



DEPARTMENT OF
BUDGET & MANAGEMENT
AUDIT SERVICES CONTRACT (ASC) TORFP

KEY INFORMATION SUMMARY SHEET

All Terms and Conditions of the Master Contract apply.

REQUESTING AGENCY:	Maryland Teacher's and State Employees' Supplemental Retirement Plans (MSRP)
NAME OF AUDIT PROJECT:	Financial Statement Audits of the Supplemental Retirement Plans
TORFP NO:	ASC-2015-09-001 (MSRP)
MBE Participation Goal:	Overall Certified MBE Participation Goal: 15 %
MBE Subgoals:	N/A
VSBE Participation Goal:	Overall Verified VSBE Participation Goal: 5 %
SBR TORFP?:	No
Agency's Living Wage Tier:	1
Is Non-Routine Travel Allowed (To Be Proposed?):	Yes

TORFP Release Date: September 21, 2015

TORFP Issuing Office: Department of Budget and Management

Procurement Officer: Jamie Tomaszewski
Office Phone: (410) 260-7386
Facsimile: (410) 974-3274
E-mail: dbm.cmo@maryland.gov

TOPs are to be submitted: Attached to the DBM *MOVEit* Website at:
<https://sftp.dbm.state.md.us>

Pre-TOP Conference: Wednesday, September 30, 2015 at 10:00 AM (Local Time)
6 Saint Paul Street Suite 200, Board Room

See Table of Contents Page for Directions

Closing Date and Time for TOP: Tuesday, October 20, 2015 at 12 noon (Local Time)

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Directions (Allow sufficient time for your commute and parking. Fee'd Parking is available at local garages):

Bring personal photo identification (<http://msrp.maryland.gov/directions.htm>)

From the North or South: Follow I-95 to exit 53 (I-395 North). I-395 North will become Howard Street. Follow Howard Street to Baltimore Street. Turn right onto Baltimore Street. Follow to St. Paul Street (where St. Paul Street becomes Light Street). The William Donald Schaefer Tower at 6 St. Paul Street is on the left.

From Downtown Washington, D.C., BWI Airport: Follow I-295 North to Baltimore. Once inside the city limits, I-295 will become Russell St. When Russell Street crosses Pratt Street it becomes Paca Street. Turn right onto Baltimore Street. Follow to St. Paul Street (where St. Paul Street becomes Light Street). The William Donald Schaefer Tower at 6 St. Paul Street is on the left.

From I-83 (York, Harrisburg, South Central Pennsylvania): Follow I-83 South to the end and turn right on Fayette Street. Go to St. Paul Street and turn left. Go one block to Baltimore Street. The William Donald Schaefer Tower at 6 St. Paul Street is on the right.

Contact Information: **Debra L. Roberts**
 410-767-8715
 Email: debra.roberts@maryland.gov

1.0 PURPOSE

The purpose of the annual audit is assure that each of the financial statements reporting the results of plan activity and plan net assets are fairly presented in conformity with accounting principles generally accepted in the United States of America, and that all disclosures required by laws and regulations accompany such statements.

2.0 TERMS & CONDITIONS

- 2.1 The Master Contract terms and conditions are fully applicable to this TORFP and are not usually repeated within the TORFP except for clarification. Please refer to the Master Contract's RFP for details.
- 2.2 The sole contact for the ASC Master Contractors at release of the TORFP and until after Task Order Agreement (TOA) award is the DBM Contract Manager (See TORFP Key Information Summary Sheet). During the term of the TOA Award, the Agency TOM is the point of contact (See Scope of Work).
- 2.3 The TORFP requirements for Master Contractor TOP submission follow in Section 3. Section 6.0 General Requirements and **Attachment A-Scope of Work (SOW)** detail the project requirements.

3.0 TECHNICAL AND FINANCIAL FORMAT & SUBMISSION REQUIREMENTS

Each Master Contractors shall prepare its Technical and Financial TOP responses as outlined within this section.

- 3.1 Each Master Contractor receiving this AUDIT TORFP must submit within the AUDIT TORFP designated submission time as stated in the Key Information Summary Sheet with either a TOP for both Technical and Financial, or a completed form '*Audit Services Contract Master Contractor Comments for Not Submitting a Task Order Proposal.*'
- 3.2 The due date for submitting a TOP for this AUDIT TORFP is **documented on the Key-Information Sheet**. Local time will be established as provided by the Department of Budget & Management's Web system time stamp or email time stamp. The Contract Manager will not accept submissions after this date and time. The TOP is to be submitted to the DBM *MOVEit* website at: <https://sftp.dbm.state.md.us> using your firm's logon and password. The "file name" in your TOP submission shall state the Master Contractor Firm's Name and the TORFP's complete labeled number. For John Smith Company submitting a technical file:

Example: **John Smith-Tech-ASC-2015-09-001(MSRP).**
- 3.3 The TOPs must be submitted in two (2) separate files using either Adobe Acrobat files or a combination of Microsoft software files. Example: MS Word or Excel.
 - a. The first file will be the TOP ***Technical*** response to this AUDIT TORFP and titled, "**Master Contractor Firm's Shortened Name-Tech-ASC-20XX-XX-XXX(XXX).**"

- b. The second file will be the TOP *Financial* response to this AUDIT TORFP and titled, “Master Contractor Firm’s Shortened Name-Finl- ASC-20XX-XX-XXX(XXX).”

3.4 Format for Technical TOP: The Master Contractor’s **Technical-TOP** will be submitted in the following order.

3.4.1 The Master Contractor is to provide a Table of Contents and prepare and submit the TOP electronically in the following order with appropriately labeled sections. Items A through I are mandatory submissions for the Technical TOP. J, K and L are required submissions for the Technical TOP only if the item in the table is Marked for Submission in Section 3.4.2. A completed Attachment B- ASC Financial TOP Affidavit from this TORFP is mandatory for the Financial TOP submission:

Technical TOP:

- A** -- Table of Contents;
- B** -- Master Contractor’s Executive Summary;
- C** -- Work Plan: *A concise summary of the Master Contractor’s abilities, services, and management of the TORFP that incorporates all the TORFP requirements. Also any pertinent information the Master Contractor seeks to document to the User Agency;*
- D** -- TORFP Labor Category Summary Sheet (*Remember to attach resumes*);
- E** -- Corporate and Staff Experience and Capabilities, plus References and Information for State Contracts;
- F** -- Minority Business Enterprise (MBE) Participation;
- G** -- Veteran-owned Small Business Enterprise (VSBE) Participation;
- H** -- Conflict of Interest Affidavit;
- I** -- Affidavit of Agreement Maryland Living Wage Requirements-Service Contract;
- J** -- Economic Benefits;
- K** -- Certificate of Confidentiality;
- L** -- Non-Disclosure Agreement;
- M** -- HIPAA Business Associate Agreement (Not Applicable);
- N** -- Federal Funding;
- O** -- Department of Human Resources (DHR) Hiring Agreement (Not Applicable); and,
- P** -- Location of the Performance of Services Disclosure (Not Applicable).

Financial TOP:

Attachment B-ASC FINANCIAL TOP AFFIDAVIT (See separate MS Excel worksheet)

3.4.2 Summary of Required Attachments: Master Contractors, in addition to the TORFP, you will need to review, complete, and submit the following forms that are check marked []. Ensure that your TOP addresses each of the prescribed areas as part of your Work Plan. See the DBM Website for the downloadable forms (links are listed below). Other forms are for your informational use, or, are not specifically applicable to this TORFP.

FOR TECHNICAL TOP SUBMISSION:

	FORMS	NOTES
√	A TOP's Labor Category Summary Sheet (D) http://dbm.maryland.gov/proc-contracts/Documents/StatewideContracts/AuditServicesContract2015/LaborCategorySummary.doc	Always Required
√ and Note	MBE Participation Forms and Instructions (F) http://dbm.maryland.gov/proc-contracts/Documents/StatewideContracts/AuditServicesContract2015/MBEFormsD1A.doc	Always Required Unless TORFP MBE Participation Goal is Zero
√ and Note	VSBE Participation Forms and Instructions (G) http://dbm.maryland.gov/proc-contracts/Documents/StatewideContracts/AuditServicesContract2015/VSBEFormsM1.doc	Always Required Unless TORFP VSBE Participation Goal is Zero
√	Conflict of Interest Affidavit and Disclosure and any subcontractor (H) http://dbm.maryland.gov/proc-contracts/Documents/StatewideContracts/AuditServicesContract2015/ConflictInterestAffidavit.doc	Always Required
√	Affidavit of Agreement Maryland Living Wage Requirements: Instructions and Affidavit (I) http://dbm.maryland.gov/proc-contracts/Documents/StatewideContracts/AuditServicesContract2015/LivingWageRequirements.doc	Always Required
√	Economic Benefits Information for TOP (J) http://dbm.maryland.gov/proc-contracts/Documents/StatewideContracts/AuditServicesContract2015/EconomicBenefitsForTOP.pdf	Always Required
√	Certificate of Confidentiality for Master Contractor and any subcontractor (K) http://dbm.maryland.gov/proc-contracts/Documents/StatewideContracts/AuditServicesContract2015/CertificateConfidentiality.pdf	
√	Non-Disclosure Agreement for Master Contractor and any subcontractor (L) http://dbm.maryland.gov/proc-contracts/Documents/StatewideContracts/AuditServicesContract2015/NonDisclosureAgreement.pdf	

	FORMS	NOTES
	HIPAA Business Associate Agreement for Master Contractor and any subcontractor (M) http://dbm.maryland.gov/proc-contracts/Documents/StatewideContracts/AuditServicesContract2015/HIPAABusinessAssociateAgreement.pdf	
See Note	Federal Funding Acknowledgement for Master Contractor (N) http://dbm.maryland.gov/proc-contracts/Documents/StatewideContracts/AuditServicesContract2015/FederalFundsAcknowledgment.pdf	Required for TOAs valued at \$100K or more using federal funds
	DHR Hiring Agreement for Master Contractor (O) http://dbm.maryland.gov/proc-contracts/Documents/StatewideContracts/AuditServicesContract2015/DHRHiringAgreement.pdf	
See Note	Location of the Performance of Services Disclosure for Master Contractor (P) http://dbm.maryland.gov/proc-contracts/Documents/StatewideContracts/AuditServicesContract2015/LocationPerformanceDisclosure.pdf	Required for TOAs valued at \$2.0M or greater
√	The Master Contract's Summary of Approved Labor Categories and Minimum Requirements -- Labor Category Table (4 pages) http://dbm.maryland.gov/proc-contracts/Documents/StatewideContracts/AuditServicesContract2015/ASC_LaborCategories.pdf	Always Required for correlation to the Labor Category Summary
√ and Note	Master Contractor Comments if No TOP is Submitted http://dbm.maryland.gov/proc-contracts/Documents/StatewideContracts/AuditServicesContract2015/MCNoBidForm.doc	Always Required if <u>NO</u> TOP is submitted

FOR FINANCIAL TOP SUBMISSION:

√	ATTACHMENT B-ASC FINANCIAL TOP AFFIDAVIT (See separate MS Excel Worksheet)	Always Required
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3.5 Technical Submission:

If a Master Contractor elects to submit a TOP, the Master Contractor shall do so in conformance with the requirements of this AUDIT TORFP. In order to provide a 'technically sufficient' TOP, the Master Contractor must submit a technical portion for each of the following in this Subsection 3.5. that meets the requirements noted. **See also TOP format requirements in Section 3.0:**

A. Provide a Table of Contents

B. Provide a concise Master Contractor's Executive Summary

C. Proposed Services - Work Plans:

1. The proposed work plan shall provide a detailed discussion of capabilities and approach to address this TORFP's requirements outlined in Section 6-General TOP Requirements and Attachment A-Scope of Work. All tables must be totaled.
2. The proposed work plan shall include estimated task hours of effort, dates, time schedules, and assigned personnel by labor class-by Contract Year. See Section D.-Labor Category Summary Sheet For Proposed Personnel below.

The total number of hours shall equate to the total hours noted in the Attachment 1-Price Proposal - by Labor Classification/by Contract Year. Only hours may be shown in the Technical Proposal.

Note: The labeling of the labor classifications must adhere to the Master Contract's labor classifications. See Section 2.3.2 to review, '*The Master Contract's Summary of Approved Labor Categories and Minimum Requirements -- Labor Category Table (4 pages)*'

3. Non-Routine Travel: If Non-routine travel is applicable per the information in the Section 1.0 Key Information Summary Sheet and in Attachment A-SOW, and if the Master Contractor chooses to propose labor hours specific to Non-Routine Travel (beyond the identified 50-mile radius of the Agency site) in addition to the cost reimbursement for mileage, **the Work Plan must identify and incorporate any such labor hours by Labor Classification.** (See the ASC Master RFP, Section 3.4.4.E. (Travel).) Also see requirements for proposing regarding Non-Routine Travel below in D.3-Labor Category Summary Sheet.
4. Provide the names and titles of all key management personnel who will be involved with supervising the services rendered under this TOA.
5. **Describe the methodology for managing proposed estimates of hours and costs on an ongoing basis.**
6. Proposed facility: Identify contractor facilities including address, from which any work will be performed.
7. State Assistance: Provide an estimate of expectation concerning participation by the State Agency's team and/or information that the Master Contractor requires from the State Agency team.
8. American Recovery and Reinvestment Act of 2009 (ARRA): If noted on the TORFP Key Information Summary Sheet and required in the SOW, the Master Contractor must incorporate such reporting into its proposed Work Plan. For this TORFP, ARRA forms are N/A.
9. Include known reporting deliverables as described by the SOW and the Master Contract requirements. See Section F. Minority Business Enterprise Participation

D. Labor Category Summary Sheet

For Proposed Personnel:

1. As a summary and part of its work plan, the Master Contractor must complete the form '*A TOP's Labor Category Summary Sheet.*' Attach a resume of each proposed personnel.
2. As backup to the summary and Work Plan, provide the total number of personnel by labor class, and total estimated hours of effort by labor class for all staff to include subcontractors.
3. Non-routine travel **is** applicable to this TORFP.
4. Subcontractors: Identify all proposed subcontractors, including MBEs, and their full roles in the performance of this TOA.

E. Corporate and Staff Experience and Capabilities

1. **Provide information on past experience with similar projects.**
2. **Provide specific references to include:**
 - a) Name of organization.
 - b) Name, title, and telephone number of point-of-contact for the reference.
 - c) Contract Type, and Period of Performance of contract(s) supporting the reference.
 - d) The services provided, scope of the contract, performance objectives satisfied, and improvements made for the client (e.g. reduction in operation/maintenance costs while maintaining or improving current performance levels).
 - e) Whether the Master Contractor is still providing these services and if not, an explanation of why it is no longer providing the services to the client organization.
3. **References and Information for State Contracts:**

As part of its offer (and separate from the references to be listed for 'E.2.' above), each Offeror is to provide a list of all of its Master Contractor's contracts with any entity of the State of Maryland that it is currently performing or which have been completed within the last five (-5-) years. For each identified contract, the Offeror is to provide:

 - i. The State contracting entity;
 - ii. A brief description of the services/goods provided;
 - iii. The dollar value of the contract;
 - iv. The term of the contract;
 - v. The State employee contact person (name, title, telephone number, and email address);
 - vi. Whether the contract was terminated before the end of the term specified in the original contract, including whether any available renewal option was/was not exercised.

Information obtained regarding the Offeror's level of performance on State contracts will be considered as part of the experience and past performance evaluation criteria of the TORFP.

If the Master Contractor has no open or past contract experience with the State of Maryland, so state.

F. Minority Business Enterprise (MBE) Participation

Minority Business Enterprise Goal - The MBE goal for this AUDIT TORFP is **15%**. Each Master Contractor responding to this TORFP must complete and submit the MBE forms per the instructions in “Instructions and Forms for MBE Participation in Task Order Request for Proposals (TORFPs) under the Audit Services Contract”.

To meet a task order goal using MBE subcontractors, Master Contractors must:

- Identify work areas for subcontracting;
- Solicit minority business enterprises through written notice or personal contact;
- Help minority businesses meet bonding requirements or grant them a waiver of bonding requirements; and
- Identify their MBE subcontractors at the time they submit their task order proposals.

An MBE **must be** certified at the time of task order proposal submission in order to have its MBE participation counted toward the TORFP Contract goal.

For a TORFP issued with a MBE participation goal, the Master Contractor must complete, sign and submit with its *Technical* Task Order Proposal (TOP) submission:

- 1) TOP MBE Form D-1A: Certified MBE Utilization and Fair Solicitation Affidavit;**
- 2) TOP MBE Form D-2: Outreach Efforts Compliance Statement; and,**
- 3) TOP MBE Forms D-3A and/or D-3B: MBE Subcontractor Project Participation Certification and/or MBE Prime - Project Participation Certification.**

If a Master Contractor believes that a waiver of some or all of the TORFP MBE participation goal is necessary, the waiver request must be clearly indicated on the applicable TOP MBE Forms (D-1B and D-1C) and included with its Technical TOP submission.

Please note: The Master Contractor's failure to submit TOP MBE Form D-1A at the time of Technical TOP Submission shall result in the State's rejection of the Offeror's proposal (Technical and Financial) to the TORFP.

If the Master Contractor fails to submit TOP MBE Forms D-2 and D-3 at the time of Technical TOP submission, the DBM Contract Manager may determine that the Master Contractor is not responsible and therefore not eligible for Task Order Agreement (TOA) award.

MONTHLY REPORTING DURING THE TERM PERIODS OF TASK ORDER AGREEMENTS: TORFP D-4A (and D-4B if MBE Prime) and TORFP D-5 are monthly MBE reporting forms that will be utilized for each applicable TOA that is awarded.

G. Veteran-owned Small Business Enterprise (VSBE) Participation

Veteran-owned Small Business Enterprise Goal - The VSBE goal for this AUDIT TORFP is 5%. Each Master Contractor responding to this TORFP must complete and submit the VSBE forms per the instructions in “Instructions and Forms for VSBE Participation in Task Order Request for Proposals (TORFPs) under the Audit Services Contract”.

To meet a task order goal using VSBE subcontractors, Master Contractors must:

- ❑ Identify work areas for subcontracting;
- ❑ Solicit minority business enterprises through written notice or personal contact;
- ❑ Help minority businesses meet bonding requirements or grant them a waiver of bonding requirements; and
- ❑ Identify their MBE subcontractors at the time they submit their task order proposals.

An VSBE **must be** verified at the time of task order proposal submission in order to have its MBE participation counted toward the TORFP Contract goal.

For a TORFP issued with a VSBE participation goal, the Master Contractor must complete, sign and submit with its *Technical* Task Order Proposal (TOP) submission:

- 1) **TOP VSBE Form M-1: VSBE Utilization Affidavit and Subcontractor Participation Schedule; and,**
- 2) **TOP VSBE Form M-2: VSBE Subcontractor Project Participation Certification**

If a Master Contractor believes that a waiver of some or all of the TORFP VSBE participation goal is necessary, the waiver request must be clearly indicated on the applicable TOP VSBE Form (M-1) and included with its Technical TOP submission.

Please note: If the Master Contractor fails to submit TOP VSBE Forms M-1 and M-2 at the time of Technical TOP submission, the DBM Contract Manager may determine that the Master Contractor is not responsible and therefore not eligible for Task Order Agreement (TOA) award.

MONTHLY REPORTING DURING THE TERM PERIODS OF TASK ORDER AGREEMENTS: TORFP M-3 and TORFP M-4 are monthly VSBE reporting forms that will be utilized for each applicable TOA that is awarded.

H. Conflict Of Interest

The TOA Contractor will perform audit services as required by this AUDIT TORFP and must do so impartially and without any conflict of interest. All Master Contractors must submit a completed Conflict of Interest Affidavit with the technical portion of its TOP for their own firm staff plus any subcontractor staff that is proposed to be utilized for this TORFP activity. If the Procurement Officer makes a determination before award of a TOA, pursuant to the AUDIT TORFP that facts or circumstances exist that give rise to or could in the future give rise to a conflict of interest within the meaning of COMAR 21.05.08.08A, the Procurement Officer may reject a TOP under COMAR 21.06.02.03B.

All **possible** perceived conflicts of interest for the Master Contractor and ALL proposed subcontractors, must be clearly identified and described in the Technical TOP. **Complete** the *Conflict of Interest Affidavit and Disclosure* form. See Section 3.4.1 and 3.4.2 regarding the form, and Master Contract RFP Section 3.14.

I. Affidavit of Agreement Maryland Living Wage Requirements-Service Contracts

Submit a **completed** Affidavit of Agreement (Maryland Living Wage Requirements). See Section 3.4.2 above. If an area does not apply, write in N/A. Do not leave blank. Also see the Key Information Summary Sheet for the Living Wage Tier specific to this TORFP. The DLLR Website for Living Wage info: <http://www.dllr.state.md.us/labor/prev/livingwage.shtml>

J. Economic Benefits

A Master Contractor shall submit with its Task Order Proposal (TOP) a narrative describing benefits that will accrue to the Maryland economy as a direct or indirect result of its performance of the Task Order Agreement (TOA). Its TOP will be evaluated to assess the benefit to Maryland's economy specifically offered.

A Master Contractor's TOP that identifies specific benefits as being contractually enforceable commitments will be rated more favorably under the evaluation criteria for Economic Benefits than a TOP that does not identify specific benefits as contractual commitments, all other factors being equal.

The Master Contractor's TOP shall identify any performance guarantees that will be enforceable by the State if the full level of promised benefit is not achieved during the task order term.

As applicable, for the full duration of the TOA, or until the commitment is satisfied, the Master Contractor shall provide to the procurement officer or other designated agency personnel reports of the actual attainment of each benefit listed in response to this section. If the Master Contractor is awarded the TOA, these benefit attainment reports shall be provided quarterly or other time period designated by Agency.

Please note that in responding to this section, the following do not generally constitute economic benefits to be derived from this TOA:

1. generic statements that the State will benefit from the Master Contractor's superior performance under the contract;
2. descriptions of the number of Master Contractor employees located in Maryland other than those that will be performing work under the TOA; or,
3. tax revenues from Maryland based employees or locations, other than those that will be performing, or used to perform, work under the TOA.

Discussion of Maryland based employees or locations may be appropriate if the Master Contractor makes some projection or guarantee of increased or retained presence based upon being awarded the TOA.

Examples of economic benefits to be derived from a TOA may include any of the following. For each factor identified below, identify the specific benefit and contractual commitments and provide a breakdown of expenditures in that category:

- A. The TOA dollars to be recycled into Maryland's economy in support of the TOA, through the use of Maryland subcontractors, suppliers and joint venture partners.
- B. The number and types of jobs for Maryland residents resulting from the TOA. Indicate the approved Labor Category classifications, number of employees in each classification and the aggregate payroll to which the Master Contractor has committed, including contractual commitments at both prime and, if applicable, subcontract levels.
- C. Tax revenues to be generated for Maryland and its political subdivisions as a result of the TOA. Indicate tax category (sales taxes, payroll taxes, inventory taxes and estimated personal income taxes for new employees). Provide a forecast of the total tax revenues resulting from the TOA.
- D. Subcontract dollars committed to current Maryland small businesses and MDOT certified MBEs.
- E. Other benefits to the Maryland economy which the Master Contractor promises will result from awarding the TOA to the Master Contractor, including contractual commitments. Describe the benefit, its value to the Maryland economy, and how it will result from, or because of the Task Order award. The Master Contractor may commit to benefits that are not directly attributable to the TOA, but for which the TOA award may serve as a catalyst or impetus.

K. Certificate of Confidentiality

Submit a completed Certificate of Confidentiality if it is so indicated in Section 3.4.2. The Master Contractor as Offeror should address its corporate policy and procedures for confidentiality.

L. Non-Disclosure Agreement

Submit a completed Non-Disclosure Agreement if it is so indicated in Section 3.4.2. The Master Contractor as Offeror should address its corporate policy and procedures for security and confidentiality.

M. HIPAA Business Associate Agreement

Submit a completed HIPAA Business Associate Agreement if it is so indicated in Section 3.4.2. The Master Contractor as Offeror should address its corporate policy and procedures for security and confidentiality.

N. Federal Funding Acknowledgement

Submit a completed Non-Disclosure Agreement if it is so indicated in Section 3.4.2. The Master Contractor as Offeror should address its corporate policy and procedures for HIPAA confidentiality.

O. DHR Hiring Agreement

Submit a completed DHR Hiring Agreement if it is so indicated in Section 3.4.2. The Master Contractor as Offeror should address its corporate hiring policy and procedures for utilizing this program through DHR.

P. Location of the Performance of Services Disclosure

Submit a completed Location of the Performance of Services Disclosure if it is so indicated in Section 3.4.2. The Master Contractor as Offeror should acknowledge the estimated value of the TOA is \$2.0M or higher.

3.6 Financial Submission (SEPARATE SUBMISSION):

- 3.6.1 As a separate submission, the Attachment B-ASC Financial TOP Affidavit must be completed and signed by the Master Contractor as Affiant and constitutes the Master Contractor's Not To Exceed Financial offer to the State on behalf of its firm, and which will be binding for the full term of the executed Task Order Agreement. Attachment B is a separate MS Excel Worksheet.
- 3.6.2 Based upon this TORFP's period of performance and the Master Contractor-Offeree's Work Plan, the Master Contractor-Offeree shall provide hours and prices for each of the labor categories as applicable to their Work Plan. These are the maximum prices the State will pay for all proposed labor categories. The prices that the Master Contractor utilizes can meet but not be greater than their approved Master Contract's established prices per Contract Year and Labor Category.
- 3.6.3 The total number of hours for each labor classification and in-total must be the same as noted in the Master Contractor's Technical Proposal/Work Plan.
- 3.6.4 Record Fully Loaded Fixed Hourly Labor Category Rates that are at, or less than the approved Master Contractor's Not-To-Exceed (NTE) rates under the Master Contract as applicable to the Work Plan for this TORFP. Record each rate to two decimal places. Example: \$ 25.00.
- 3.6.5 In completing the Financial TOP Affidavit, the Master Contractor's Financial Proposal will be based on a single 'Total Evaluated Price.'
- 3.6.6 If Non-Routine Travel is indicated in the Section 1.0-TORFP Key Information Summary Sheet, and initially allowed in the Agency's Attachment A-SOW, and then if the Master Contractor chooses to propose Non-Routine Travel within the scope allowed by the ASC RFP, Section 3.4.4.E. (Travel), the travel dollars for mileage cost reimbursement must be estimated as a Not-To-Exceed and then incorporated into the Total Evaluated Price of the Financial TOP on the appropriate line. If there are no estimated dollars being proposed for Non-Routine Travel, enter zero dollars in Line 10.

Any associated labor hours must be estimated and a part of the Work Plan and information provided in 3.5.D.3, which will be reflected into the Financial TOP through the hours associated with the applicable Labor Categories.

4.0 EVALUATION CRITERIA FOR THIS TORFP

4.1 MBE: The DBM Contract Manager will confirm that the forms as directed under Section 3.5 F above are provided with the Master Contractor's Technical TOP submission. If the forms TOP MBE Form A, Top MBE Form B, and Top MBE Form C have not been completed properly and submitted with the Master Contractor's TOP to this TORFP when due, the Master Contractor's TOP (Technical and Financial) will be rejected by the State.

4.2 Evaluation of Each Qualified Offeror's Technical and Financial Proposals

The Technical and Financial TOPs will be evaluated and have equal merit. Technical criteria will be based upon the criteria noted in 4.3. The Financial criteria will be evaluated for the Best (lowest) Total Evaluated Price.

4.3 Technical Criteria

The criteria to be applied to this TORFP are listed in descending order of importance:

- 4.3.1 Offeror's Experience and Capabilities

4.3.2 Offeror's Overall Understanding and Response to the TORFP Requirements

4.3.3 Economic Benefits

4.4 Financial Criteria

Financial TOPs will be evaluated separately. Master Contractors shall provide prices for all nine labor categories per the applicable Contract years that apply to this TORFP's period of performance, and for any applicable Non-Routine Travel. These are the maximum prices the State will pay for all proposed labor categories, and the Not-To-Exceed Travel dollars. The prices that the Master Contractor utilizes can meet but not be greater than their approved Master Contract's established prices per Labor Category and Contract Year.

4.5 Reciprocal Preference

Although Maryland law does not authorize procuring agencies to favor resident Offerors in awarding procurement contracts, many other states do grant their resident businesses preferences over Maryland Contractors. Therefore, as described in COMAR 21.05.01.04, a resident business preference will be given if: a responsible Master Contractor as Offeror whose headquarters, principal Base of Operations, or principal site that will primarily provide the services required under this RFP is in another state submits the most advantageous offer; the other state gives a preference to its residents through law, policy, or practice; and, the preference does not conflict with a Federal law or grant affecting the procurement Contract. The preference given shall be identical to the preference that the other state, through law, policy or practice gives to its residents.

5.0 SELECTION PROCESS

5.1 General Selection Process

A Task Order Agreement (TOA) will be awarded in accordance with the competitive sealed proposals process under COMAR 21.05.03. The competitive sealed proposals method is based on discussions and revision of proposals during these discussions.

Accordingly, the State may hold discussions with all Master Contractors as "Offerors" judged potentially to be reasonably susceptible of being selected for award. However, the State also reserves the right to make an award without holding discussions. In either case of holding discussions or not doing so, the State may determine a Master Contractor-Offeror to be not responsible or a Master Contractor-Offeror's TOP to be not reasonably susceptible of being selected for award, at any time after the initial closing date for receipt of TOPs and the review of those TOPs. If the State finds a Master Contractor-Offeror to be not responsible or a Master Contractor-Offeror's Technical TOP to be not reasonably susceptible of being selected for award, its Financial TOP will not be considered.

5.2 Selection Process Sequence

5.2.1 The first step in the selection process will be an evaluation for technical merit. During this review oral presentations/discussions may be held. The purpose of such discussions will be to assure a full understanding of the State's requirements and the Master Contractor-Offeror's ability to perform, and to facilitate arrival at a Task Order Agreement that will be most advantageous to the State.

5.2.2 Master Contractor-Offerors shall confirm in writing any substantive oral clarification of, or change in, their proposals made in the course of any discussions with the user Agency's TOM/P.O. Any such written clarification or change then becomes part of the Master Contractor-Offeror's TOP and any TOA that is awarded.

5.2.3 The Financial TOP of each qualified Master Contractor-Offeror will be evaluated separately from its Technical TOP's evaluation. After a review of the Financial TOPs of qualified Master Contractor-Offerors, the DBM Contract Manager or the Agency TOM/Procurement Officer may make clarification inquiries or again conduct discussions to further evaluate the Master Contractor-Offeror's entire proposal.

5.2.4 When it is in the best interest of the State, the DBM Contract Manager or Agency TOM/Procurement Officer will request Master Contractor-Offerors who have submitted acceptable proposals to revise their initial TOPs and submit, in writing, Best and Final Offers (BAFOs).

5.3 Award Determination

Upon completion of all evaluations, discussions, and reference checks, the DBM Contract Manager will recommend award of a Task Order Agreement (TOA) to the responsible technically qualified Master Contractor-Offeror who is reasonably susceptible of being selected for award based upon providing the State with the most advantageous offer. Task Order Agreements are only valid for the specific Task Order to which they apply, and must be managed within its specific period of performance (term), NTE price, and scope of work.

5.4 Award Documentation

If the Master Contractor is awarded the Task Order Agreement (TOA), the TOA will be forwarded to the awardee and must be completed, signed, and submitted to the DBM Contracts Manager as original documents in triplicate.

5.5 Execution of the TOA and Initial Notice-To-Proceed

Once the DBM Contract Manager has received and validated the signed TOA, the DBM Contract Manager will execute the TOA. Upon execution, the DBM Contract Manager will send the awardee an original document for their files along with an applicable, initial Notice To Proceed, and notify all Master Contractor-Offerors of the award. Additional Notice-To-Proceeds may be utilized by the Requesting Agency's TOM per their discretion during the course of the TOA.

6.0 GENERAL TOP REQUIREMENTS (See also SOW)

The TORFP and any subsequent TOA are fully subject to the ASC Master Contract's terms and conditions and are generally not repeated herein except for clarification. The requirements noted in this Section 6 are general TORFP requirements. See also Attachment A – Scope of Work.

6.1 Task Order Manager (TOM)

The assigned TOM to assure compliance with the TOA is: **Debra Roberts**. After TOA award, the TOM is the focal point for all correspondence and discussions with the contractor concerning technical direction and issues, and all technical direction that provides specific details and milestones. All deliverables must be submitted to and through TOM. The TOM acknowledges receipt of the deliverables, but this does not constitute approval for the deliverables. Approval for acceptance of the deliverables shall only be through the TOM. For any deliverable that does not receive acceptance, the TOM will provide written notification in writing of what is required to complete the deliverable to the State's satisfaction. The TOA Contractor must correct the deliverable to the State TOM's satisfaction and resubmit the deliverable for review and approval. Any deviation from this

will result in the TOA Contractor performing at risk of non-payment for any unapproved services. Any change to this TOM position will be communicated in writing.

6.2 Reporting and Presentations under the ASC for the TORFP

For specific reports and presentations required by the TORFP noted in Attachment A-Scope of Work, and any subsequent TOA, at a minimum each time a report is required as a deliverable, the following procedure will be followed and accounted for in the Master Contractor's Work Plan. Unless directed otherwise by the TOM at the Kick-Off meeting, the TOA Contractor shall prepare the documents in Microsoft products such as MS Word, MSEXcel, MSPowerPoint, etc.:

- a. **Draft Reports:** The TOA Contractor shall prepare and present as requested a written Draft Report that includes as applicable, findings, conclusions, anomalies (such as questioned costs, etc.) and recommendation. The State Agency is especially interested in those recommendations that will improve their records and internal controls for themselves and each applicable stakeholder as directed by the TORFP.
- b. **Final Reports:** The Draft Report(s) shall reference and include all backup materials. The Draft Report(s) must be provided and presented to the TOM. Unless required otherwise by the SOW, the TOA Contractor must plan within their Work Plan to incorporate the TOM's recommended edits into a Final Report (for each contract) due within ten (10) working days of the delivery and presentation to the TOM of the Draft Report(s).
- c. **Summary Report:** The TOA Contractor shall provide a Summary Report that summarizes the Final Report(s) in an Executive Summary that includes summaries for each category of: Findings, Conclusions, Anomalies, and Recommendations.
- d. **Presentations:** After delivery of the Final Reports and the Summary Report, the TOA Contractor shall support up to eight presentations to stakeholders and/or management entities as directed by the TOM, and at times and places as approved by the TOM. Support includes the written documentation, presentation materials, media (hardware and software), and staff. See the specific requirements within the TORFP SOW as it may alter the number and times presentations are required.

6.3 Auditing Standards

The TOA Contractor shall conduct the audit using generally accepted auditing standards; and accordingly, include such tests of the accounting records and such other auditing procedures as are considered necessary, and documenting the standards utilized in their reports.

6.4 Detailed Work Plan

6.4.1 As a general guideline, the Master Contractor as the TOA Contractor will accomplish the work under the TORFP/TOA in the following phases:

- Phase I: Kick-Off Meeting and Finalize the Detailed Work Plan;
- Phase II: Execution of the Final Detailed Work Plan Finalized in Phase I;
- Phase III: Draft Reports;
- Phase IV: Final Reports and Summary Report; and,
- Phase V: Presentations

6.4.2 The Detailed Work Plan must give a detailed description of the planned audit activities and a description of the audit approach/methodology for conducting reviews and for testing. The Final Detailed Work Plan is based upon the successful TOA Contractor's proposed solution that will be utilized as the Draft Work Plan.

- 6.4.3 The Draft and Final Detailed Work Plans must include the schedule of audits to be performed and estimate task hours of effort. The price in-total for all work effort shall not exceed the total Not-To-Exceed price in the TOA contractor's approved Task Order Proposal. Hours utilized must be aligned by the approved Labor Categories as proposed, unless a variation in the use of the hours has prior-approval from the TOM. However, even with a variation in the use of hours, the price shall not exceed the total price approved for the Task Order Agreement.
- 6.4.4 The Final Detailed Work Plan is a living document and the TOA Contractor has the responsibility to keep it up-to-date. All requested changes must have prior approval in writing from the TOM before their incorporation.
- 6.4.5 The Kick-Off Meeting and Final Detailed Work Plan:
- a. The TOA Contractor shall attend and support the initial Kick-Off Meeting that is to be held (unless there is prior approval for another time by the TOM) within approximately 15 working days after TOA Award and the initial Notice To Proceed (provided by the DBM Contract Manager). The TOA Contractor will provide the Draft Work Plan at the initial Kick-Off Meeting for discussion and input.
 - b. The Final Detailed Work Plan shall actually be a summary plan that is made up of individual components specific to the audit services work as required by the SOW. The Final Detailed Work Plan and its components must demonstrate the timeline, resources and effort for completing each audit, the Draft Reports, Final Reports, and any presentations. The timeline and resources must acknowledge access to the State's resources as well. Unless pre-approved otherwise by the TOM in writing, the Final Detailed Work Plan is due within 5 working days of the Kick-Off Meeting.
 - c. During Phase II execution, periodic meetings will be held with the TOM or a designee in order to notify the Agency of any issues, concerns or problems encountered. The initial schedule of these meetings and timing/format of status reports will be established at the Initial Kick-Off Meeting. Although the TOM directs the timing and format of the status meetings, it is anticipated that initial meetings between the State TOM/team and the TOA Contractor will be approximately weekly.
 - d. Written Progress/Status Reports: The TOA Contractor is responsible to prepare written progress/status reports. The format and content of the weekly reports will be established at the initial Kick-Off Meeting. The TOA will establish a NTE ceiling dollar amount. The TOA Contractor must monitor invoiced amounts under the TOA. When a TOA is projected to reach 75% and 90% of the NTE ceiling dollar amount while performing a TOA, the TOA Contractor shall give notice to the TOM and the DBM Contract Manager that the TOA has reached, or is projected to reach the 75% and 90% level respectively. Each notice will also include an analysis of the TOA Contractor's ability to complete the project within the NTE ceiling amount. If the analysis concludes that the project cannot be completed within the NTE ceiling amount, the rationale for this conclusion must be provided, along with a projection of the amount that would be needed to complete the project. However, providing such a projection shall not obligate the State to change the NTE ceiling dollar amount. If a TOA Contractor reaches the TOA's NTE ceiling dollar amount, the TOA Contractor must stop performing any services for which it would seek payment beyond the NTE ceiling dollar amount. See again the ASC RFP's Section 3.4.3.2 for additional information.

6.4.6 Master Contactor's Invoicing and Invoicing Report(s):

6.4.6.1 Invoices with applicable backup documentation are due to the TOM no later than the 10th of the calendar month for the proceeding month's expended Task Order Agreement activity, unless there is prior written approval by the TOM for another submission date for the specific month. For example, For the month of December 1 through December 31, 2010, all invoicing, MBE reports, and any monthly status reports as requested by the TOM are due to be submitted no later than January 10, 2011. Invoices shall be only for actual time worked during the reporting period.

6.4.6.2 Invoices shall include but not be limited to the following information: name and address of the TOA's applicable State Agency, Contractor's name, remittance address, federal taxpayer identification, Invoice Period, Invoice Date, Invoice Number, and Total Amount Due and the Master Contactor's Blanket Purchase Order Number/The user Agency's Purchase Order Number(s).

6.4.6.3 The Total Amount Due for a TOA's invoice will be derived from the information detailed on the invoice. Invoices submitted without the required backup information will not be approved or processed for payment until the TOA Contractor provides the required information. Information required to be included:

1. The Labor Categories being billed and each applicable personnel's name; and,
2. The personnel's total hours for the month, and her/his applicable Hourly Rate.

6.4.6.4 For each invoice, the Contractor shall provide documentation that all the direct hours invoiced for its employees and subcontractors have actually been expended as documented, totally and productively, in the performance of the TOA. The employee time sheets or electronic time keeping records shall be certified by the Contractor to be the actual time worked by the employees and its subcontractors. The Master Contactor shall provide the invoice and its applicable documentation to the applicable TOM.

6.4.6.5 After the first invoice, subsequent invoices should document cumulative hours worked by Labor Category and cumulative dollars invoiced in order to coincide with the information reported on the NTE.

6.4.6.6 If Non-Routine Travel is approved in the TORFP/TOA, the Non-Routine Travel must be billed by the Contractor on a separate line item from the Labor Hours being invoiced. The TOA Contractor shall provide a separate line item, or separate invoice for any State Agency that requests a separate invoice for invoiced travel due to its accounting policies.

6.4.6.7 Only expended direct hours and expended dollars for Non-Routine Travel may be invoiced, and may not exceed those applicable NTE prices as indicated in the TOA. Any unexpended dollars for labor or Non-Routine Travel at the conclusion of the TOA are not invoiced and are considered forfeited.

6.5 Travel

The Task Order Manager (TOM) shall determine the applicability of Routine Travel versus Non-Routine travel for a particular TOA, if it was originally a requirement of the TORFP. See this Section 1.0-TORFP's Key Information Summary Sheet for travel requirements.

6.6 Staffing

As with all Master Contract and subsequent TOA requirements, staffing by the Master Contractor is governed by the ASC Master Contract. This includes its own staffing and those staff utilized through subcontractors.

- 6.6.1 The Master Contractor shall communicate with and manage its commitments to its subcontractor(s) and the State. See also the ASC Master Contract RFP Section 1.34: “Subcontractor Prompt Payment Policy”.
- 6.6.2 For any subcontractors proposed on a TOA, the Master Contractor shall provide documentation upon the State’s request of the written, signed and dated commitment between the Master Contractor and the subcontractor, and the specific agreed for scope of work and commitment. The commitment must be in-place before the Master Contractor utilizes such subcontractor in a TOP. If at any point during the TORFP/TOP process that the Master Contractor becomes aware of a subcontractor’s inability to perform the services as committed to and indicated in its TOP, the Master Contractor shall promptly document this in writing to the DBM Contract Manager. As this may affect the Master Contractor’s ability to complete the applicable TOA, or receive a subsequent applicable TOA award, the DBM Contract Manager will provide written direction on any further process required to remedy the issue.
- 6.6.3 In response to each TORFP, the Master Contractor shall propose staff that is available at the time of the Master Contractor’s TOP for the time period specified in the applicable TORFP. The staff that is proposed by the Master Contractor shall be the staff utilized if awarded the TOA. From the date that a TOP is received by the DBM Contract Manager (or designee), any subsequent changes to personnel requested by the Master Contractor must be done per the procedures outlined in the ASC Master Contract RFP Section 1.23: “Substitution of Personnel”.
- 6.6.4 On a monthly basis, even if there is zero work effort performed or zero invoicing, the Master Contractor will give status reports for the prior month’s activity per the TOA requirements until final deliverables and invoicing have been accepted and reported. In addition, the Master Contractor and their MBE subcontractor(s) must provide the TOM respectively, MBE D-4A and/or D-4B forms for Master Contractor activity and a MBE D-5 form directly from the MBE Subcontractor to the TOM for their activity.
- 6.6.5 On a monthly basis, even if there is zero work effort performed or zero invoicing, the Master Contractor will give status reports for the prior month’s activity per the TOA requirements until final deliverables and invoicing have been accepted and reported. In addition, the Master Contractor and their VSBE subcontractor(s) must provide the TOM respectively, a VSBE M-3 form for Master Contractor activity and a VSBE M-4 form directly from the VSBE Subcontractor to the TOM for their activity.

6.7 DBM Contract Management

The TOM manages the day-to-day operations of the TOA; however, neither the TOA Master Contractor nor the Agency TOM is authorized to make contractual changes to the TOA regarding over all period of performance, scope, labor categories, the Not-To-Exceed pricing, or MBE. Any questions concerning these types of issues must be addressed to the DBM Contract Manager.

6.8 Security

- 6.8.1 Security Regarding Contractor-owned Computer Equipment: The TOA Contractor shall not connect any of its own equipment to an Agency's or State agent's LAN/WAN without prior written approval by the State. The State will provide equipment as necessary for support that entails connection to the State LAN/WAN, or give prior written approval as necessary for connection.
- 6.8.2 The TOA Contractor shall provide and fill-out any necessary paperwork for security access to sign on at the State's site if access is needed to the State's LAN/WAN, as directed and coordinated with the State's IT personnel through and by the TOM.
- 6.8.3 At all times at any facility, the TOA Contractor's personnel shall ensure cooperation with State site requirements which include: being prepared to be escorted at all times, any specific security for that particular site, and providing information for badging and wearing the badge in a visual location at all times.

6.9 Confidentiality / Non-Disclosure

The Master Contractor and all associated staff and subcontractor personnel must keep confidential, all information learned during the performance of the TOA Contract. Any specific Confidentiality Agreement and/or Non-Disclosure Agreement that is required by the TORFP in Attachment A-SOW will be noted in Section 3.4.2 of this TORFP and must be completed by all staff (Master Contractor and subcontractors) as proposed by the Master Contractor under this TORFP.

6.10 Living Wage

See the Living Wage Tier applicable to this TORFP on the Key Information Summary Sheet.

A TORFP for services valued at \$100,000 or more under a State Master Contract may be subject to Title 18, State Finance and Procurement Article, Annotated Code of Maryland. Additional information regarding the State's Living Wage requirement is contained in this solicitation (see Attachment L-The Living Wage Requirements for Service Contracts). The Living Wage Law applies to each TOA issued under a TORFP. Each Task Order stands alone. If the Master Contractor fails to submit and complete the Living Wage Affidavit of Agreement with its response to a TORFP, the State may determine for that TORFP that the Master Contractor is not responsible.

Master Contractors and Subcontractors subject to the Living Wage Law shall pay each covered employee at the rate specified by law which may be viewed on the Department of Labor, Licensing and Regulation website at: <http://www.dllr.maryland.gov/>.

The specific Living Wage rate is determined by whether a majority of services for a TORFP take place in a Tier 1 Area or Tier 2 Area of the State. The Tier 1 Area includes Montgomery, Prince George's, Howard, Anne Arundel, and Baltimore Counties, and Baltimore City. The Tier 2 Area includes any county in the State not included in the Tier 1 Area. In the event that the employees who perform the services are not located in the State, the head of the unit issuing the TORFP pursuant to SFP §18-102 (d) shall assign the tier based upon where the recipients of the services are located. The tier determination will be made on the Task Order level and will be included in each TORFP. See the Affidavit of Agreement affixed as part of this RFP's Attachment L-The Living Wage Requirements for Service Contracts.

6.11 HIPAA Business Associate Agreement

The Master Contractor and all associated staff and subcontractor personnel must keep confidential, all information learned during the performance of the TOA Contract that

pertains to HIPAA regulations. Any specific HIPAA Business Associate Agreement that is required by the TORFP in Attachment A-SOW will be noted in Section 3.4.2 of this TORFP and must be completed by all staff (Master Contractor and subcontractors) as proposed by the Master Contactor under this TORFP.

6.12 Federal Funding Acknowledgement

Any specific Federal Funding Acknowledgement that is required by the TORFP in Attachment A-SOW will be noted in Section 3.4.2 of this TORFP and must be completed by the Master Contractor proposing to this TORFP. If the Task Order Agreement (TOA) includes Federal funds, the following provisions may apply:

- a. There are programmatic conditions that apply to TOAs due to Federal funding.
- b. The total amount of Federal funds allocated for the Agency is \$ (to be entered by requesting agency in the TORFP) in Maryland State fiscal year (to be entered by requesting agency in the TORFP). This amount represents (to be entered by requesting agency in the TORFP) % of all funds budgeted for the unit in that fiscal year. This does not necessarily represent the amount of funding available for any particular grant, contract, or solicitation.
- c. This TOA contains federal funds. The source of these federal funds is: (to be entered by requesting agency in the TORFP). The CFDA number is: (to be entered by requesting agency in the TORFP). The conditions that apply to all federal funds awarded by the Agency are contained in the Federal Funds Acknowledgement. Any additional conditions that apply to this particular federally-funded TOA are contained as supplements to the Federal Funds Acknowledgement and MC Offerors are to complete and submit the Attachments with their Task Order Proposal as instructed in the Attachments. Acceptance of this agreement indicates the MC Offeror's intent to comply with all conditions, which are part of this TOA.

6.13 Department of Human Resources (DHR) Hiring Agreement

Any specific DHR Hiring Agreement that is required by the TORFP in Attachment A-SOW will be noted in Section 3.4.2 of this TORFP and must be completed by the Master Contractor proposing to this TORFP. If this TOA includes the DHR Hiring Agreement, the successful Master Contractor will be required to complete the agreement. This Affidavit must be provided within five (5) Business Days of notification of proposed TOA award.

6.14 Location of Performance of Services Disclosure

Any specific Location of Performance of Services Disclosure that is required by the TORFP in Attachment A-SOW will be noted in Section 3.4.2 of this TORFP and must be completed by the Master Contractor proposing to this TORFP. For any TOA that is anticipated to have an estimated value of \$2,000,000 or more, a Location of the Performance of Services Disclosure is required.

1.0 Purpose

The purpose of the annual audit is assure that each of the financial statements reporting the results of plan activity and plan net assets are fairly presented in conformity with accounting principles generally accepted in the United States of America, and that all disclosures required by laws and regulations accompany such statements.

2.0 Background

The Board of Trustees of the Maryland Teachers & State Employees Supplemental Retirement Plans (the “Board”) is an independent Agency created under Title 35 of the State Personnel and Pensions Article of the Annotated Code of Maryland. The Board has general oversight authority and responsibility for certain tax-favored defined contribution Plans for State employees: the §457 Plan; the §401(k) plan; the §403(b) plan; and the §401(a) plan. Financial statements of each plan are provided on the website and using the link in 3.0

3.0 The Agency’s goal for this financial audit service is: A complete financial statement audit for each Plan, separately, and a combined financial report for all four Plans with a combined audit opinion in accordance with generally accepted auditing standards (GAAS). In conjunction with the annual Plan audits certain “Agreed Upon Procedures” will be performed each contract year to evaluate the Plans’ operations to determine that financial transactions of the Plans are in accordance with the Plan Documents, applicable sections of the Internal Revenue Code, legislative audit requirements, and the Nationwide/Board Administration Agreement. Click the URL below and at the bottom of the web page, “2013 Comprehensive Annual Financial Report (CAFR)”: <http://www.msrp.maryland.gov/agency.htm>. *(The 2014 CAFR is completed, but has not been posted yet. Master Contractors will be notified when it is available.)*

4.0 The Master Contractor will complete the requirements as indicated to meet the Agency’s goal through the following objectives:

- A) Audit, verify, and report on all four Plans, separately, and issue a combined financial statement and opinion for all four Plans (combined) in accordance with generally accepted auditing standards (GAAS);
- B) Perform Agreed Upon Procedures (AUP) (see Attachment C) for each contract year to evaluate the Plans operations and financial transactions of the Plans’ operations; and
- C) Assist with the preparation of the Comprehensive Annual Financial Report by reviewing the entire report and subjecting the report to objective controls to ensure report complies with Government Finance Officers Association certification requirements.

5.0 In addition to the General Requirements documented in Section 6.0 of the TORFP, the Master Contractor must complete:

5.1 The Master Contractor will provide written reports annually for each of the Plans including the following: a consolidated Comprehensive Annual Financial Report; Audited Financial Statements; Report on agreed-upon procedures; and, if necessary, a Letter on Significant Matters as required in section 2.0, 3.0, and 4.0 above. Each annual report provided will include the combined consolidate results of audit work performed for each of the Plans identified in Section 2.0, above.

5.2 The Master Contractor's audit manager or designee is required to make oral progress reports every two weeks to the Chief Financial Officer for the Supplemental Retirement Plans and to the chairperson of the Audit committee for the Board of Trustees. Such oral reports will disclose any delays or problems in the audit process and field work.

5.3 The Master Contractor will conduct the audit and AUP (See Attachment C).

6.0 The term of the Task Order Agreement Contract will begin upon a fully executed Task Order Agreement in conjunction with an initial Notice-To-Proceed issued by the DBM Contract Management Office. Upon delivery and after State acceptance of the final deliverable, the term of the Task Order Agreement will end on June 30, 2020.

7.0 At the State's facility, it is anticipated that NO facility space will be provided. Regarding location where is work is to be performed, please note the following:

The third party administrator has space for the auditors to work if needed. There will be space provided at the Hunt Valley location (11350 McCormick Road, Executive Plaza 1, Suite 400, Hunt Valley MD 21031). Also, the Master contractor will be traveling to Ohio for fieldwork, where the current Nationwide's offices maintain all records needed to conduct the audit (10 West Nationwide Boulevard, Columbus, OH 43215). If during the time of the Task Order Agreement that the locations change significantly, the Master Contractor must perform all work as indicated at no additional expense to the State, unless there is an approved modification to the Task Order Agreement in place that is provided solely by the DBM Contract Manager in collaboration with the MSRP Task Order Manager.

8.0 Travel: Non-Routine Travel **is** applicable to this TORFP.

9.0 Certificate of Confidentiality: All proposed staff of the Master Contractor's staff to include subcontractors **are** required to complete this form.

(See the DBM Website under Statewide Master Contracts/Audit Services Contract/OPEN TASK ORDERS/(in the right margin) TO Proposal Forms for a copy of this form.)

10.0 Non-Disclosure Agreement: All proposed staff of the Master Contractor's staff to include subcontractors **are** required to complete this form.

(See the DBM Website under Statewide Master Contracts/Audit Services Contract/OPEN TASK ORDERS/(in the right margin) TO Proposal Forms for a copy of this form.)

11.0 HIPAA Business Associate Agreement: All proposed staff of the Master Contractor's staff to include subcontractors **are not** required to complete this form.

- 12.0** Federal Funding Acknowledgement: The Master Contractor **is not** required to complete this form.
- 13.0** DHR Hiring Agreement: The Master Contractor **is not** required to complete this form.
- 14.0** Location of the Performance of Services Disclosure: The Master Contractor **is not** required to complete this form.

ATTACHMENT B – ASC FINANCIAL TOP AFFIDAVIT

Attachment B-The form ‘ASC Financial TOP Affidavit’ is a separate MS Excel file. Complete and submit as the Master Contractor’s Financial Submission as instructed in Section 3.6.

ATTACHMENT C – AGREED UPON PROCEDURES

Independent Accountant’s Report on Applying Agreed-Upon Procedures

Procedures

1. Obtain the surrender audit reports listing all surrenders made during the audit period and select 100 participants from each of the Plans for a total of 400 individual participants.
 - a. Obtain the request for surrender form and appropriate tax withholding forms.
 - b. Re-calculate the tax withholding for mathematical accuracy.
 - c. Examine the file noting the transfer to the payout phase was performed in accordance with the participant’s request.
 - d. Examine the payout calculation, recalculate the benefit payment amount based on the request form, and assess appropriate application of any charge.
 - e. Verify appropriate treatment of after tax dollars pre-1986 contributions.
2. Obtain participant trial balance for the end of the period. Select a non-statistical random sample of participants as follows: 200 active participants from each of the Plans to test for a total of 800 active participants selected for testing. Each sample of 200 active participants from each Plan shall include up to 25 with individual Plans balances of \$1,450,000 and up 50 with individual plan balances less than \$503, with the exception of the 401(a) plan for which no sample is needed of active participants with individual plan balances less than \$500.
 - a. Send negative confirmations directly to the participants to confirm their transactions for the year including contributions, surrenders, and income and plan asset fees.
 - b. Examine participant enrollment records noting that participants are properly enrolled in the appropriate plan.
 - c. Examine the participant’s file noting that the allocation to various investment options (for the last contribution in the audit period) was performed in accordance with the participant’s request. For those allocations requested via the voice response system, send negative confirmations directly to the participants to confirm that the actual allocation agrees with their request.

- d. For the participants selected, obtain their quarterly statements for the period under audit and perform the following:
 - e. For selected sample of individual Plans balances of \$1,450,000 and up and individual plan balances less than \$503, determine that the Plan fees charged to a participant's account for all Plans do not exceed the annual asset fee limitation of \$2,000 and do not deduct from accounts below \$500 a monthly 50 cent charge by performing the following:
 - 1) Recalculate Plan asset fees charged during the year within 20% using participant month ending investment balances while adjusting for any period of declared Board asset fee holiday.
 - 2) Test the statements for mathematical accuracy by footing the total column.
 - 3) Test rebate statements and contracts and verify rebate calculations are computed accurately and posted to applicable participant accounts; reporting differences that exceed 25% in the agreed upon report.
 - f. For those participants selected who had contributions to fixed or variable investment options, perform the following:
 - 1) Recalculate, with administrator assistance, the earnings credit to the participant for a selected fund for the year within 25%
 - 2) Examine one transaction per participant during the year to determine that the transaction was recorded on the proper date and that the proper unit value was utilized to record the transactions.
3. Obtain the participant trial balances for the year end under audit and select a non-statistical sample of 100 (20 from each plan) inactive participants (those with no contribution in the year) to test as follows:
 - a. For those participants selected with a fixed investment option, recalculate interest credit to the participant account using average investment balances and average contract rates published by the Stable Value Manager within 10%.
 - b. For those participants selected with a variable investment option, recalculate, with administrator assistance, the earnings credit to the participant's accounting the audit period, within 10%.
 4. Obtain the surrender audit reports and select 25 participants that purchased an annuity from each Plan that offers this option to test the payout phase as follows:
 - a. Examine the file noting the transfer to the annuity transactions was performed in accordance with the participant's request.
 - b. Examine the annuitization calculation, recalculate the benefit payment amount based on the request form, and assess appropriate application of any charge.
 - c. Trace each annuitized participant to the annuity payout reserve report to ascertain that they were properly included in the payout assets.
 5. Obtain the inter-plan deferral coordination report for the year ended December 31, which identifies participants who appear to be in excess of maximum allowable deferrals and select 15 participants (5 from each Plan except the 401(a) Plan). For those selected, verify the existence of documentation that supports either, that the deferrals are in compliance with catch-up provisions of the Internal Revenue Code (IRC) or that the participant has been informed that excess deferrals have been made.

6. Select and sample a minimum of 200 participants invested in the ICP option and perform the following tests:
 - a. Obtain an independent market valuation of component portfolios at the year ended:
 - 1) Using the market report from the Investment Contract Pool Manager, verify balances reported by each sub manager and compare with the ICP report and document and report any differences.
 - 2) Verify independent valuations and compare with sub-manager quarterly reports.
 - b. Book Value Reconciliation
 - 1) Using the book value reports at year end, provided by the Third Party Administrator, reconcile the book value of the ICP with the book values reported by the ICP Manager; report differences that are greater than \$100,000.