

STATE OF NORTH DAKOTA

Office of Management and Budget
State Procurement Office
600 East Boulevard Avenue
Bismarck, ND 58505-0310

Request for Proposal (RFP)

RFP Title:

Special Purpose Audit for Retirement & Investment Office

RFP Number: 110.7-10-027

Date of Issue: April 30, 2010

Purpose of RFP:

The State of North Dakota's State Investment Board (SIB), through its audit committee, seeks a qualified independent contractor with audit expertise in investments and investigation to provide specialized assurance services relating to the North Dakota Retirement & Investment Office (RIO) to verify the assets and controls of the program due to a change in management.

Offerors are not required to return this form.

Procurement Officer: Todd Ternes 701-328-3494

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SECTION ONE INTRODUCTION AND INSTRUCTIONS

1.01 Purpose of the RFP

The State of North Dakota's State Investment Board (SIB), through its audit committee, hereafter known as "State," seeks a qualified independent contractor with audit expertise in investments and investigation to provide specialized audit services relating to the North Dakota Retirement & Investment Office (RIO), to verify the assets and controls of the program due to a change in management.

1.02 Contact Person, Telephone, Fax, E-mail

The procurement officer is the point of contact for the RFP. Vendors must direct all communications regarding this RFP to the procurement officer. Unauthorized communications with any state employee or officials other than the procurement officer is grounds for disqualification and suspension or disbarment from the state bidders list.

PROCUREMENT OFFICER: Todd Ternes
PHONE: 701-328-3494
FAX: 701-328-1615
TTY Users call: 7-1-1
E-MAIL: toternes@nd.gov

1.03 RFP Schedule

This schedule of events represents the State's best estimate of the schedule that will be followed for this RFP.

The approximate RFP schedule is as follows (all times CT):

- RFP Issued: April 30, 2010
- Deadline for receipt of questions and objections related to the RFP: 2:00 p.m., May 6, 2010
- Responses to questions and any RFP amendments issued approximately: May 10, 2010
- Proposals due by: 2:00 p.m., May 14, 2010
- Proposal Evaluation Committee evaluation completed by approximately: May 18, 2010
- State issues Notice of Intent to Award a Contract approximately: May 18, 2010
- State issues contract approximately: May 25, 2010
- Contract start date: May 25, 2010

1.04 Return Mailing Address and Deadline for Receipt of Proposals

Offeror must submit proposals by means of email by proposal due date and time specified in the RFP schedule.

Proposals must be sent to toternes@nd.gov.

Offerors are encouraged to confirm receipt of delivery with the procurement officer.

The State of North Dakota ("State") assumes no responsibility for delays caused by any delivery service. Postmarking by the due date will not substitute for actual proposal receipt by the State. An offeror's failure to submit its proposal prior to the deadline will cause the proposal to be rejected. Late proposals or amendments will not be opened or accepted for evaluation.

1.05 Assistance to Offerors with a Disability

Offerors with a disability that need an accommodation should contact the procurement officer prior to the deadline for receipt of proposals so that reasonable accommodation can be made.

1.06 Deadline for Receipt of Questions and Objections

Offerors must carefully review this solicitation, the contract, risk management provisions, and all attachments for defects, questionable, or objectionable material. All questions must be in writing and directed to the purchasing agency, addressed to the procurement officer, and cite the subject RFP number. The procurement officer must receive these written requests by the deadline specified in the RFP Schedule to allow issuance of any necessary amendments.

This will also help prevent the opening of a defective solicitation and exposure of offeror's proposals upon which an award could not be made. Protests based on the content of the solicitation will be disallowed if these faults have not been brought to the attention of the procurement officer, in writing, before the time indicated in the RFP Schedule.

If the question may be answered by directing the questioner to a specific section of the RFP, then the procurement officer may answer the question over the telephone. Other questions may be more complex and may require a written amendment to the RFP. The procurement officer will make this determination. Oral communication is considered unofficial and non-binding on the State. The offeror must confirm telephone conversations in writing.

1.07 Approved Vendor Registration Requirements - VENDORS MUST BE APPROVED BEFORE CONTRACT AWARD

Proposals will be accepted from vendors that are not currently approved vendors on the State's Bidders List; however, the successful offeror will be required to become approved prior to contract award.

To become an approved bidder, offerors must: 1) be registered with the North Dakota Secretary of State (fees apply), and 2) submit a completed Bidders List Application to the Vendor Registry Office. Prospective offerors may access the Bidders List on-line to verify whether their firm is currently on the bidders list.

The Bidders List, registration instructions and forms are available on-line at:

<http://www.nd.gov/spo/vendor/registry/>. Contact the Vendor Registry Office at 701-328-2773 or infospo@state.nd.us for assistance.

The successful offeror must register and become approved within 14 calendar days from the date of the Notice of Intent to Award. If an offeror fails to become approved by the time specified by the Procurement Officer, as may be extended, its proposal will be determined to be non-responsive, and its proposal will be rejected.

1.08 Notice of Solicitation and Amendments to the RFP

Offerors may request to be added to the bidders list for this solicitation by providing contact information to the procurement officer. The solicitation and any amendments to the solicitation will be posted to the North Dakota State Procurement Bidder Services website: <http://www.nd.gov/spo/>

1.09 News Releases

News releases related to this RFP will not be made without prior approval of the procurement officer or project manager designated by the State.

SECTION TWO BACKGROUND INFORMATION

2.01 Background Information

The North Dakota Retirement and Investment Office (RIO) was established in 1989 to coordinate the activities of the State Investment Board (SIB) and the Teachers' Fund for Retirement (TFFR) as stated in Section 54-52.5-01 of the North Dakota Century Code.

The mission of RIO includes:

- SIB clients receive cost effective investment services directed at meeting their written financial goals under the Prudent Investor Rule.
- SIB clients receive investment returns consistent with their written investment policies and market variables.
- Potential SIB clients have access to information regarding the investment services provided by the SIB.
- TFFR benefit recipients receive their retirement benefits in a cost effective and timely manner.
- TFFR members have access to information which will allow them to become knowledgeable about issues and the process of retirement.
- SIB clients and TFFR benefit recipients receive satisfactory services from the boards and staff of the office.

The CEO/CIO positions have been combined into one position since 1999. The CEO/CIO has oversight responsibility of sixteen (16) full-time employees.

This position is currently vacant. The SIB is currently seeking an interim CEO/CIO to provide oversight to RIO while an executive search is conducted to find a candidate to fill this position.

This special purpose audit is being conducted to verify the assets and controls of the program due to a change in management.

2.02 Previous Audit

The most recent Financial Statement Audit of the North Dakota Retirement and Investment Office for the Fiscal Year 2009 can be obtained from the following website:

<http://www.nd.gov/rio/SIB/Publications/CAFR/2009AnnualReport.pdf>

2.03 State Laws and Rules

N.D.C.C. Chapter 21-10 State Investment Board (SIB)

N.D.C.C. Chapter 54-52.5 State Retirement and Investment Office

N.D.A.C. 102-01 State Investment Board

N.D.A.C. 103-1 State Retirement and Investment Office

SECTION THREE SCOPE OF WORK

3.01 Scope of Work

The State of North Dakota's State Investment Board (SIB), through its audit committee, seeks a qualified independent contractor with audit expertise in investments and investigation to provide specialized assurance services relating to the North Dakota Retirement & Investment Office (RIO) to verify the assets and controls of the program due to a change in management.

Definitions: Special purpose audit means to examine specifically those areas that could be affected by management or that could affect fund stability.

Initial scope of investigation: July 1, 2009 through April 30, 2010

Scope: The Contractor shall perform such research and investigative procedures using whatever resources are required to accomplish the purpose of this RFP, including:

- Verify the assets and controls of the program
- Determine scope of CEO/CIO's sphere of influence and access to the books and records of RIO
- Identify areas of exclusive fund/transaction access and activities
- Identify and quantify any irregular financial activity or discrepancies within past management or the investment funds
- Examine electronic information – emails, documentation, and hard drives, as determined necessary

Location of Work: The Contractor shall determine the extent of on-site work required to fulfill stated requirements and may perform composition of reports or other administrative tasks at Contractor's place of business.

State-Furnished Property/Services: The State will provide access to office personnel, documents and data as required by the Contractor. While the Contractor is conducting on-site work in Bismarck, the State will provide the Contractor with a reasonable amount of office space. The State will also provide the Contractor with access to copy and fax machines.

Contractor-Furnished Property: The Contractor must furnish all labor, equipment, specialized software and supplies to accomplish the work.

Deliverables: The Contractor will be required to provide the following deliverables:

- (a) Entrance conference call with the State project manager.
- (b) Entrance conference with the State Investment Board/Audit Committee. The date and time of the on-site presentation will be coordinated between the Contractor and the SIB, in conjunction with the on-site field work.
- (c) Conduct the special purpose audit in accordance with the contract established between the Contractor and the SIB, to include on-site work in Bismarck, ND.
- (d) Report any findings to SIB Audit Committee as soon as possible.
- (e) Progress reports consisting of preliminary findings must be made available to the SIB Audit Committee by June 25th (or earlier, if possible). Any extensions of this deadline must be approved by the SIB Audit Committee.

- (f) The Contractor must provide the State with fifteen copies of the final, written report no later than July 14th, 2010. The final report must include the following:
- 1) Describe investigative scope and techniques used to complete the scope of work.
 - 2) Report findings, based on the results of agreed upon procedures for the completion of the engagement.
 - 3) Recommendations for corrective action, if any.
- (g) On-site presentation of report may be required by SIB or SIB Audit Committee in Bismarck, ND in July 2010. The actual date and time of the on-site presentation will be negotiated between the Contractor and SIB.

Additional Work: During the course of the contract performance, the scope of the special purpose audit may be further expanded or altered at the recommendation of the Contractor, within the scope of work, by written approval by the SIB Audit Committee and/or full SIB, through an amendment to the contract.

3.02 Experience and Qualifications

An offeror's failure to meet mandatory qualifications will cause its proposal to be considered non-responsive and its proposal will be rejected.

All interviewers should be trained in interviewing for research purposes to allow for the ability to solicit honest, accurate data from survey participants.

Mandatory Requirements:

- Contractor and any individuals that will perform work on the project, including any subcontractors, must be completely independent, without conflicts, and free from preconceived notions about RIO. The Contractor must certify that neither the firm nor any of the individuals, including any subcontractors, who will perform work on this project, have performed any work for or related to RIO within the previous two years.
- The offeror must be independent in accordance with: a) Government Auditing Standards, issued by the Comptroller General of the United States, and; b) AICPA standards, including Ethics Interpretation 101-10, entitled "The effect on independence of relationships with entities included in the governmental financial statements."
- At the time specified by the deadline for submission of proposals, the offeror must have and keep current any professional certifications, licenses, and permits required by federal, state, and local laws for performance of this contract. Offerors that do not possess required licenses at the time proposals are due will be determined non-responsive.
- Contractor and any of the individuals that will perform work on the project, including any subcontractors, must possess investment expertise, audit and assurance service experience, and investigative experience.