



Office of Budget and Management

John R. Kasich
Governor

Timothy S. Keen
Director

Request for Proposals

External Quality Assessment

Office of Budget and Management – Office of Internal Audit

30 East Broad Street, 35th Floor

Columbus, OH 43215

February 27, 2017

1. Background

The Ohio Office of Budget and Management (OBM) Office of Internal Audit (OIA) is required to undergo an External Quality Assessment every five years to comply with the Institute of Internal Auditors (IIA) *International Standards for the Professional Practice of Internal Auditing*. OIA will complete its eighth year of internal audit activities on June 30, 2017 and OBM seeks to engage a bidder to conduct the second External Quality Assessment.

2. Objective

The objective during the External Quality Assessment of OIA will be to accomplish the following:

- Provide an opinion as to whether the internal audit activity conforms with the Definition of Internal Auditing (IIA) and the IIA's *Standards*, as well as evaluate whether the internal audit activity applies the Code of Ethics

3. RFP Scoring

The scoring of OIA External Quality Assessment proposals received in response to the Request for Proposals (RFP) will be based upon a 100 point scoring system using the following criteria:

A. Understanding of Requirements – maximum of **20 points**

This would include intended deliverables, understanding of entity, approach to external assessment, timeline, allotted hours, methodology, procedures, techniques, etc.

B. Expertise and Experience of Assigned Team Members – maximum of **40 points**

This would comprise of resumes of proposed team members, including number of years of experience and qualifications, firm and team members' backgrounds conducting external assessments of internal audit organizations (number of engagements, year(s) performed, names of organizations), expertise with internal audit and governmental entities, and other pertinent information about the firm and the team members.

In addition, OBM is requesting at least **three references** from the bidding firm that may be contacted. The bidder must include the name of the organization, a physical address and email address, phone number, and contact name for each reference.

C. Cost – maximum of **40 points**

The maximum score for price will be assigned to the bidder offering the lowest total all-inclusive fixed fee. Appropriate fractional scores will be assigned to other proposals as follows:

SAMPLE CALCULATION:

- Lowest Cost of All Bids = \$30,000, receives 40 points
- Next lowest bid = \$40,000: $\$30,000 / \$40,000 = .75$
.75 X 40 points = 30 points
- Next lowest bid = \$50,000: $\$30,000 / \$50,000 = .60$
.60 X 40 points = 24 points

4. Deliverables

The required deliverables for this RFP include:

- A detailed report covering:
 - Conformance with IIA's *Standards* and Code of Ethics;
 - As a result of assessing conformance, provide areas of improvement for the internal audit activity, including efficiencies and ways to enhance policies and practices.

The winning bidder may be asked to present the report to executive management as well as the State Audit Committee at the December, 2017 State Audit Committee meeting.

5. General Information on OIA

OIA, created in the Ohio Revised Code (O.R.C.) § 126.45, conducts internal audits of state agencies or divisions of state agencies to improve their operations in areas of risk management, internal controls, and governance. To learn more about OIA, visit the website located at: <http://obm.ohio.gov/InternalAudit/about.aspx>.

OBM employs approximately 24 professional internal audit staff in the OIA division. All of these employees have a central location at 30 East Broad Street, 35th floor, Columbus, Ohio. OIA completed approximately 78 assurance and consulting engagements in fiscal year 2016; OIA's fiscal year 2017 annual plan includes 126 planned assurance and consulting engagements. OIA's working papers are maintained electronically utilizing TeamMate software.

OIA performs assurance and consulting engagements for 27 state agencies. Two of the 27 state agencies have their own internal audit function. In addition to performing audit engagements at those agencies, OIA performs annual assurance reviews and intermittent quality reviews in order to rely on those internal audit functions. One of the two agencies that has its own internal audit department is the Bureau of Workers' Compensation (BWC). BWC's Internal Audit Department (BWC-IAD) consists of approximately 12 professional staff, all which have a central location at 30 West Spring Street, 27th floor, Columbus, Ohio. BWC IAD completed approximately 22 assurance engagements in fiscal year 2016; their fiscal year 2017 annual plan includes 32 planned

assurance engagements. The second of the two agencies that has its own internal audit department is the Ohio Lottery Commission (OLC). OLC's Office of Internal Audit (OLC-OIA) has approximately four professional staff; three are located at 615 West Superior Avenue in Cleveland, Ohio, and one staff member is located at 780 Morrison Road in Columbus, Ohio. OLC-OIA completed approximately six assurance engagements in fiscal year 2016; their fiscal year 2017 annual plan includes eight planned assurance engagements. The working papers for BWC-IAD and OLC-OIA are also maintained electronically utilizing TeamMate software.

The External Quality Assessment in this RFP is intended for OIA activity, including the oversight of the internal audit activity at BWC and OLC, completed in fiscal year 2017 (July 1, 2016 through June 30, 2017).

OBM Contact Information:

Cindy Klatt, Chief Audit Executive
OBM Office of Internal Audit
30 East Broad Street, 35th Floor
Columbus, Ohio 43215
Cindy.Klatt@obm.ohio.gov

6. Terms of the Proposal

There is no expressed or implied obligation for OBM to reimburse responding bidders for any expenses incurred in preparing proposals in response to this request.

To be considered, one electronically signed (pdf) version of the bidder's technical and cost proposals (two separate documents) must be emailed to the OBM Contact in a single e-mail, which must be received by the OBM Contact at the preceding email address by **3:00 p.m. on March 31, 2017**. The OBM Contact will confirm receipt of the proposals to the bidder via email.

No allowance will be made or deadline extended for bidder-related transmission delays or other technical difficulties associated with proposals that are submitted electronically but are not received by the OBM Contact prior to the deadline.

OBM intends to score the submitted proposals and select the winning bidder by **April 30, 2017**. OBM reserves the right to adjust the dates listed above, for whatever reasons it deems appropriate. OBM reserves the right to reject any and all proposals if it determines that it is in the best interest of the State of Ohio to do so.

7. Communications and Inquiries

Prior to the deadline for submission, oral communication regarding this RFP with any OBM staff is not permitted. Bidders may submit written questions, which will be answered in writing, to the OIA Chief Audit Executive (CAE) until **4:00 p.m. on March 14, 2017**. Questions should be submitted to the email address indicated above for the proposal submissions. OBM accepts no responsibility for emails that are not delivered. The questions and answers will be emailed to all

bidders for which OBM has an email address and for whom OBM has corresponded with concerning this RFP. Therefore, if you intend to respond to this RFP and you wish to receive answers to written questions, email the CAE your intent to respond so that your email address will be put on the list.

All proposals submitted in response to this RFP become public records. By submitting a proposal in response to this RFP, the proposing bidder expressly waives any confidentiality protection that would otherwise be applicable to the contents of their proposal. The proposing bidder also acknowledges, in accordance with the Ohio Public Records Act, that financial records relating to the performance of services under this contract are presumptively deemed public records. Submitting a proposal indicates acceptance by the bidder of the conditions contained in this RFP.

8. General Terms

A. Scope of Work: Bidder shall perform the services as set forth in the RFP, the selected proposal, and the memorandum of agreement. The contract, as defined herein, represents the entire and integrated agreement between OBM and the winning bidder (hereinafter referred to as, “Bidder”) and supersedes all prior negotiations, representations, or agreements, whether written or oral. The RFP, the selected proposal submitted, and the memorandum of agreement, attached hereto and executed by the parties, constitute the contract agreement.

B. Time of Performance: The External Quality Assessment evaluation can begin no sooner than August 1, 2017; a draft report shall be provided to OBM by November 1, 2017; the final deliverable must be completed by November 15, 2017.

C. Payment: Payment will be made to Bidder pursuant to Ohio Adm. Code 126-3-01. The fee quoted by Bidder will be a fixed fee contract and will include all out-of-pocket expenses. Bidder shall not be reimbursed for travel, lodging or any other expenses incurred in the performance of the contract.

Bidder must receive a purchase order from OBM prior to filling an order or performing any of the work under the contract. After Bidder receives a purchase order, Bidder shall submit an invoice for work performed. The invoice shall contain an itemization of the work performed, including dates the work was performed, the location and address where the work was performed, and the sum due at that time pursuant to the contract. The invoice shall contain Bidder’s name and address and shall reference OBM’s Office and list the billing address as 30 E. Broad St., 34th Floor, Attn: Finance, Columbus, Ohio, 43215. After receipt and approval of a proper invoice, as defined by Ohio Adm.Code 126-3-01(A)(5), payment will be made pursuant to Ohio Adm.Code 126-3-01. Unless otherwise directed by OBM, invoices should be directed via email to: invoices@ohio.gov.

D. Confidentiality: Matters relating to the engagement shall not be discussed with anyone other than officials necessary to complete the External Quality Assessment without the express written consent of OBM. No opinions, reports, summaries, letters, or other documents prepared with respect to the engagement shall be released prior to issuance of the final deliverables to OBM.

E. Independent Contractor: As required and defined by the *Standards*, while Bidder shall be required to render services described hereunder for OBM during the term of this engagement, nothing herein shall be construed to imply, by reason of Bidder's engagement hereunder on an independent contractor basis, that OBM shall have or may exercise any right of control over Bidder with regard to the manner or method of Bidder's performance of services hereunder.

It is further understood and agreed that the parties hereto shall not be considered to be, an agent, distributor, or representative of the other. Neither party shall act or represent itself, directly or by implication, as an agent of the other or in any manner assume or create any obligation on behalf of, or in the name of, the other.

Bidder shall be responsible for all of its own business expenses, including, but not limited to, computers, email and internet access, software, phone service, and office space. Bidder will also be responsible for all licenses, permits, employees' wages and salaries, insurance of every type and description, and all business and personal taxes, including income and Social Security taxes and contributions for Workers' Compensation and Unemployment Compensation coverage, if any.

Except as expressly provided herein, neither party shall have the right to bind or obligate the other party in any manner without the other party's prior written consent.

It is fully understood and agreed that Bidder is an independent contractor and neither Bidder nor its personnel shall at any time, or for any purpose, be considered employees of OBM or the State of Ohio.

F. Compliance with Laws: Bidder agrees to comply with all applicable federal, state and local laws, rules, regulations, and ordinances in the conduct of the work hereunder.

G. Termination of Services: OBM may, at any time prior to completion of the work under the contract, suspend or terminate this contract with or without cause by giving written notice to Bidder.

Bidder, upon receipt of notice of suspension or termination, shall cease work on the suspended or terminated activities under the contract, suspend or terminate all subcontracts relating to the suspended or terminated activities, take all necessary or appropriate steps to limit disbursements and minimize costs, and, if requested by OBM, furnish a report, as of the date Bidder receives notice of suspension or termination, describing the status of all work performed including, without limitation, results, conclusions resulting there from, and any other matters OBM requires.

In the event the contract is terminated prior to completion of the work, Bidder shall deliver to OBM all work products and documents which have been prepared by Bidder in the course of performing the work. All such materials shall become, and remain the property of, OBM, to be used in such manner and for such purpose as OBM may choose.

Bidder agrees to waive any right to, and shall make no claim for, additional compensation against OBM by reason of any suspension or termination.

H. Liability: Bidder agrees to indemnify and to hold OBM and the State of Ohio harmless and immune from any and all claims for injury or damages arising from this contract that are attributable to Bidder's own actions or omissions or those of its trustees, officers, employees, subcontractors, suppliers, third party agents or joint venturers while acting under this contract. Such claims shall include any claims made under the Fair Labor Standards Act or under any other federal or state law involving wages, overtime, or employment matters and any claims involving patents, copyrights, and trademarks.

Bidder shall bear all costs associated with defending OBM and the State of Ohio against any claims.

In no event shall either party be liable to the other party for indirect, consequential, incidental, special or punitive damages or lost profits.

I. Antitrust Assignment: Bidder assigns to OBM all state and federal antitrust claims and causes of action that relate to all goods and services provided for under this contract.

J. Related Agreements: All work is to be performed by Bidder, who may subcontract without OBM approval for the purchase of articles, supplies, components, or special mechanical services that do not involve the type of work or services described in the contract but which are required for the satisfactory completion of the work.

Bidder shall not enter into subcontracts related to the work to be performed under the contract without prior written approval by OBM. All work subcontracted shall be at the Bidder's expense.

Bidder shall furnish to OBM a list of all subcontractors, their addresses, tax identification numbers and the dollar amount of each subcontract.

Bidder shall bind its subcontractors to the terms of the contract, so far as applicable to the work of the subcontractor, and shall not agree to any provision which seeks to bind OBM to terms inconsistent with, or at a variance from, the contract.

Bidder warrants that it has not entered into, nor shall it enter into, other agreements, without prior written approval of OBM, to perform substantially identical work for the State of Ohio such that the work duplicates the work call for by the other agreements.

K. Rights in Data and Copyrights/Public Use: OBM shall have unrestricted authority to reproduce, distribute, and use (in whole or part) any reports, data, or materials prepared by Bidder pursuant to the contract. No such documents or other materials produced (in whole or part) with funds provided to Bidder by OBM shall be subject to copyright by Bidder in the United State or any other country.

Bidder agrees that all original works created under the contract shall be made freely available to the general public to the extent permitted or required by law until and unless specified otherwise by OBM. Any requests for distribution received by Bidder shall be promptly referred to OBM.

L. Assignment: Neither party may assign this contract, or any part thereof, to a legal entity separate from such party, without the prior written consent of the other party hereto, such consent not to be unreasonably withheld. Notwithstanding the foregoing, either party may assign this contract to the surviving entity in a merger or reorganization or the purchase of the line of business involved in this contract.

M. Integration: This RFP, the selected proposal submitted, and the contract executed by the parties constitutes the entire and integrated contract arrangement between the parties regarding the subject hereof and supersedes all prior and all contemporaneous RFPs, understandings, marketing materials, negotiations, representations and communications, whether written or oral.

N. Certification of Funds: It is expressly understood and agreed by the parties that none of the rights, duties, and obligations described in this contract shall be binding on either party until all relevant statutory provisions of the Ohio Revised Code (O.R.C.), including, but not limited to O.R.C. §126.07, have been complied with, and until such time as all necessary funds are available or encumbered and, when required, such expenditure of funds is approved by the Controlling Board of the State of Ohio.

O. Qualifications To Do Business: Bidder affirms that it has all the approvals, licenses, or other qualifications needed to conduct business in Ohio and that all are current. If at any time during the term of the contract, Bidder, for any reason, becomes disqualified from conducting business in the State of Ohio, Bidder will immediately notify OBM in writing and will immediately cease performance of the work.

P. Nondiscrimination of Employment: Pursuant to O.R.C. §125.111, Bidder agrees that Bidder, any subcontractor, and any person acting on behalf of Bidder or a subcontractor, shall not discriminate, by reason of race, color, religion, sex, sexual orientation, age, national origin, ancestry, military status, or disability against any citizen of this state in the employment of any person qualified and available to perform the work under this contract.

Bidder further agrees that Bidder, any subcontractor, and any person acting on behalf of Bidder or a subcontractor shall not, in any manner, discriminate against, intimidate, or retaliate against any employee hired for the performance of work under this RFP on account of race, color, religion, sex, sexual orientation, age, national origin, ancestry, military status, or disability.

Q. Drug-free Workplace: Bidder agrees to comply with all applicable federal, state and local laws regarding smoke-free and drug-free work places and shall make a good faith effort to ensure that none of its employees or permitted subcontractors purchase, transfer, use,

or possess illegal drugs or alcohol, or abuse prescription drugs in any way when they are engaged in the work being performed hereunder.

- R. Affirmative Action Program:** Bidder represents that it has a written affirmative action program for the employment and effective utilization of economically disadvantaged persons pursuant to O.R.C. §125.111(B) and has filed an Affirmative Action Program Verification form with the Equal Employment Opportunity and Affirmative Action Unit of the Department of Administrative Services.
- S. Campaign contributions:** Bidder certifies that neither Bidder nor any of Bidder's partners, officers, directors, or shareholders, nor the spouse of any such person, has made contributions in excess of the limitations specified in O. R.C. § 3517.13.
- T. Findings for recovery:** Bidder warrants that it is not subject to an "unresolved" finding for recovery under O.R.C. §9.24. If this warranty is found to be false, the contract is void ab initio and Bidder shall immediately repay to OBM any funds paid under the contract.
- U. Debarment:** Bidder represents and warrants that it is not debarred from consideration for contract awards by the Director of the Department of Administrative Services, pursuant to either O.R.C. §153.02 or O.R.C. §125.25.
- V. Ohio Retirement System Retirant:** If Bidder is a PERS retirant, as such is defined by O.R.C. 145.38, Bidder shall notify OBM of such status in writing prior to the commencement of work under the contract. Notices pursuant to this Paragraph W shall be sent to: OBM Legal Division, 30 E. Broad Street, 34th Floor, Columbus, Ohio 43215. OBM shall not be responsible for any changes to the Bidder's retirement benefits that may result from entering into this contract.
- W. Repayment:** If the representations and warranties in Paragraphs T, U, or V are found to be false, the contract is void ab initio and Bidder shall immediately repay to OBM any funds paid under the contract.
- X. Conflicts of Interest and Ethics Compliance:** Bidder, by submitting a proposal in response to this RFP, certifies that it: (i) has reviewed and understands the Ohio ethics and conflict of interest laws as found in O.R.C. Chapter 102 and in O.R.C. §2921.42 and O.R.C. §2921.43, and (ii) will take no action inconsistent with those laws. Members of the assessment team shall not have a real or apparent conflict of interest or be a part of or under the control of OBM, OIA, or the State Audit Committee. Any such person who acquires an incompatible or conflicting personal interest on or after the effective date of the contract, or who involuntarily acquires such incompatible or conflicting personal interest, shall immediately disclose his or her interest to OBM in writing. Thereafter, he or she shall not participate in any action affecting the work under the contract unless OBM shall determine in its sole discretion that, in light of the personal interest disclosed, his or her participation in any such action would not be contrary to the public interest. Bidder understands that failure to comply with Ohio's ethics and conflict of interest laws is, in itself, grounds for termination of the contract and may result in the loss of other contracts or grants with the State of Ohio.

- Y.** **Safety and Security Rules:** When accessing OBM's networks and systems, Bidder must comply with all applicable policies and regulations regarding data security and integrity. And when on any property owned or controlled by OBM, Bidder must comply with all security and safety rules applicable to people on those premises.
- Z.** **Compliance with Executive Order:** By the signature affixed to the memorandum of agreement, Bidder affirms, understands and will abide by the requirements of [Executive Order 2011-12K](#). Further, Bidder affirms that both it and any of its subcontractors shall perform no services requested under the RFP outside of the United States.
- AA.** **Record Keeping:** All records relating to cost, work performed, supporting documentation for invoices submitted to OBM and copies of all materials produced under or pertaining to this contract will be retained by Bidder and will be made available for audit by state government entities that include by are not limited to OBM, the Ohio Auditor of State, the Ohio Inspector General and all duly authorized law enforcement officials. The records and materials will be retained and made available for a minimum of three (3) years after Bidder receives the last payment pursuant to this contract. If an audit, litigation or similar action is initiated during this time period, Bidder will retain the records until the action is concluded and all issues are resolved, or until the end of the three-year period if the action is resolved prior to the end of the three-year period.
- BB.** **Governing Law:** The contract and the rights of the parties hereunder shall be governed, construed, and interpreted in accordance with the laws of the State of Ohio. Bidder consents to jurisdiction in a court of proper jurisdiction in Franklin County, Ohio.
- CC.** **Waiver:** No waiver or retraction of a waiver under this contract shall be valid or binding unless set forth in writing and duly executed by the party against whom such waiver is sought. The failure of either party to exercise any right granted herein, or to require the performance by the other party hereto of any provision if this contract, or the waiver by either party of any breach of this contract, will not prevent a subsequent exercise or enforcement of such provisions or be deemed a waiver of any subsequent breach of the same or any other provision of this contract
- DD.** **Survival:** The provisions of Paragraphs C, D, G, H, I, K, Z, and AA hereof shall survive the termination or expiration of this Agreement.
- EE.** **Successors and Assigns:** Neither this contract nor any rights, duties, or obligations hereunder may be assigned or transferred in whole or in part by Bidder, without prior written consent of OBM.
- FF.** **Notices:** Except to the extent expressly provided otherwise herein, all notices, consents and communications required hereunder (each, a "Notice") shall be in writing and shall be deemed to have been properly given when: 1) hand delivered with delivery acknowledged in writing; 2) sent by U.S. Certified mail, return receipt requested, postage prepaid; 3) sent by overnight delivery service (Fed Ex, UPS, etc.) with receipt; or 4) sent by fax or email.

Notices shall be deemed given upon receipt thereof, and shall be sent to the addresses first set forth above. Notwithstanding the foregoing, notices sent by fax or email shall be effectively given only upon acknowledgement of receipt by the receiving party. Any party may change its address for receipt of Notices upon notice to the other party. If delivery cannot be made at any address designated for Notices, a Notice shall be deemed given on the date on which delivery at such address is attempted.

GG. Conflict: In the event of any conflict or inconsistency in the definition or interpretation of any term or provision set forth in the selected proposal and the contract, such conflict or inconsistency shall be resolved by giving precedence to the contract, unless and to the extent the RFP expressly states that a particular term or condition provided therein takes precedence. Any contrary or additional terms and conditions attached to or part of any purchase order or similar document related to the selected proposal shall be invalid and non-binding on the parties.

HH. Headings: The headings in this contract have been inserted for convenient reference only and shall not be considered in any questions of interpretation or construction of the contract.

II. Severability: If any provision of the contract is declared or found to be illegal, unenforceable or void, then such provision shall be null and void but each other provision hereof not so affected shall be enforced to the full extent permitted by applicable law.

JJ. Entire Agreement: Any modification or amendment of any provision of the contract must be in writing and bear the signature of the duly authorized representatives of both parties.

KK. Execution: The contract is not binding upon OBM unless executed in full, and is effective as of the last date of signature.

LL. Counterparts: The contract may be executed in any number of counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

MM. Facsimile Signatures: Any party hereto may deliver a copy of its counterpart signature page to the contract via fax or e-mail. Each party hereto shall be entitled to rely upon a facsimile signature of any other party delivered in such a manner as if such signature were an original.