



Request for Proposal Fiduciary Performance Audit

1. Introduction

The South Carolina Office of the State Auditor (OSA) is requesting proposals from qualified firms to conduct a fiduciary performance audit of the South Carolina Retirement System Investment Commission (RSIC).

All correspondence regarding this request for proposal should be directed to:

Sue Moss, CPA
Director – State Audits
1401 Main Street, Suite 1200
Columbia, SC 29201
803.832.8929
smoss@osa.sc.gov

2. Nature of Services Required

The purpose of this engagement is to evaluate the progress made in implementing the recommendations resulting from the 2014 fiduciary performance audit. In the process, currently existing areas of weakness in operational policies and practices should be identified. Recommendations addressing weaknesses or regarding better practices and other observations should be articulated and prioritized according to significance and urgency and, where feasible, should include an analysis of potential costs or benefits associated with implementation. The provider is expected to utilize experience with similar engagements in exercising judgment and creativity in conducting this engagement.

The fiduciary performance audit conducted in 2014 can be found at:

<http://oig.sc.gov/Documents/FAS%20Final%20RSIC%20Fiduciary%20Audit%20Report%20April%2018%202014.pdf>.

3. Time Requirements

Proposal Calendar

Request for proposal issued	November 30, 2017
Due date for Intent to Respond notification	December 15, 2017
Due date for proposals	January 19, 2018

Engagement Timetable

Start of work	Date mutually agreed-upon
Preliminary draft	September 30, 2018
Final report issued	January 5, 2019

4. Proposal Submission

An electronic proposal (PDF format) should be submitted by email (smoss@osa.sc.gov) no later than 5:00 PM (Eastern Standard Time) on January 19, 2018. Proposals meeting the requirements set forth in this document will be evaluated by OSA.

5. Intent to Respond

A notification of intent to respond to this RFP is requested by email (smoss@osa.sc.gov) no later than December 15, 2017 and should include the firm name as well as the name, title and contact information of the lead consultant.

Submitting this notification is not a prerequisite for submitting a proposal, but rather is intended to allow OSA to provide all firms that intend to respond copies of any questions and answers that may arise during the proposal process and any amendments to this solicitation that may be published. Firms that either choose not to submit a notification of intent to respond or fail to meet the deadline for its submittal may submit a proposal in response to this RFP, but must include with their proposal an acknowledgement that they were notified that additional information regarding this request was available from OSA upon request.

6. Background

The RSIC was created by act of the South Carolina General Assembly in 2005 with the exclusive authority to manage and invest all assets held in trust for the participants and beneficiaries of five defined benefit plans: South Carolina Retirement System (SCRS), South Carolina Police Officers Retirement System (PORS), Retirement System for Judges and Solicitors of the State of South Carolina (JSRS), Retirement System for Members of the General Assembly of the State of South Carolina (GARS), and the National Guard Retirement System (SCNG), collectively referred to hereinafter as the "Retirement System."

The Retirement System has investments totaling approximately \$30.1 billion as of June 30, 2017 for more than 550,000 active and inactive participants, beneficiaries and dependents. While the RSIC, as a fiduciary, has exclusive authority to manage and invest the assets held in trust for the Retirement System's participants and beneficiaries, other fiduciaries and trustees exercising authority and direction over the Retirement System include the State Fiscal Accountability Authority (SFAA), Public Employee Benefit Authority (PEBA), and the State Treasurer's Office (STO).

There is separation of duties between the investment of the Retirement System assets and the administration of benefits for beneficiaries and participants. These key benefit administration functions of the Retirement System are managed by PEBA, which also administers other non-retirement, statewide employee benefit programs. More information about PEBA and the Retirement System can be found at www.peba.sc.gov and www.retirement.sc.gov. A fiduciary performance audit of PEBA will be conducted at a later date.

The RSIC is staffed with 51 positions, including an Chief Executive Officer and a Chief Investment Officer. The RSIC is governed by an eight-member Investment Commission (IC), comprised of seven appointed members with voting privileges. A retired member of the Retirement System is elected by the IC and the Executive Director of PEBA as an ex-officio member, without voting privileges. By statute, the Governor appoints two members of the IC and the Comptroller General, State Treasurer, Senate Finance Committee Chairman, and House Ways and Means Committee Chairman each appoint one member of the IC. All appointed members must have specific expertise and investment credentials and serve four-year terms. The statutes governing the RSIC are found in Title 9, Chapter 16 of the 1976 South Carolina Code of Laws, as amended. More information about the RSIC can be found at www.rsic.sc.gov.

7. Proposal Requirements

To provide the maximum degree of comparison, proposals must be organized as follows:

Title Page

Show the RFP subject, firm name, contact information and date.

Table of Contents

Include a clear identification of material presented by section and page number.

Letter of Transmittal (limit to 3 pages)

Provide an understanding of the work to be done and a commitment to the timeline outlined in this RFP. In addition:

1. Provide the name and contact information of the individual who will be authorized to make representations on behalf of the proposer.
2. State the person signing the letter is authorized to bind the proposer.

Profile of the Proposer

1. Briefly describe the proposer, including size and identification of office locations.
2. Identify the office location which will have primary responsibility for the work to be done.
3. Describe material litigation to which the firm is currently a party as well as litigation brought against the firm in the last five years.

Summary of Proposer's Qualifications

1. State the identity of senior members of the proposed engagement team and include resumes detailing relevant experience for each.
2. Affirm that the proposer has no conflict of interest with RSIC.
3. Describe recent engagements similar in scope to the services requested, with an emphasis on engagements performed by the office primarily responsible for the work to be done.
4. Provide a minimum of three references for similar work performed in the last five years.
5. Identify public pension clients that have terminated the proposer's services in the last five years and include the reasons for termination.

Detailed Work Plan

Include a work plan describing in detail the methodology to be employed by the proposer in performing the fiduciary audit. The work plan should include a projected timeline reflecting major milestones and dates to comply with the delivery date.

Compensation

Provide an all-inclusive maximum fee, including out-of-pocket costs, for which the requested work will be done.

Mandatory Criteria

Affirm the following:

1. Proposer does not discriminate in the employment of persons upon the basis of race, color, creed, national origin, sex, age or physical handicap.
2. Proposer will provide a drug-free workplace during the term of this contract in accordance with Section 44-107-10 through 44-107-90 of the 1976 South Carolina Code of Laws, as amended.
3. Proposer has and will comply with, and has not, and will not induce a person to violate Title 8, Chapter 13 of the 1976 South Carolina Code of Laws, as amended (Ethics Act).
4. Proposer is in compliance with Sections 11-57-300 through 11-57-330 of the 1976 South Carolina Code of Laws, as amended, with respect to investment activities in Iran.

8. Proposal Evaluation

Proposals should demonstrate the technical qualification, competence and capacity of the firm seeking to undertake the services required in this RFP. Evaluators will determine the winning proposal based on the qualification, approach and cost as well as commitment to delivery of final reports by the due date specified in this RFP.

Proposals which do not include the minimum requested information, including affirmation of mandatory criteria, will be rejected as not being responsive. OSA reserves the right to request additional information or clarifications from the proposing firms during the evaluation process where it serves OSA's best interest. Technical corrections or omissions may be allowed at the discretion of OSA.

OSA reserves the right to reject any or all proposals submitted.

OSA reserves the right to negotiate with the highest-rated proposer on final contract terms.

The following evaluation factors will be considered:

Technical Factors

1. Responsiveness of the proposal in clearly stating the firm's understanding of the work to be performed, including:
 - Appropriateness and adequacy of the detailed work plan
 - Timeliness of milestones in complying with the final report delivery date
2. Technical experience of the firm
3. Qualification of staff
4. Size of the firm

Cost Factor

Proposed fees are a consideration but are not the dominant factor. Cost will be given more importance when all other evaluation criteria are equal. Proposals believed to be unreasonably low will be rejected.

Proposers may be asked to make a presentation prior to awarding the contract. Dates for the presentation will be determined by OSA.

9. Other

Billings and Payment

OSA will issue an award letter to the successful proposer stating the maximum fee to be paid for the engagement. While OSA is the client, RSIC is responsible for payment of engagement fees. All invoices are to be submitted to OSA for approval. OSA will submit approved invoices to RSIC for payment. Services which may increase the fee above the maximum must have prior written approval of OSA.

Progress billings based on the percent of engagement completion will be accepted. Final payment will not be made until contractual obligations have been met, including delivery of final reports. OSA reserves the right to hold progress billings should issues arise in the delivery of services or if there is a reason to believe billings have been submitted in advance of work being completed. A federal Employer Identification Number (EIN) must be provided with each invoice.

Choice of Law, Jurisdiction and Venue

Any contract resulting from this RFP is governed by and in accordance with the laws of South Carolina. Jurisdiction and venue for resolution of any dispute shall be in the courts of South Carolina.

Entrance Conference

Within 30 days of being awarded the engagement, the provider will contact OSA to arrange a date and time for an on-site meeting to discuss in detail documentation requests, specific tasks to be performed and timing. Key RSIC staff will be included in this meeting.

Electronic File Sharing

RSIC can securely share documents requested.

Progress Reports

Provider will provide periodic progress reports during the audit process. Progress reports are expected to be more frequent during the weeks prior to report issuance.

Exit Conference

Near the conclusion of the engagement, an on-site exit conference will be held at a time agreeable to the provider, RSIC and OSA.

Report Distribution Requirements

The provider will deliver to OSA twenty-five bound copies and an electronic version (PDF) of the final report. The electronic copy must meet the requirements of Section 508 of the Work Force Investment Act of 1998 regarding accessibility by individuals with disabilities.

Commission Presentation

Provider will attend a meeting of the IC to present and discuss findings, conclusions, and recommendations resulting from the engagement.