



## MEMORANDUM

TO: Supplemental Retirement Board of Trustees

FROM: Audit Services RFP Evaluation Committee

DATE: January 10, 2020

SUBJECT: Recommendation regarding the RFP for audit services for the NC 401(k) and NC 457 Plans

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The Department issues a request for proposals ("RFP") for auditing services for the NC 401(k) and NC 457 Plans (together, the "Plans") every three years, as required by the Office of State Auditor. On September 16, the Department issued RFP #07-2019002 for auditing services for the Plans for 2020-22 (covering financial statements for calendar years ending December 31, 2019-21). The RFP was posted on the State's Interactive Purchasing System, and proposals were due by October 22.

Three firms submitted proposals by the deadline:

1. CliftonLarsonAllen LLP ("CLA")
2. Rives & Associates, LLP ("R&A")
3. Eide Bailly LLP ("EB")

The Audit Services RFP Evaluation Committee (the "Committee") was comprised of the following members of the Department:

1. Thomas Causey, Executive Director, Retirement Systems Division
2. Mary Buonfiglio, Director, Supplemental Retirement Plans
3. Joan Fontes, Deputy Director, Financial Operations Division
4. April Morris, Accountant, Supplemental Retirement Plans

The Committee met on October 18 to discuss the evaluation methodology and met on October 28, October 29, and November 4 to discuss and evaluate the proposals. The Committee reviewed and evaluated each firm's technical proposal, and the firms were ranked across 11 criteria from the RFP. CLA had the highest technical ranking and was ranked first in all 11 criteria, either individually or tied with one or both of the other firms.

The Committee issued a best and final offer request to CLA on November 4, and CLA responded with proposed cost savings. CLA's cost proposal was second lowest. Although CLA did not propose the lowest cost, based on the combination of CLA's technical and cost

proposals, relative to the other two firms, the Committee determined that CLA offers the best value to the Plans.

On January 7, the Committee reconvened and added Board member Steve Beam as a member of the evaluation committee. In addition, Fran Lawrence, CFO, Department of State Treasurer, served as an alternate for Joan Fontes. Prior to the meeting, Mr. Beam was provided the RFP, the responses to the RFP, and a summary of the Committee's analysis. The analysis summary was reviewed, and Mr. Beam's questions pertaining to the bidders' responses were answered.

While each of the respondents has certain capabilities, the Committee, with the support of Mr. Beam, recommends the selection of CLA. With the Board's approval, the Department will enter into contract negotiations with CLA to provide audit services for the Plans pursuant to a standard auditing engagement letter and the provisions of the RFP and CLA's response to the RFP. The initial one-year contract will cover audit work performed in 2020 on the financial statements for 2019. The contract will include two one-year renewal options for the Board and the Department, covering 2021 (2020 financial statements) and 2022 (2021 financial statements).