk assessment, in response to this item in the RFP, would it be acceptable to include a high-level overview of an audit plan that may address key issues faced by the industry.

RESPONSE: Yes.

QUESTION 42: Does UNMHSC require a Risk Assessment (used to determine the Internal Audit plan)? Or will UNMHSC instruct the Service Provider as to the specific audits to include on the Internal Audit Plan?

RESPONSE: The risk assessment is in process and will be used to determine the 3-year audit plan.

QUESTION 43: Is there an existing risk assessment or audit plan, or is completing a risk assessment and audit plan expected as part of the beginning of the engagement? Are any previously performed risk assessment activities (if applicable) expected to be included or partially included in this new scope?

RESPONSE: The risk assessment is in process and will be used to determine the 3-year audit plan.

QUESTION 44: Is a risk assessment included within the current plan? What departmental areas / business and clinical processes / procedures are currently of most concern to UNMHSC? Based on current events, have you added any emerging / evolving risk areas to your audit plan for 2020 / 2021 that we should ensure to highlight in our areas of capabilities (i.e., Crisis Management, funding changes, insurance management, risk management, cybersecurity, diversity & inclusion, etc.)?

RESPONSE: The risk assessment is in process and will be used to determine the 3-year audit plan.

QUESTION 45: Purpose indicates the scope of services will include operations, compliance, information systems and any other area of operations where risk is determined to be substantial.

- a. Should our estimate include performing an Internal Audit risk assessment and multi-year plan to be approved by your Boards of Governance and Management?
- b. For the internal audit services, are there specific audits already identified that would be assigned to the selected contractor?
- c. If no, within the 3000 hours estimated for the audit year, is there an estimate of the number of projects that would leverage a contractor in a given year?
- d. Are there required audits each year where you would expect your IA provider to support? If so, can you please provide that listing to ensure that we have highlighted our capabilities in those areas?

RESPONSE: The service provider is expected to assist with the development of the annual audit plan.

QUESTION 46: Are any third-parties used for significant functional or technology areas that would require interaction with the selected firm? Are significant implementations / upgrades expected for the upcoming years?

RESPONSE: The UNMHSC determine that the question does not relate to the RFP or any clarification thereof.

QUESTION 47: When was your most recent external quality assessment and are there any areas of focus that you would like for us to support you in covering in the next two to three years?

RESPONSE: These will be shared with the successful offeror.

DISCLOSE INQUIRES/REQUESTS FOR INFORMATION

QUESTION 48: Will you provided copies of recent internal audit reports that have been completed?

RESPONSE: These will be shared with the successful offeror.

QUESTION 49: Will you provide copies of recent external auditor management letter comments?

RESPONSE: These will be shared with successful offeror.

QUESTION 50: Will you provide copies of the current organization and entity structure? As well as description of governance and/or management structure between the University and Hospital. Is there a combined goals structure?

RESPONSE: <https://hsc.unm.edu/health/about/>

QUESTION 51: Can the internal audit charter or internal audit's strategic plan or goals be shared? Will UNMH be willing to share with us the most recent internal audit plan and strategic plan to better inform us of what to include in our own proposal?

RESPONSE: These will be shared with successful offeror.

QUESTION 52: When was the last risk assessment performed and can the risk assessment results be shared? Will you provide copies of the most recent, if performed, for the following:

- a. Enterprise risk assessment
- b. IT security risk assessment

RESPONSE: These will be shared with successful offeror.

QUESTION 53: Can you please share the internal audit plans / list of internal audits executed during the past three years? If not, can you describe the audits typically performed each year? How many audits are typically performed each year? Can you provide the Internal Audit plan for UNMHSC for the past 2 years to provide us context of the nature of past services? Will you provide copies of Internal Audit plans that have been followed for the last 3 years? Would we be able to get copies of the past three years internal audit plans and risk assessments?

RESPONSE: These will be shared with successful offeror.

QUESTION 54: Related to external or prior audit activities:

- a. Have the external auditors and/or regulatory agencies issued management letter comments (i.e., observations and recommendations outside of the core audit reports) in the last three years and, if so, can those be provided?
- b. Are there any material weaknesses or significant internal audit findings that are currently being remediated? If so, please provide the details.
- c. Have there been any findings from the Office of Inspector General, Joint Commission, CMS audits or other regulatory audits or investigations that would impact internal audit activities? If so, please provide the details.

RESPONSE: These will be shared with successful offeror.

INFORMATION TECHNOLOGY

QUESTION 55: Are there technology solutions UNMHSC prefers for internal audit execution (e.g., workpapers, collaboration, data analytics, etc.)?

RESPONSE: No.

QUESTION 56: Have any IT assessments or audits been conducted (internally or by external service providers)? If so, can you please share the reports?

RESPONSE: These will be shared with successful offeror.

QUESTION 57: What are the current IT department goals and objectives?

RESPONSE: The UNMHSC determine that the question does not relate to the RFP or any clarification thereof.

QUESTION 58: How is the IT organization structured? Can you please send an organization chart with roles and responsibilities?

RESPONSE: These will be shared with successful offeror.

QUESTION 59: Are there any significant outsourced IT service providers?

RESPONSE: No. See also responses to questions 60 and 61,

QUESTION 60: Can an inventory of all software and hardware be shared?

RESPONSE: Software, software as a service and hardware will be shared with successful offeror as required to perform its internal audit functions.

QUESTION 61: In the RFP (page 13), there is a list of systems (Lawson ERP, Cerner Millennium, Soarian Financials and IDX). Can you describe the electronic medical records (EMR) systems and patient billing platforms currently being utilized?

RESPONSE: Cerner Millenium is the EMR. Soarian Financials is the patient billing system for UNMH and SRMC. IDX is the patient billing system for UNMMG.

QUESTION 62: Have there been any significant changes in the organization's information systems over the past two years, or are there any major changes planned in the next few years? If so, could you please describe?

RESPONSE: No

QUESTION 63: How many data centers are maintained, and where are they located? Are data centers outsourced to third parties?

RESPONSE: The UNMHSC determine that the question does not relate to the RFP or any clarification thereof.

QUESTION 64: Are the IT general controls (ITGCs) documented in a risk and control matrix format? If so, can this be provided?

RESPONSE: The UNMHSC determine that the question does not relate to the RFP or any clarification thereof.

QUESTION 65: What compliance framework/standard (NIST 800-53, NIST CSF, ISO 27001, COBIT, CIS CSC, etc.) are you currently aligned with and/or utilize?

RESPONSE: The UNMHSC determine that the question does not relate to the RFP or any clarification thereof.

QUESTION 66: Please describe the overall IT security model at your organization. Types of intrusion detection/protection systems in use (e.g., IDS, Intrusion Prevention, Cisco Secure, DLP, Anti-virus, Anti-Malware, SIEM, Intruder Alert, vulnerability scanning, etc.)? Are you currently conducting periodic penetration testing and vulnerability scans?

RESPONSE: The UNMHSC determine that the question does not relate to the RFP or any clarification thereof.

QUESTION 67: Does UNMHSC have an internal data analytics department? If so, how have they played a role in the internal audit process?

RESPONSE: The UNMHSC determine that the question does not relate to the RFP or any clarification thereof.

QUESTION 68: Have you implemented a Data Governance and Classification program? If so, please describe.

RESPONSE: The UNMHSC determine that the question does not relate to the RFP or any clarification thereof.

QUESTION 69: Are there any preclusions in terms of availability of data to the chosen contractor?

RESPONSE: The UNMHSC determine that the question does not relate to the RFP or any clarification thereof.

QUESTION 70: Does the internal audit function utilize a tool to assist with tracking audits, workpapers, conducting the risk assessment? If so, to what extent?

RESPONSE: TeamMate is used for audit files.

QUESTION 71: Does the internal audit function currently leverage data analytics and/or RPA (robotic process automation) to conduct the risk assessment and/or audit testing?

RESPONSE: The UNMHSC determine that the question does not relate to the RFP or any clarification thereof.

TIMELINE

QUESTION 72: When does UNMHSC prefer to initiate internal audit activities? What is your anticipated timeline to begin the transition process?

RESPONSE: As soon as firm is selected and contract is executed.

QUESTION 73: The contract and services are expected to complete over three years. What would be an ideal goal for the contract for timing of the start of the services after the contract award?

RESPONSE: As soon as any IT security review is completed and contract is executed.

QUESTION 74: Upon selection of the internal audit vendor, when would you like the project start?

RESPONSE: As soon as any IT security review is completed and contract is executed.

PROPOSAL COPIES AND FORMAT/MISCELLANEOUS

QUESTION 75: What is the process to negotiate and mutually agree upon the Standard Terms and Conditions (Exhibit I) prior to execution of the engagement?

RESPONSE: The Offeror who has been selected to receive a potential award will receive notification from the Procurement Specialist to start negotiations for preparation of a contract award.

QUESTION 76: Section 3.11, page 8 notes that the "... The term of the resultant Price Agreement(s) arising from this proposal may be for a term of four (4) years...". Is the expectation that pricing in the proposal should be for the period over 4 years versus the initial term of three years as noted on page 10, Section III, Scope of Procurement? Also, page 16, item 3 COST PROPOSAL, item d, refers to providing "...anticipated costs and expenses to be charged per contract year and over the anticipated two-year audit cycle." Could you clarify the timeframes for providing expense and cost estimates? On RFP page 8, item 3.11, it states that this is for a four year term, however on page 10, III. 1, it says it's a three year term. Can you please clarify the preferred number of years you would like us to propose on?

RESPONSE: Three years. UNMHSC may extend the term of any resultant agreement in accordance with the NM Procurement Code.

QUESTION 77: Is it at the discretion of the Offeror whether to provide the proposal in one binder with multiple sections or multiple binders (for each section)?

RESPONSE: One binder.

QUESTION 78: Is the expectation that a separate sealed envelope will be provided for each electronic copy (i.e., seven USB devices in individual sealed envelopes)? Section 2.1.3 (on Page 5)– We wanted to confirm that the request meant for seven individual USB thumb drives each loaded with a copy of the proposal and sealed in an individual envelope rather than seven copies on one drive in one envelope?

RESPONSE: The UNMHSC is requesting seven individual USB thumb drives each loaded with a copy of the proposal and sealed in an individual envelope

QUESTION 79: All proposals are required to be submitted in “easily readable” font, such as Times New Roman 12pt. Can an alternate font (Trebuchet 10pt) be used? Or is it required we use Times New Roman 12pt?

RESPONSE: The UNMHSC is requests the font of Times New Roman 12pt; however if an Offeror deviates away from the Times New Roman font, the UNMHSC is requesting that it is 12pt.

QUESTION 80: Will preference be given to small and disadvantaged businesses or to firms who partner with small and disadvantaged businesses, including Women-Owned Business Concerns?

RESPONSE: No, preference points will not be given to small and disadvantaged businesses or to firms who partner with small and disadvantaged businesses, including Women-Owned Business.

QUESTION 81: Section Exhibit B I l e i (“References” on page 14) - The sentence says we should provide a reference list of at least 3 clients for whom similar services have been performed within the past three (5) years. We just wanted to clarify if it was three years or five years? Page 14, item c.i. it says “...performed within the past three (5) years.” Please clarify if you prefer three or five years.

RESPONSE: Three years.

QUESTION 82: Is there a page limit or desired length in terms of the proposal?

RESPONSE: No.

QUESTION 83: Will there be oral presentation requirements? If so, how many vendors will be selected and when will presentations be held?

RESPONSE: Oral presentations may be required from the top scored offerors. There is no specific timeline dates. Once proposals are received, the UNM Parties evaluation committee members will decided how much time they will need to review and adequately score the responses.

All other provisions of the Proposal Documents shall remain unchanged. This addendum is hereby made a part of the Proposal Documents to the same extent as those provisions contained in the original documents and all itemized listing thereof.