



**Request for Proposal for Internal Audit Services**

**RFP No. 0409**

**April 8, 2009**

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### ATTACHMENTS:

**ERSRI Regulation No. 3, *Rules Concerning the Selection of Consultants***

## 1. Summary

The Employees' Retirement System of Rhode Island (ERSRI) seeks to secure a contract for internal audit/review services. The purpose of this engagement is to request an independent assessment of ERSRI's operations, internal controls and its policies and procedures. During the course of the engagement it is expected that the firm(s) will:

- Review the existing operational and financial processes of ERSRI. This review will include, but is not limited, to the following areas within the line of business system (LOB) and financial accounting system: transactional/general ledger accounting, service credit/purchases and wage and contributions.
- Recommend the corrective and preventative solutions, should they be required, for ERSRI to implement in an effort to improve the operational and financial environment.
- Outline a long-term strategy with the executive management to achieve the objectives that are identified in the audit plan.

Recommendations developed during the audit must be in accordance with established best practices of the public retirement systems industry. In addition, the audits must be in compliance with generally accepted auditing standards as promulgated by the American Institute of Certified Public Accountants (AICPA), the Standards for Financial Audits set forth in the U.S. General Accounting Office's Government Auditing Standards, and the provisions of U.S. Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments.

Interested parties shall direct all communications regarding this RFP to the following RFP Coordinator and no other persons.

Mr. Zachary J. Saul  
Assistant Director - Finance  
Employees' Retirement System of Rhode Island  
40 Fountain St. 1<sup>st</sup> Floor  
Providence, RI 02903

Phone: (401) 457-3999  
Email: [zsaul@ersri.org](mailto:zsaul@ersri.org)

**Unauthorized contact regarding this RFP with employees or officials of the State of Rhode Island other than the RFP Coordinator identified above may result in vendor's disqualification from this procurement process.**

Proposals must be submitted no later than the deadline detailed in Section 3, Schedule of Events. Failure to submit a proposal prior to this deadline shall disqualify it from consideration.

## 2. Background Information

ERSRI is a political subdivision of the State of Rhode Island that administers a public pension plan having \$5.4 billion in assets, which are managed by the State Investment Commission (SIC) and the General Treasurer's office. ERSRI consists of staff members and is administered by the 15-member State of Rhode Island Retirement Board. ERSRI interrelates with other state government entities including principally the Department of Administration, the State Auditor General's Office, and the State Legislature

ERSRI administers four (4) defined benefit pension plans:

- *Employees' Retirement System (ERS)*, established in 1936, which includes state employees and all teachers.
- *Municipal Employees' Retirement System (MERS)*, established in 1951, which includes municipal employees and local police and fire employees.
- *State Police Retirement Benefits Trust (SPRBT)* which includes state police hired after July 1, 1987.
- *Judicial Retirement Benefits Trust (JRBT)* which includes judges hired after December 31, 1989.

The four plans cover about 35,700 active members and 23,000 retirees and beneficiaries. ERSRI supports approximately 145 employers located throughout the State. Participating employers are required by statute to provide all data necessary for ERSRI's effective operation. The rules for ERSRI administration and plan benefits are derived from a combination of legislative action, judicial interpretations and federal requirements.

## 3. Schedule of Events

The following Schedule of Events represents ERSRI's best estimate of the schedule that will be followed.

### RFP SCHEDULE OF EVENTS

**NOTICE: ERSRI reserves the right, at its sole discretion, to adjust this schedule as it deems necessary.**

EVENT	DATE
1. RFP Issued	April 8, 2009
2. Deadline for Vendor Questions	April 22, 2009
3. ERSRI Responds to Vendor Questions	May 5, 2009
4. Proposal Due	May 15, 2009
5. Interviews	May 18 – 29, 2009
6. ERSRI Issues Notice of Intent to Award	Week of June 8, 2009
7. Contract Start Date	Week of October 12, 2009

Vendor questions are to be submitted via email to the RFP Coordinator identified in Section 1. The questions shall constitute the bidders conference as defined in *Regulation No. 3, Rules Concerning the Selection of Consultants, Section 2.4(c)*. Vendor proposals are to be submitted in accordance with the proposal preparation instructions provided in Section 6.

## 4. Project Scope

ERSRI is issuing this solicitation to perform an internal audit/review to obtain an independent assessment of ERSRI's operations, internal controls and its current policies and procedures pertaining to its current financial and operational environment.

The project's scope includes:

1. Vendor will perform a risk assessment audit/review of the primary business and accounting functions of ERSRI. The review will identify the strengths, weaknesses, challenges and potential risks of these functions. The scope includes the functions within the pension Line of Business System (LOB) – ANCHOR, and the financial accounting system – PeopleSoft.

In addition, the risk assessment will also review the adequacy of ERSRI's internal control functions and ensure that they are in compliance with generally accepted accounting principles as well as in compliance with the agency's policies and procedures.

Specific procedures would be, but are not limited to:

- a. Review ERSRI accounting manual to gain an understanding of current policies, practices and procedures of ERSRI.
- b. Perform assessments of key control areas and determine their effectiveness.
2. Vendor will assist ERSRI in updating the accounting manual and will provide the necessary recommendations to ensure that the manual is reflective of the current business environment at ERSRI.
3. Vendor will assist ERSRI to create an internal audit manual for the Accounting and Finance Department.
4. Additional ad hoc assignments may be required of vendor throughout the year. These assignments will be coordinated through the Assistant Director-Finance. As part of the proposal the vendor will provide ERSRI with a blended hourly rate for performance of the assigned tasks.
5. Vendor will prepare and provide a final report of the results of the risk assessment to the Assistant Director - Finance and executive management of ERSRI. The reports will include an executive summary, scope, background, significant findings of risk exposures and/or control deficiencies (if any), recommendations for correcting each significant finding and management's responses to findings.
6. Vendor will perform a follow-up review to ensure that ERSRI has resolved or is in the process of resolving the findings from the initial risk assessment.

## 5. Minimum Vendor Requirements

1. The Firm is required to have performed continuous auditing and accounting and/or internal auditing and fraud detection for a minimum of five (5) years.

- a. The Firm should indicate, if any, experience in providing these services to state and municipal agencies or public/private retirement systems.
  - b. Note: Preference will be shown to vendors who operate in the State of Rhode Island.
2. The Firm is required to be a member of the American Institute of Certified Public Accountants (AICPA). The Firm should also indicate membership in any other comparable control review programs (peer review).

## 6. Proposal Preparation

Each response to this RFP must consist of a Technical Proposal and a Cost Proposal (as described below).

Each Vendor must submit its Technical Proposal to ERSRI in a sealed package that is clearly marked "Technical Proposal in Response to RFP No. 0409 -- Do Not Open." The package must contain:

- One (1) original and ten (10) hard copies of the Technical Proposal;
- Two (2) electronic "soft" copies (on a CD) of the Technical Proposal – one folder containing the technical proposal in Microsoft Word format as submitted, and second folder containing the technical proposal with confidential information redacted or removed and in PDF format.

Each Vendor must submit its Cost proposal to ERSRI in a separate sealed package that is clearly marked "Cost Proposal in Response to RFP No. 0409 -- Do Not Open." The package must contain:

- One (1) original Cost Proposal;
- Two (2) electronic "soft" copies (on a CD) of the Cost Proposal – one folder containing the cost proposal as submitted in Microsoft Word and Excel format, and another folder containing the cost proposal in PDF format.

If the Vendor encloses the separately sealed proposals (as detailed above) in a larger package for mailing, the Vendor must clearly mark the outermost package:

Contains Separately Sealed Technical and Cost Proposals for RFP No. 0409

ERSRI must receive all proposals in response to this RFP at the address specified in Section 1, no later than the deadline stipulated in Section 3, Schedule of Events.

A Vendor may not deliver a proposal orally or by any means of electronic transmission.

**NOTICE: No pricing information shall be included in the Technical Proposal. Inclusion of such information in the Technical Proposal shall render the full proposal disqualified from consideration.**

### 6.1 Technical Proposal

Each proposal should be economically prepared, with emphasis on completeness and clarity of content. A proposal, as well as any reference material presented, must be written in English and printed in single-column format on standard 8 1/2" x 11" paper (although foldouts containing

charts, spreadsheets, and oversize exhibits are permissible). All proposal pages must be numbered.

The Technical Proposal must include:

- **Title Page** bearing the RFP number and project title, as well as Vendor name, address, and contact information.
- **Table of Contents**
- **Vendor Information**

Identification of the Vendor's form of business (whether individual, sole proprietor, corporation, non-profit corporation, partnership, limited liability company) and prime liaison (name, mailing address and telephone number) whom ERSRI may contact regarding the proposal.

Number of years Vendor has been in business, as well as the number of years vendor has performed the services specifically required by this RFP.

Statement of Vendor's intent to use subcontractors, and if so, the names and mailing addresses of committed subcontractors as well as a description of the scope and portions of the work each subcontractor will perform.

Disclosure of whether the Vendor has undergone within the past ten (10) years any mergers, acquisitions, sales or significant changes in partnership interests, and if so, an explanation providing relevant details. Include in this statement the likelihood of any mergers, acquisitions, sales or significant changes in partnership interests in the next three (3) years.

A statement of whether the Vendor or any of the Vendor's employees, agents, independent contractors, and/or subcontractors have been convicted of, pleaded guilty to, and/or pleaded *nolo contendere* to any felony, and if so, an explanation providing relevant details.

A statement of whether there is any pending litigation against the Vendor, and if such litigation exists, an attached opinion of counsel as to whether the pending litigation will impair the Vendor's performance in a contract under this RFP.

Provide a statement of whether the Vendor has filed (or had filed against it) within the past ten (10) years any bankruptcy or insolvency proceeding, whether voluntary or involuntary, or undergone the appointment of a receiver, trustee, or assignee for the benefit of creditors, and if so, an explanation providing relevant details.

Provide a statement as to whether any of the Vendor's previous contracts with public retirement system clients were terminated prior to the expiration of the contract term, and if so, provide an explanation of the circumstances.

Provide a statement as to whether the Vendor or any of its officers, directors, and/or staff members proposed by the Vendor to perform work for ERSRI have any possible conflict of interest.

- **Vendor Qualifications and Experience**

Details of the Vendor's credentials to perform the services being sought by ERSRI in the public retirement systems industry.

Provide information on the Vendor's history of providing the requested services. Address Vendor's experience in providing consulting or accounting services to public retirement agencies, Vendor's experience in internal/financial auditing, evaluating and recommending implementation strategies, and Vendor methodologies and tools that will be used to expedite the delivery of the requested services. If applicable, provide a brief discussion of Vendor's experience in assisting clients with the implementation of recommendations arising from similar audit engagements.

Information about the Vendor's proposed engagement team, to include detailed resumes of all proposed staff, a project organization chart, and rationale behind particular assignments of roles and responsibilities.

Corresponding information on any subcontractors that will participate in the project.

A list of at least three (3) references from public retirement systems, state agencies, municipalities, not-for-profit organizations and publicly traded or privately held corporations willing to discuss with ERSRI the Vendor's performance in providing services comparable to the services being sought by ERSRI. Each reference must include the agency name and address; the name, title, and phone number of the contact person at the agency/company; the time period during which the services were provided; the name of the Vendor's lead auditor on the engagement; and a brief summary of the services provided.

- **Technical Approach**

Details of Vendor's proposed technical approach to each of the six (6) project scope elements discussed in Section 4, Project Scope.

A narrative illustrating how the Vendor will manage the project, ensure completion of the scope of services, and accomplish ERSRI's objectives.

A high-level Gantt chart of proposed project activities illustrating the expected timing of the engagements deliverables.

- **Proposed Contract**

A copy of the contract for services that the Vendor anticipates executing should ERSRI select the Vendor.

## **6.2 Cost Proposal**

The cost proposal should detail projected expenditures of time and material *not to be exceeded*. The cost schedule must include the hours to be expended on each of the first six (6) tasks identified in Section 4, Project Scope; the hourly rate applicable to each Vendor staff category; total projected expenditures for each task; and a projected grand total. Please include an estimate of the travel-related expenses anticipated by the Vendor. Expenses may be expressed either as a percentage of service costs or as part of the Vendor's hourly rates. Travel related expenses must be included in the *not-to-exceed* project cost.

Please indicate the hourly rate(s) that would apply to any additional services that ERSRI may request for ad hoc assignments outlined in item 4 of Section 4, Project Scope.

## **7. Proposal Evaluation and Contract Award**

Vendor selection and contract award will be at the sole discretion of ERSRI. Vendor proposals will be evaluated on the basis of the following criteria:

CRITERION	% WEIGHT
Qualifications of the Firm	30%
Proposed Staff Qualifications & Project Organization	20%
Audit Plan & Approach	20%
Completeness of Responses	10%
Vendor References	10%
Cost	10%
<b>Total</b>	<b>100%</b>

ERSRI reserves the right to make no award.

## 8. Procurement and Contract Administration

### Contract Term

Period of performance will be determined during contract negotiations prior to award. If options are selected, it is anticipated that this project may span more than one State fiscal year (July 1-June 30) and/or multiple calendar years.

### Required Review

Bidders shall carefully review this solicitation for defects and questionable or objectionable matter. Comments concerning defects and questionable or objectionable material must be made in writing and received by the RFP Coordinator at least fifteen (15) days prior to proposal opening to allow for the issuance of any necessary amendments.

### Questions Received Prior to Opening of Proposals

All questions must be directed to the issuing office, addressed to the RFP Coordinator. Bidders are required to put questions in writing; questions must be received no later than the date stipulated in Section 3, Schedule of Events.

Responses to all questions will be provided to all vendors who have submitted bids. Questions and answers will be incorporated into the ensuing awarded contract as appropriate.

Should the issuing office consider it necessary to revise any part of this RFP, addenda will be provided to all bidders who have been provided the RFP.

### Cancellation

ERSRI may cancel an invitation for bids, a request for proposal, or negotiations in connection with the procurement of any item or service, or may reject all bids or proposals if ERSRI determines that such action is in its best interest. No such cancellation or rejection shall prevent ERSRI from re-soliciting supplies and services for the same project on the same or different terms.

### Confidentiality of Proposal Information

All proposals and other material submitted become the property of ERSRI and will not be returned. ERSRI reserves the right to use any ideas presented in any response to the RFP. Rhode Island General Laws Chapter 2 of Title 38 (Access to Public Records) requires public records to be open to reasonable inspection by the public. All proposal information including detailed price and cost information will be held in confidence during the evaluation process and prior to issuance of the Notice of Intent to Award. All proposals will become public information upon

award of a contract. Portions of proposals containing proprietary information may, at the request of the bidder, be excluded from public access. Such proprietary information shall be explicitly designated in writing on all pages which are deemed to contain such proprietary information. ERSRI shall extend its best efforts in this regard but shall not be responsible for any inadvertent oversight.

### **Bid Preparation Costs**

No costs incurred by the bidder in preparation of its proposal, including travel and personal expenses, may be charged as an expense of performing the contract.

ERSRI shall not pay for costs incurred for proposal or contract preparation as a result of termination of this RFP or termination of the contract resulting from this RFP.

### **Single Source of Support**

The successful contractor shall be granted the right to subcontract a portion of the work but shall retain sole responsibility for the successful delivery of all contracted deliverables. The prime contractor must be designated in the proposal, and any use of subcontractors must be clearly explained. All references in this RFP to the contractor, vendor, or successful bidder shall be construed to encompass both the prime contractor and all subcontractors and infer the single source of support from the prime contractor.

If the use of subcontractors is planned, the proposal must specifically identify the tasks that each subcontractor is to perform. All subcontractor staff in key positions must meet the same qualifications for experience specified for the prime contractor. Resumes should be included for these key subcontractor staff. The proposal must also include sample copies of any agreements to be executed between the prime contractor and any subcontractors in the event of contract award. All subcontracting agreements must be signed at the time of contract award, and executed copies provided to ERSRI for review prior to the execution of a contract with the prime contractor.

All bidders must list in their proposal the complete names and addresses of the subcontractors, and the type and percentage of work they will be providing and must include a signed, written statement from any proposed subcontractors verifying their commitment to perform the services indicated to be completed by them.

Substitution of any proposed subcontractor is only allowed following written permission from the RFP Coordinator.

Joint ventures shall not be acceptable for the performance of this contract.

### **Bidder's Certification**

By signature on their proposal, each bidder certifies that they are complying with or will comply with:

1. the laws of the State of Rhode Island;
2. the applicable portion of the Federal Civil Rights Act of 1964;
3. Equal Employment Opportunity federal executive order 11246, as amended, and Section 28-5.1-10 of the General Laws of the State; and
4. all terms and conditions delineated in this RFP.

Additionally, in signing their proposal, each bidder guarantees that the price submitted was calculated independently and without collusion.

If any bidder fails to comply with items 1 through 4 of the above paragraph, ERSRI reserves the right to disregard the proposal, terminate the contract, and/or consider the contractor in default.

### **News Releases**

News releases pertaining to this RFP or the project to which it relates shall not be made without prior approval of the Executive Director, and then only in coordination with ERSRI. Failure to adhere to this procedure is grounds for termination of the contract.

### **Annual Appropriations**

All contracts awarded by ERSRI shall be subject to the available funds of budgets approved by the ERSRI Retirement Board and the General Assembly.

### **Notice of Intent to Award**

ERSRI may conduct written or oral discussions with responsible bidders who submit proposals that ERSRI determines in writing to be reasonably likely for selection. Discussions shall not disclose any information derived from proposals submitted by competing bidders. Discussions need not be conducted:

1. with respect to prices, where such prices are fixed by law or regulation, except that consideration shall be given to competitive terms and conditions; or
2. where time of delivery or performance will not permit discussions; or
3. where it can be clearly demonstrated and documented from the existence of adequate competition or accurate prior cost experience with the particular hardware, software, or service item, that acceptance of an initial offer without discussion would result in fair and reasonable prices, and the request for proposals notifies all bidders of the possibility that award may be made on the basis of the initial offers.

### **Oral Presentations**

ERSRI may at its discretion require bidders to make an oral presentation of their proposals on-site at ERSRI offices. Participants on ERSRI's behalf may include up to ten (10) people. Bidder participants should include at least one person but no more than five (5) persons who are knowledgeable of the RFP and the response submitted by the bidder's organization, and who are qualified to answer questions relating to the proposal.

Oral presentations, if conducted, will not involve with bidders' cost proposals. Cost negotiations, if and when appropriate, will be conducted separately.

The purpose of the oral presentations, if conducted, will be to:

- provide a summary of the respective bidder's proposal for the benefit of ERSRI, senior management and/or board members; and
- permit ERSRI and staff to ask questions pertaining to the bidder's proposal.

Bidders will be provided no more than one half hour each for their oral presentations, to be inclusive of a summary of the proposal contents and a question-and-answer session with ERSRI staff. Each bidder will be offered three (3) alternative dates for scheduling the oral presentation. Oral presentations may be recorded at the discretion of ERSRI. Bidder attendance at the oral presentations should include the proposed on-site manager.

**Employees' Retirement System Of The State Of Rhode  
Island**

**And**

**Municipal Employees' Retirement System  
Of The State Of Rhode Island**

**Regulation No. 3**

**Promulgated: February 14, 1994**

**Effective: February 14, 1994**

**Rules Concerning The Selection Of Consultants**

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RULES OF  
THE EMPLOYEES' RETIREMENT SYSTEM  
OF THE STATE OF RHODE ISLAND  
AND  
THE MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM  
OF THE STATE OF RHODE ISLAND  
FOR THE SELECTION OF  
CONSULTANTS

ARTICLE I - GENERAL PROVISIONS

Section 1.1 Introduction. The Employees' Retirement System of the State of Rhode Island and the Municipal Employees' Retirement System of the State of Rhode Island (the "System") is authorized to employ consulting and other professional services. The purpose of these rules is to adopt internal procedures consistent with the requirements of Chapter 2 of Title 37 of the Rhode Island General Laws (State Purchases Act) in connection with the procurement of consulting services by the System.

Section 1.2 Definitions. All capitalized terms used herein shall have the same meaning as set forth in the "Rules of the Employees' Retirement System of the State of Rhode Island and the Municipal Employees' Retirement System of the State of Rhode Island for the Procurement of Supplies and Services". The words defined in this subsection shall have the following meanings wherever they appear in these Rules, unless the context in which they are used clearly requires a different meaning.

(1) "Consultant" shall mean any person engaged to provide information regarding a particular area of knowledge in which the person has expertise, including, but not limited to, accountants, actuaries, financial consultants, data processing consultants and physicians, excluding, however, legal services.

Section 1.3 Application of Rules. These Rules apply to all expenditures of funds by the System under a contract for consulting services, except contracts between the System and the State of its political subdivisions, or between the System and other governments. The provisions of these Rules shall be considered to be incorporated in all contracts of the System to which they apply.

Notwithstanding anything contained in this Section 1.3, the “Rules of the Employees’ Retirement System of the State of Rhode Island and the Municipal Employees’ Retirement System of the State of Rhode Island for the Procurement of Supplies and Services” shall govern the procurement of supplies and services.

Section 1.4 Procurement Responsibilities of the System. The Procurement Committee shall select persons or firms to render consultant services pursuant to these Rules. Accordingly, the term “System” shall be used in these Rules to designate the Procurement Committee.

Section 1.5 Public Access to Procurement Records. Except as otherwise provided for herein all procurement records of the System shall be public record to the extent provided in Chapter 2 of Title 38 (Access to Public Records) of the General laws of Rhode Island and shall be available to the public as provided in such Act.

Section 1.6 Procurement Decisions of the System. Every determination required by these Rules shall be in writing and based upon written findings of fact by the System. These determinations and written findings shall be retained in an official contract file in the offices of the System.

## ARTICLE II - SELECTION OF CONSULTANTS

Section 2.1 General Policy. It shall be the policy of the System to publicly announce its requirements for consulting services, which are reasonably estimated to exceed ten thousand dollars (\$10,000), and to negotiate contracts for such professional services on the basis of demonstrated competence and qualifications and at fair and reasonable prices.

Section 2.2 Annual Statement of Qualifications and Performance Data. Consultants shall be encouraged by the Executive Director to submit to the System annually a statement of qualifications and performance data which shall include, but not be limited to the following:

1. The name of the firm and the location of its principal place of business and all offices;
2. The age of the firm and its average number of employees over the past five years;
3. The education, training, and qualifications of members of the firm and key employees;

4. The experience of the firm, reflecting technical capabilities and project experience; and
5. Such other pertinent information as requested by the Executive Director.

Section 2.3 Public Announcement of Needed Consultant Services. The System shall give public notice in a newspaper of general circulation in the State of the need for consultant services which are reasonably estimated to exceed ten thousand dollars (\$10,000). The System may publish such additional notice as it deems necessary to assure response from qualified individuals or firms. Such public notice shall be published sufficiently in advance of the date when responses must be received in order that interested parties have an adequate opportunity to submit a statement of qualifications and performance data. The notice shall contain a brief statement of the services required, describe the project and specify how a solicitation containing specific information on the project may be obtained.

Section 2.4 Solicitation.

(a) A solicitation shall be prepared which describes the System's requirements and sets forth the evaluation criteria. It shall be distributed to interested persons.

(b) The solicitation shall describe the criteria to be used in evaluating the statement of qualification and performance data and in the selection of firms. Criteria shall include, but are not limited to:

- (1) competence to perform the services as reflected by  
technical training and education; general experience; experience in providing the required services; and the qualifications and competence of persons who would be assigned to perform the services;
- (2) ability to perform the services as reflected by workload  
and the availability of adequate personnel, equipment, and facilities to perform the services expeditiously;
- (3) past performance as reflected by the evaluation of private  
persons and officials of other governmental entities that have retained the services of the firm with respect to such factors as control of costs, quality of work, and ability to meet deadlines; and
- (4) the cost of such services.

(c) For services reasonably estimated to exceed twenty thousand dollars (\$20,000), a bidder's conference shall be held which describes the criteria to be used in evaluating the statement of qualification and performance data and in the selection of firms. The scope of work shall be discussed and further defined at such conference, including on-site visits, if appropriate.

Section 2.5 Evaluation of Statements of Qualifications and Performance Data. The consultant selection committee shall evaluate statements that may be submitted in response to the solicitation of consultant services and statements of qualifications and performance data, if required. All such statements shall be evaluated in light of the criteria set forth in the solicitation for consulting services. The consultant selection committee may waive informalities in any such statements.

Section 2.6 Final Selection of Contractors. The consultant selection committee shall select no more than three (3) firms (or two (2) if only two (2) apply) evaluated as being professionally and technically qualified. The firms selected, if still interested in providing the services, shall make a representative available to the consultant selection committee at such time and place as it shall determine, to provide such further information as it may require.

The consultant selection committee shall negotiate with the highest qualified firm for a contract for consulting services for the System at compensation which the consultant selection committee determines to be fair and reasonable. In making such determination, the consultant selection committee shall take into account the professional competence and technical merits of the offerors, and the price for which the services are to be rendered. The consultant selection committee shall be responsible for the final selection of the providers of consulting services.

Section 2.7 Contracts Not Exceeding \$10,000. The Executive Director of the System shall be responsible for the final decision on consulting contracts not expected to exceed ten thousand dollars (\$10,000). The Executive Director shall, however, notify the Department of Administration, the Division of Purchases and the Division of Budget of the State of its selection. The Executive Director shall use the criteria set forth in Section 2.4(b) in making such determinations. Each determination shall be justified in writing.

## ARTICLE III - REMEDIES

### Section 3.1 Protest of Solicitation and Award.

(a) Any actual or prospective contractor who is aggrieved in connection with the solicitation or award of any contract under these Rules may file a protest with the System. A protest must be filed in writing not later than two (2) calendar weeks after such aggrieved person knows or should have known of the facts giving rise thereto.

(b) The System shall promptly issue a decision in writing regarding such protest. A copy of that decision shall be furnished to the aggrieved party and shall state the reasons for the action taken.

(c) In the event a protest is filed in a timely manner under this Section, the System shall not proceed further with the solicitation or award which is the subject of the protest until it has issued a decision on the protest, or determined that continuation of the procurement is necessary to protect a substantial interest of the System.

### Section 3.2 Debarment and Suspension.

(a) After reasonable notice to the person involved and reasonable opportunity for that person to be heard, the System may debar a person for cause from consideration for award of contracts contemplated by these Rules. The debarment shall not be for a period of more than three years. The System may suspend a person from consideration for award of contracts if there is probably cause for debarment. The suspension shall be for a period of not less than three months.

(b) The causes for debarment or suspension include the following:

(1) conviction of a criminal offense in connection with obtaining or attempting to obtain a public or private contract or subcontract, or in the performance of such contract or subcontract;

(2) conviction under state or federal statutes of embezzlement, theft, forgery, bribery, falsification or destruction of records, stolen property, or any other offense indicating a lack of business integrity or business honesty which currently, seriously, and directly affects responsibility as a contractor with the System;

(3) conviction under state or federal antitrust statutes arising out of the submission of bids or proposals;

(4) violation of contract provisions, as set forth below, of a character which is regarded by the System to be so serious as to justify debarment action, including,

(i) deliberate failure without good cause to perform in accordance with the specifications or within the time limit provided in the contract; or

(ii) a recent record of failure to perform or of unsatisfactory performance in accordance with the terms of one or more contracts; provided that failure to perform or unsatisfactory performance caused by acts beyond the control of the contractor shall not be considered to be a basis for debarment;

(5) any other cause the System determines to be so serious and compelling as to affect responsibility as a contractor, including debarment by a governmental entity.

(c) The System shall issue a written decision to debar or suspend. The decision shall state the reasons for the action taken; and inform the debarred or suspended person of its rights to judicial review.

(d) A copy of the decision under Subsection (c) of this Section shall be furnished promptly to the debarred or suspended person.

Section 3.3 Resolution of Contract Disputes. If any claim or controversy arising under contracts to which these Rules apply is not resolved by mutual agreement, the System shall promptly issue a decision in writing regarding the subject matter of such claim or controversy. A copy of that decision shall be furnished to the contractor. If the System does not issue a written decision within thirty (30) days after written request for a final decision, or within such longer period as might be established by the parties to the contract in writing, then the contractor may proceed as if an adverse decision had been received from the System.

#### ARTICLE IV - ADDITIONAL MATTERS

Section 4.1 Equal Employment Opportunity. For all contracts for consultant services exceeding ten thousand dollars (\$10,000), contractors must comply with the requirements of federal executive order 11246, as amended, and Section 28-5.1-10 of the General Laws. Failure to comply will be considered a substantial breach of the contract subject to penalties prescribed in regulations administered by the Department of Administration of the State.

Section 4.2 Conflict of Interest. No member or employee of the System shall have any interest, financial or otherwise, direct or indirect, or engage in any activity which is in substantial conflict with the proper discharge of his or her duties as a member or employee of the System.

#### ARTICLE V - EFFECTIVE DATE

Section 5.1 Effective Date. These Rules shall become effective upon adoption by the Board. Thereafter, the Board shall file a copy of these Rules with the Secretary of State.

Section 5.2 Contracts in Effect on Effective Date. These Rules shall not change in any way a contract commitment by the System or of a contractor to the System which was in existence on the effective date of these Rules.