



CITY OF HOUSTON

Annise D. Parker

Mayor

P.O. Box 1562
Houston, Texas 77251-1562

Telephone - Dial 311
www.houstontx.gov
<http://purchasing.houstontx.gov>

November 6, 2013

SUBJECT: Letter of Clarification No. 2 - Citywide Enterprise Risk Management (ERM) and Control Self-Assessment Services for the Finance Department –

REFERENCE: Request for Proposal No. S46_T24797

TO: All Prospective Proposers:

This Letter of Clarification is issued for the following reasons:

• **The following questions and City of Houston responses are hereby incorporated and made a part of the Request for Proposal:**

1. Approximately how many “Departments” are within the City of Houston’s organization?

Answer: There are approximately 23 departments.

2. Pricing of the Proposal – On Page 20 in the Letter of Transmittal Section Item: 3.1.3 it reads that “A statement that the per-unit proposed price and/or lump sum (if prices are proposed) is the fixed price for the equipment and services enumerated.” Thereafter in Exhibit I on Page 26 Paragraph 1 there is a reference stating that “the total fixed price contained herein shall remain firm for a period on one-hundred eighty (180) days.” Accordingly, Bridgepoint’s question is whether there is latitude to not have a fixed price for the professional services for the first 180 days, and also not a fixed price for the ensuing days of work to be completed thereafter?

Answer: We expect a fixed price for each task assigned and per-unit price per Exhibit III, page 35 should be firm for 180 days, therefore there is no latitude.

3. As referenced in the email we sent on October 30 2013 to the City of Houston (to you) and read on the morning of October 31 2013, we again respectfully request for an extension for the Proposal Due Date for the subject RFP be changed to be on Friday November 15, 2013.

Answer: Please refer to Letter of Clarification 1 – Extension of Time. The RFP has been extended to Thursday, November 14th.

4. We suggest that a small pilot be initially performed to gather more data as to the overall scope, timelines, resources, hours, deliverables and costs.

Answer: We are soliciting proposals from the established firms who already have extensive experience in the ERM and CSA projects. It is expected that the prospective contractor should do without any pilot project, and no pilot program seems necessary.

5. Is attendance at the Pre-Proposal Conference a mandatory requirement so that a firm may submit a proposal?

Answer: No, attendance to the Pre-conference was not mandatory.

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6. Can the City please provide additional detail regarding how it would like costs presented (e.g., hourly rates, a total not-to-exceed cost)?

Answer: It is expected the firms will provide the structured prices per project, a fixed price per task broken down to hourly rate per professional used on the project using Exhibit III on page 35.

7. Does the City currently have a purchased ERM or GRC software solution it is using? If so, what is the name of the software? If not, does the city intend to purchase software in the future?

Answer: No, currently the City doesn't have any ERM or GRC software solution.

8. The scope refers to an ERM Assessment and Internal Controls Review. Has the city adopted an ERM/Controls framework or is the development of this a part of the proposal?

Answer: Currently the City doesn't have documented ERM/Controls framework. This RFP is a step towards developing and documenting as such.

9. Under Controls Self-Assessment, a reference is made to processes used by other City Departments. Do other departments take a consistent approach? Is the intent to develop a consistent approach for the whole City? Is it possible to get a copy of the preferred form for this self-assessment?

Answer: The City has administrative policies and executive orders and uses SAP ERP system to have a consistent approach. However, approximately 23 departments have numerous business processes. The City has identified a need to streamline and develop a consistent and uniform approach in documenting business processes with this exercise. We are expecting professional firms to guide us through the possible approaches. The intent is to have a citywide consistent Government Risk and Controls (GRC) approach and uniform processes.

10. It appears that the City is also looking for a process review with respect to the accounting function. Is this accurate?

Answer: We are looking for process reviews with respect to financial and operational information as outlined in the scope section 3.0, pages 15 and 16.

11. Is the Training Program a part of the Assessment or is there a second implementation phase within which this would take place?

Answer: Yes, the City's intent is for hands on training for the City personnel for self-reliance as part of the Assessment. The Director may require additional training for City personnel on an as needed basis during the implementation phase and/or beyond.

12. Which City departments already perform CSAs? If so, do you like any of the existing CSAs and want to follow a similar model?

Answer: To the best of our knowledge so far no City department has performed CSA knowledge.

13. On the Order to Cash processes, which items are specifically excluded? Only collections and accounts receivable?

Answer: Yes.

14. Our firm does not have audited financial statements. Will unaudited statements accompanied by a letter of reference from our bank satisfy this requirement?

Answer: Yes, we will accept an unaudited statement for the purpose of the evaluation, but reserve the right to ask additional questions or request additional documentation.

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15. Exhibit IV - On the certificate of insurance the name of the file and project is requested: Please confirm this is S46-T24797 and "Citywide Enterprise Risk Management (ERM) and Control Self-Assessment (CSA) Services Project"

Answer: Yes, that is correct.

16. Does a letter of financial viability from our external auditors suffice for audited financials?

Answer: The auditor's letter should be accompanied by a financial statement.

When issued, Letter(s) of Clarification shall automatically become a part of the proposal documents and shall supersede any previous specification(s) and/or provision(s) in conflict with the Letter(s) of Clarification. All revisions, responses, and answers incorporated into the Letter(s) of Clarification are collaboratively from both the Strategic Purchasing Division and the applicable City Department(s). It is the responsibility of the proposers to ensure that it has obtained all such letter(s). By submitting a proposal on this project, proposers shall be deemed to have received all Letter(s) of Clarification and to have incorporated them into this proposal.

If you have any questions or if further clarification is needed regarding this Request for Proposal, please contact me.

 Eric Alexander
Senior Procurement Specialist
Strategic Purchasing Division
832-393-8704

END OF LETTER OF CLARIFICATION 2