

# Executive Summary

**Audit Committee Meeting, December 15, 2020**  
Board of Governors Meeting, December 16, 2020

## GRC SOFTWARE SERVICES

### Topic

With this Action Item Citizens Office of Internal Audit requests Board approval to contract with AuditBoard Inc. (as the primary vendor), and MetricStream, Inc. (as the contingent vendor), for the provision of a Software-as-a-Service (SAAS) Governance Risk and Compliance/Control (GRC) system.

### History

The GRC system will integrate the management and administration of the Office of Internal Audit's (OIA) three complementary assurance functions, namely Internal Audit; Enterprise Risk Management; and Internal Control Monitoring.

Internal Audit (IA) provides independent and objective assurance through audit and consulting engagements. The function manages its workload by completing quarterly (rolling) risk assessments with which it determines and plans its work schedule six months ahead. Currently, IA uses TeamMate + provided by Wolters Kluwer Financial Services, Inc. TeamMate was procured in 2015 and will reach the end of its original 5-year term at the end of 2020.

Enterprise Risk (ER) facilitates the identification and evaluation of risks (strategic, operational and project risk) throughout the organization and supports the use of a consistent aligned approach across Citizens. Within its framework, ER enables management across all levels of the organization to self-identify, evaluate, record, and manage risks through the provision of guidance, training, and a software solution. Currently, ER uses Resolver Inc.'s Risk Management Software. Resolver Risk was procured during 2017.

Internal Control (IC) facilitates and supports administration and management of Citizens' Internal Control Framework (ICF) functions. Within the ICF framework, IC enables management across all levels of the organization to manage and self-assess control effectiveness and efficiency through the provision of guidance, training, and a software solution. IC uses a combination of Word/Excel/Visio to maintain the Internal Control Framework, which has proven to be inefficient and time-consuming.

On May 21, 2020, Citizens issued Invitation to Negotiate (ITN) No. 20-0018 for the procurement of an integrated GRC system. On October 7, 2020, following negotiations and receipt of Best and Final Offers, the Citizens negotiation team recommended an award to AuditBoard, Inc. as the primary vendor, and to MetricStream, Inc. as a contingent vendor if the contract with AuditBoard cannot be finalized.

This new contract will provide a single integrated source for internal audit, enterprise risk and internal control as opposed to the segregated tools we use now. The single integrated tool will house all three applications and will provide compatible workflows, advanced reporting, self-service, and ease of use.

The AuditBoard contract will have a five (5) year base term and four (4) one (1) year optional renewal terms. The contract amount of \$1,700,000 consists of the following:

- \$87,000 for Implementation Services (one-time fee);

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- \$763,100 for Base Term Subscription Fee (\$152,620 per year);
- \$671,528 for Renewal Term Subscription Fees (\$167,882 per year); and
- \$178,378,372 in Contingency Funds, including additional costs if usage exceeds current estimates as follows:
  - SoxHub Module (includes 250 tested controls; additional cost will be \$2500 per year for 50 additional controls);
  - OpsAudit (includes 50 Audits; additional cost will be \$5500 per year for 10 additional audits); and
  - RiskOversight (includes 1,000 Risks; additional cost will be \$5000 per year for 100 additional risks).

The authorized contract amount of \$1,700,000 may be transferred to the contingent contract with MetricStream, if necessary, with the understanding that the amount spent on the two contracts will not exceed \$1,700,000 over the nine-year authorized term.

## Recommendation

Staff recommends that the Citizens Board of Governors:

1. Approve the recommendation of a contract to AuditBoard, Inc. as the primary vendor for a GRC Software Solution, at an amount not to exceed \$1,700,000 over a 5-year base term and four 1-year optional renewal terms, and to MetricStream, Inc. as a contingent vendor, as set forth in the Action Item; and
2. Authorize staff to take appropriate or necessary action consistent with this Action Item.

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<b>CONTRACT ID:</b>	<b>GRC SOFTWARE SERVICES</b> <b>ITN 20-0018</b> <b>RECOMMENDED VENDORS: AuditBoard, Inc. (Primary)</b> <b>MetricStream, Inc. (Contingent)</b>
<b>BUDGETED ITEM</b>	Yes, funding is included in the 2021 Annual Operating Budget and will be included in subsequent budgeting years.
<b>CONTRACT AMOUNT</b>	<p>The total cost of the primary contract will not exceed \$1,700,000 over the five (5) year base term and the four (4) one (1) year optional renewal terms, as follows:</p> <ul style="list-style-type: none"><li>• One-time fee for Implementation Services \$87,000</li><li>• Annual Subscription Fee \$152,620 which includes<ul style="list-style-type: none"><li>○ SoxHub (250 tested controls) \$48,720</li><li>○ ABI (Standard Dashboards) \$3,500</li><li>○ OpsAudit (50 Audits) \$51,000</li><li>○ RiskOversight (1,000 Risks) \$49,400</li></ul></li><li>• In the Renewal Term, the total Subscription fees increase 10% to \$167,882 per year.</li><li>• Should the OIA exceed its included use for the AuditBoard products listed above, Citizens shall pay the following incremental fee: \$2500 for 50 additional controls; \$5500 for 10 additional audits; and \$5000 for 100 additional risks.</li></ul>
<b>PURPOSE / SCOPE</b>	<p>The purpose of the contract is to provide the Office of Internal Audit (OIA) as well as the broader Citizens organization with a Software-as-a-Service (SaaS) Governance Risk and Compliance/Control (GRC) system. The GRC system will integrate the management and administration of Citizens' Internal Audit/Governance, Enterprise Risk, and Internal Controls activities.</p> <p>Internal Audit is currently using TeamMate +, audit management system, which will be in its final year of the original 5-year term. Enterprise Risk is using Resolver Risk as the risk management system. Internal Controls is currently doing its work using the Microsoft Office Suite. A recent evaluation indicated that neither TeamMate or Resolver currently provides an integrated internal controls system which aligns with our Internal Control Framework and practice and the best strategy would be to procure a single integrated tool which houses all three applications and provides compatible workflows, advanced reporting, self-service and ease of use.</p>
<b>CONTRACT TERM(S)</b>	The contract will have a five (5) year base term, with four (4) optional, one (1) year renewal terms, which may be exercised at Citizens' sole discretion. For the Contingent Vendor, the contract will commence only if the Primary Vendor contract

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	cannot be finalized. The contract base and renewal terms would be the same as for the Primary Vendor contract.
<b>PROCUREMENT METHOD</b>	<p>On May 21, 2020, Citizens issued Invitation to Negotiate (ITN) No. 20-0018 for the procurement of a SaaS solution to integrate the management and administration of its Internal Audit/Governance, Enterprise Risk, and Internal Controls activities (the "GRC Solution"). Responses were received from twenty-two (22) vendors. Nine (9) of those firms were advanced to the negotiation phase.</p> <p>On October 7, 2020, following negotiations and receipt of Best and Final Offers, the Citizens negotiation team recommended an award to AuditBoard, Inc. as the primary vendor, and to MetricStream, Inc. as a contingent vendor.</p>
<b>RECOMMENDATION</b>	<p>Staff recommends that the Citizens Board of Governors:</p> <ol style="list-style-type: none"><li>1. Approve the recommendation of a contract to AuditBoard, Inc. as the primary vendor for a GRC Software Solution, at an amount not to exceed \$1,700,000 over a 5-year base term and four 1-year optional renewal terms, and to MetricStream, Inc. as a contingent vendor, as set forth in the Action Item; and</li><li>2. Authorize staff to take appropriate or necessary action consistent with this Action Item.</li></ol>
<b>CONTACTS</b>	Joe Martins, Chief of Internal Audit