



REQUEST FOR PROPOSAL ADDENDUM

Internal Audit Services

Design and Implementation of Internal Audit Function

Date of Addendum: 7 June 2022

Deadline for Submission of Proposals: 14 June 2022

Note: Before submitting your proposal, visit the Securities Commission of The Bahamas' website <https://www.scb.gov.bs/the-commission/opportunities/> to see if any Addenda detailing changes have been issued on this RFP. Changes may be posted up until the RFP closing time. It is the Proposer's responsibility to acknowledge and take into account all Addenda.

Notice to Respondents

This addendum is issued to address questions raised and clarify matters related to the RFP issued 10 May 2022 and is hereby made a part of the RFP. Proposing firms shall consider this Addendum when preparing and submitting a proposal.

Please note that proprietary information of the Securities Commission of The Bahamas (the "Commission") will not be disclosed until a Proposer is selected. Any questions submitted that requires the Commission to disclose proprietary information will not be addressed in this addendum.

Proposals are due and must be received by the Commission on **14 June 2022**. Proposals received after the specified due date will be disqualified from consideration. It is the Proposer's responsibility to ensure delivery to the Commission by the designated time.

Matters requiring clarification or amendment and Responses to Questions for clarification received by end of day 24 May 2022 are addressed below.

Questions/Request for Clarification and the Commission's Responses

Section 6.2 Scope of Work: Services to be Provided

Service:

Conduct an Enterprise Risk Assessment for the Commission

Question:

Is this risk assessment intended to be a full Enterprise Risk Assessment (ERA) or an Internal Audit Risk Assessment conducted for the purpose of establishing an audit universe (narrower scope as it primarily identifies auditable risks)?

The Commission' Response:

This risk assessment is intended to be an Internal Audit Risk Assessment to identify auditable risks for the Commission to establish an internal audit function; however, a respondent may submit a separate and clearly distinguishable fee quote for a full Enterprise Risk Assessment for the Commission's consideration.

Service:

Review and advise on the quality of the existing internal control framework, including best practice reporting relationships.

Question:

Does the Commission have a formal, consolidated internal control framework, i.e. a document that identifies risks and related controls? Or are the controls embedded in various policies and procedures?

The Commission' Response:

Controls are embedded in various policies and procedures. The Commission also follows international best practices established by various standard setting bodies, including the International Organization of Securities Commissions (IOSCO), the Financial Action Task Force (FATF) and the Organisation for Economic Co-operation and Development (OECD).

Service:

Review and advise on the quality of the existing internal control framework, including best practice reporting relationships.

Question:

Is 'reporting relationships' referring to segregation of duties across the organization?

The Commission' Response:

'Reporting relationships' in this instance refers to the Commission's internal governance.

Service:

Meet with Audit Committee and Executive Management to determine suitable internal audit function structure for the Commission.

Question:

Is the Commission open to proposals that provide different options for internal audit structures, i.e. fully in-house model or co-sourced model?

The Commission's Response:

The Commission is open to the provision of options but would prefer that proposals submitted, inclusive of the financial proposal, reflect the scope of work as defined in the RFP.

Where a respondent seeks to propose several options which may affect the scope of work, proposed work schedule and fees, the Proposal should include these considerations.

Service:

Develop an internal audit work programme (to be carried out by SCB internal team) to cover all departments within the Commission.

Question:

Many internal audit plans are built on a risk-basis rather than department basis, as some risks are cross-functional or may not be explicitly managed by an individual department. Kindly provide more clarity on this expectation and whether a proposed audit plan might be arranged by risk.

The Commission's Response:

The Commission is a regulatory body and cross-functional risk is limited as there are only four departments involved with its core regulatory mandate. There may be circumstances where some functions and risks span across departments; however, specific details in this regard will not be provided prior to the submission of proposals.

Service:

Assist with the evaluation and recruitment of an internal audit team (maximum of 3 persons). Assist SCB internal audit team with the evaluation, acquisition and maintenance of audit tools and technology.

Question:

Kindly provide more clarity on the service provider's roles in these activities. Will the service provider give input/guidance and the Commission retain responsibility for executing the recruitment and acquisition activities?

The Commission's Response:

The selected service provider may be called upon to participate in and assist the Commission with the recruitment process. The Commission additionally expects the service provider to have access to resources and assist with the identification and evaluation of audit tools and technology that would help the Commission with the established function.

Question:

Does the Commission have any existing internal audit employees?

The Commission's Response:

There are no existing internal audit employees as the Commission currently does not have an internal audit function/department.

Quality Assurance Service:

The Service Provider will enter into an initial one-year contract to provide independent oversight of the quality assurance programme.

Question:

Kindly clarify whether the one-year contract to provide independent oversight of the quality assurance programme begins upon completion of the design and implementation of the internal audit function activities or is expected to run over some other period.

The Commission's Response:

Yes, the one-year contract commences upon completion of design and implementation of the internal audit function, and launch of the department.

Quality Assurance Service:

Oversee the development and implementation of Internal Audit Policies.

Question:

Kindly provide clarity on what the role 'oversee' entails, i.e. ownership/management of the activities or review of the activities once completed.

The Commission's Response:

The selected service provider will be responsible for the initial development of policies, with input from staff, and will also be required to work with staff and provide guidance on implementation of these developed policies.

Quality Assurance Service:

Monitor the internal audit activity to ensure effectiveness of the internal audit programme. Report to the Audit Committee on quality of the internal audit function and provide recommendations for improvement.

Question:

Does the Commission expect quality assurance reviews of each individual audit completed, reviews of sample audits completed or periodic external quality assurance review of the internal audit function.

The Commission's Response:

The Commission expects quality assurance reviews of each audit completed.

Quality Assurance Service:

Assist internal audit staff in keeping abreast of changes and emerging best practices of the internal audit profession.

Question:

In what way (e.g. formally or informally, presentation or bulletin format, etc.) does the Commission expect the service provider to keep staff abreast of changes and at what frequency?

The Commission's Response:

It is expected that formal presentations will be made at a minimum of twice per year.

-End of Addendum-