

Solicitation (RFP) No. 201201642

Bidder/Vendor: \_\_\_\_\_

**THIS PAGE IS TO BE FILLED OUT AND RETURNED WITH YOUR BID. FAILURE TO DO SO MAY SUBJECT YOUR BID TO REJECTION.**

ATTENTION

Federal Employer Identification Number or alternate identification number (e.g., Social Security Number) is used for internal processing, including bid tabulation.

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STATE OF NORTH CAROLINA  
REQUEST FOR PROPOSALS

RFP # 201201642

**TITLE:** Internal Audit Supplemental Staffing Contract

**USING AGENCY:** State agencies, community colleges, universities, institutions, counties, municipalities, public schools, and other local governmental entities

**ISSUE DATE:** November 7, 2012

**ISSUING AGENCY:** *Department of Administration, Division of Purchase and Contract*

Sealed Proposals subject to the conditions made a part hereof will be received until **2:00 p.m., Tuesday, December 4, 2012** for furnishing services described herein.

SEND ALL PROPOSALS DIRECTLY TO THE ISSUING AGENCY ADDRESS AS SHOWN BELOW:

<b>DELIVERED BY US POSTAL SERVICE</b>	<b>DELIVERED BY ANY OTHER MEANS</b>
RFP NO. <b>201201642</b> NC DEPARTMENT OF ADMINISTRATION DIVISION OF PURCHASE AND CONTRACT 1305 MAIL SERVICE CENTER RALEIGH NC 27699-1305	RFP NO. <b>201201642</b> NC DEPARTMENT OF ADMINISTRATION DIVISION OF PURCHASE AND CONTRACT 116 WEST JONES STREET Room 4062 4th Flr. RALEIGH NC 27603-8002

IMPORTANT NOTE: Indicate firm name (“Technical Proposal” or “Cost Proposal”) (*if applicable*), and RFP number on the front of each sealed proposal envelope or package, along with the date for receipt of proposals specified above.

Bids submitted via telegraph, facsimile (FAX) machine, telephone, and electronic means, including but not limited to e-mail, in response to this Request for Proposals will not be acceptable.

Direct all inquiries concerning this RFP via written format to: **KIMBERLY WILLIAMS - DIVISION OF PURCHASE AND CONTRACT**  
Phone No. (919) 807-4564 FAX No. (919) 807- 4509  
Email: kim.williams@doa.nc.gov

**NOTE:** Questions concerning the specifications in this Request for Proposals will be received until 2:00 pm, November 15, 2012. **The Department will not respond to questions submitted thereafter. All questions must be submitted in writing.** A summary of all questions and answers will be posted on the internet as an addendum, located under the RFP # being modified.

**It is the vendor's responsibility to assure that all addenda have been reviewed and, if need be, signed and returned.**

<http://www.pandc.nc.gov/>

Within two days after notification of award of a contract, the vendor must register in NC E-Procurement @ Your Service (<http://vendor.ncgov.com>).

## **A. INTRODUCTION**

The purpose of this Request for Proposal (RFP) and any resulting contract award is to solicit proposals to qualify vendors for short-term internal audit staffing services for the State. This contract is intended as a convenience contract for use by the below-stated entities and is not mandatory. Multiple offers will be selected for an eligible vendor list, and only those eligible vendors will be given an opportunity to provide responses to individual agency solicitation documents<sup>1</sup> for audit staffing requests. Vendors must submit an acceptable and qualified response to this RFP, as determined by the State, in order to become eligible for award. Any agency may identify a need for internal audit short-term staff through the issuance of a solicitation document. The hiring entity's staffing needs may vary in terms of resources required, dates of service, and length of assignment. Eligible vendors will be notified by agencies with a solicitation document and may respond by submitting offers to provide the services described in the solicitation document.

## **B. BACKGROUND**

The North Carolina General Assembly passed Session Law 2007-424 creating the Council of Internal Auditing (Council) and requiring most State agencies and universities to establish an internal audit function. There are forty (40) State agencies and universities with mandated internal audit functions and four (4) State agencies with self-imposed internal audit functions. The Council identified staffing shortages in many State agency and university internal audit functions.

To address staffing shortages, the State is soliciting vendors to participate in a convenience contract for short-term internal audit staffing services. State agencies, community colleges, universities, institutions, counties, municipalities, public schools, and other local governmental entities (here in after referred to as agencies) may participate in this contract at their option. State agency and university locations are shown in Exhibit 1, on 4 of this document.

**THE STATE MAKES NO COMMITMENT TO ACQUIRE ANY SERVICES UNDER THIS CONTRACT.**

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<sup>1</sup> A document that describes a specific audit staffing need for a hiring agencies. It should include required skill sets and /or position descriptions that generally describe the audit service requirement to be addressed.

## **Exhibit 1**

### **State Agency and University Locations**

#### **STATE AGENCIES**

- Administrative Office of the Courts, Cary and Clerks of Court in 100 counties
- Community College System Office, Raleigh and 58 Community Colleges throughout North Carolina
- Department of Administration, Raleigh and several offices throughout North Carolina
- Department of Commerce, Raleigh and other locations
- Department of Cultural Resources, Raleigh and seven museums and twenty seven historical sites throughout North Carolina
- Department of Environment and Natural Resources, Raleigh and seven regional offices across North Carolina
- Department of Health and Human Services, Raleigh and facilities throughout North Carolina
- Department of Insurance, Raleigh
- Department of Justice, Raleigh
- Department of Labor, Raleigh
- Department of Public Instruction, Raleigh and public schools across North Carolina
- Department of Public Safety, Raleigh and presence in every county
- Department of Revenue, Raleigh and eleven service centers across North Carolina
- Department of the Secretary of State, Raleigh
- Department of State Treasurer, Raleigh
- Department of Transportation, Raleigh and 14 division offices across North Carolina
- North Carolina Education Lottery, Raleigh
- Office of the State Auditor, Raleigh and four regional offices across North Carolina
- Office of Information Technology Services, Raleigh
- Office of the State Controller, Raleigh
- Office of State Budget and Management, Raleigh
- Wildlife Resource Commission, Raleigh, and four educational center across North Carolina

#### **UNIVERSITY OF NORTH CAROLINA**

- University of North Carolina – General Administration, Chapel Hill

##### Campuses

- Appalachian State University, Boone
- East Carolina University, Greenville
- Elizabeth City State University, Elizabeth City
- Fayetteville State University, Fayetteville
- North Carolina Agricultural and Technical State University, Greensboro
- North Carolina Central University, Durham
- North Carolina State University, Raleigh
- University of North Carolina – Asheville, Asheville
- University of North Carolina – Chapel Hill, Chapel Hill
- University of North Carolina – Charlotte, Charlotte
- University of North Carolina – Greensboro, Greensboro
- University of North Carolina – Pembroke, Pembroke
- University of North Carolina – Wilmington, Wilmington
- University of North Carolina – School of the Arts, Winston-Salem
- Western Carolina University, Cullowhee
- Winston-Salem State University, Winston-Salem
- NC School of Science and Mathematics, Durham
- North Carolina State University and North Carolina Agricultural and Technical State University's Cooperative Extension Centers, in one hundred counties and the Eastern Band of Cherokee Indians

## C. SCOPE OF WORK

### 1. Audit Service Categories

Audits are performed to ascertain the validity and reliability of information; to provide an assessment of a system's internal controls or operations; to recommend improvements in efficiency and effectiveness of operations; and/or adherence to laws and regulations. The goal of an audit is to express an opinion of the person / organization / system (etc.) in question, under evaluation based on work done on a test basis.

The Vendor will provide qualified, experienced staff to conduct or participate as a team member on the following types of audits.

#### a. *Operational/Performance Audit*

An operational audit is a systematic and independent evaluation of organizational activities. Financial data may be used, but the primary sources of evidence are the operational policies and achievements related to organizational objectives. Internal controls and efficiencies may be evaluated during this type of review.

An operational audit tests an agency's internal systems and procedures for efficiency and effectiveness. These audits test operations for efficiency and effectiveness. Operational audits are usually a deeper review of an agency's operations than a financial audit, which is conducted in an after-the-fact audit process. Benefits from operational audits include objective opinions, improved workflow or cost allocation processes and quicker turnaround times.

An operational audit usually uncovers inefficient use of resources or wasted capital. Administrative departments may also be reviewed during the operational audit process. Administrative business processes may increase costs by employing too many individuals or having an improper workflow. Slow internal business processes can delay critical operations. Auditors often test cost allocation processes during operational audits to determine the strengths and weaknesses of this system.

#### b. *Investigative Audit*

An investigative audit is an audit that takes place as a result of an allegation of unusual or suspicious activity on the part of an individual or agency. It is usually focused on specific aspects of the work of the individual or agency.

In an investigative audit, allegations must be investigated and evidence gathered pertaining to complaints, allegations, and tips of suspected fraud. Data must be sorted, analyzed, and compared to support the opinion of with an allegation is substantiated or unsubstantiated.

Some specialization in forensic analytics, which is the analysis of electronic data to reconstruct, detect, or otherwise support a claim of fraud, may be required. The main steps in forensic analytics are (a) data collection, (b) data preparation, (c) data analysis, and (d) reporting. For example, forensic analytics may be used to review an employee's purchasing card activity to assess whether any of the purchases were diverted for personal use. Forensic analytics might be used to review the invoicing activity for a vendor to identify fictitious vendors.

#### c. *Compliance Audit*

A compliance audit is a comprehensive review of specific activities in order to determine whether performance conforms to predetermined contractual, regulatory, or statutory requirements. It may also include adherence to internal policies and procedures prescribed by the agency. Compliance audits may include examination of the agency's vendors to ensure conformance with contract agreements or an agency's sub-recipients to ensure adherence to grant requirements.

#### d. *A-133 Audits*

The Single Audit Act established requirements for audits of States, local governments, Indian tribals, institutions of higher education, and other non-profit organizations. The audit threshold is the aggregate expenditure of \$500,000 in federal funds.

The U.S. Office of Management and Budget (OMB) A-133 Compliance Supplement is a large and extensive United States federal government guide created by OMB for use in auditing federal assistance and federal grant programs, as well as their respective recipients. This Supplement provides a source of information to understand the Federal program's objectives, procedures, and compliance requirements relevant to the audit as well as audit objectives and suggested audit procedures for determining compliance with these requirements. This Supplement also provides guidance in determining compliance requirements relevant to

the audit, audit objectives, and suggested audit procedures for programs not included therein. For single audits, this Supplement replaces agency audit guides and other audit requirement documents for individual federal programs.

The A-133 Single Audit Report presents the results of tests of internal controls and compliance with laws, regulations, contracts, and grants applicable to major federal programs. Audits are conducted in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

*e. Information Systems Audits*

An information systems audit, or information technology audit, is an examination of the management controls within an information technology infrastructure. The evaluation of obtained evidence determines if the information systems are safeguarding assets, maintaining data integrity, and operating effectively to achieve the organization's goals or objectives.

- **General Controls Review.** A review of the controls which govern the development, operation, maintenance, and security of application systems in a particular environment. This type of audit might involve reviewing a data center, an operating system, a security software tool, or processes and procedures (such as the procedure for controlling production program changes), etc.
- **Systems and Applications.** An audit to verify that systems and applications are appropriate, efficient, and adequately controlled to ensure valid, reliable, timely, and secure input, processing, and output at all levels of a system's activity. This would involve an examination of the controls over the input, processing, and output of system data. Data communications issues, program and data security, system change control, and data quality issues are also considered.
- **System Development.** An audit to verify that systems under development meet the objectives of the organization and to ensure that the systems are developed in accordance with generally accepted standards for systems development and State information technology requirements. This involves an evaluation of the development process as well as the product. Consideration is also given to the general controls over a new application, particularly if a new operating environment or technical platform will be used.
- **Client/Server, Telecommunications, Intranets, and Extranets.** An audit to verify that telecommunication controls are in place on the client (computer receiving services), server, and on the network connecting the clients and servers.

*f. Construction Audits*

The scope and objective of construction audits vary considerably by entity and situation. Components of a construction audit may include, but are not limited to:

- Determine that billings and payments are in accordance with contract documents,
- Identify potential cost exceptions, overcharges or duplicated payments,
- Assess costs related to labor, materials, rental equipment, miscellaneous expenses, subcontractor costs and charges related to General Conditions,
- Determine if change orders are appropriate and priced based on contract standards,
- Identify opportunities for cost avoidance,
- Provide information that will result in cost recoveries, and
- Identify potential control deficiencies and exposure to overcharges on future contracts (i.e., opportunities for improving methods and procedures as they relate to contract terms, bidding and selection procedures, job site inspection and monitoring procedures, billing review procedures, controls over change orders and pricing, etc.).

*g. Financial Audit*

A financial audit includes the verification of the financial statements, or a component of the financial, of a legal entity with a view to express an audit opinion. The audit opinion is intended to provide reasonable assurance that the financial statements are presented fairly, in all material respects, and/or give a true and fair view in accordance with the financial reporting framework. The purpose of an audit is to enhance the degree of confidence of intended users in the financial statements.

Financial audits exist to add credibility to the implied assertion by an organization's management that its financial statements fairly represent the organization's position and performance to the firm's stakeholders. The audit is designed to increase the possibility that a material misstatement is detected by audit procedures. A misstatement is defined as false or missing information, whether caused by fraud (including deliberate misstatement) or error.

Other types of financial audits entail various scopes of work, including: (1) obtaining sufficient, appropriate evidence to form an opinion on single financial statements, specified elements, accounts, or items of a financial statement; (2) issuing letters for underwriters and certain other requesting parties; and (3) auditing compliance with applicable compliance requirements relating to one or more government programs.

This type of audit must be performed in accordance with generally accepted auditing standards and requires verification and substantiation procedures. These procedures may include direct correspondence with creditors or debtors to verify details of amounts owed, physical inspection of inventories or investment securities, inspection of minutes and contracts, and other similar steps. The audit requires gaining an understanding of the entity's system of internal controls.

## **2. Point of Contact**

The vendor shall assign one or more individuals as a point of contact for the duration of this Contract. The assigned individual(s) must be responsive to all agencies solicitation for services. Responsive is defined by:

- a. The vendor responding within 48 hours to the agencies initial contact.
- b. The vendor responding to an agencies solicitation document within ten (10) days.

The Vendor must provide the point of contact(s) name, title, address, phone number, and email address.

## **D. TERM OF CONTRACT**

### **1. Initial Term**

The Contract shall have an initial term of three (3) years, beginning on the date the Contract is countersigned by the State.

### **2. Option Years**

At the end of the three (3) year contract term, the State shall have the option, in its sole discretion, to extend the Contract for one (1) additional year. The State will give the vendors written notice of its intent to exercise this option no later than 30 days before the end of the initial three (3) year contract. At the end of the one (1) year extension, the State shall have the option, in its sole discretion, to extend the Contract of one (1) additional year. The State will give the vendors written notice of its intent to exercise this option no later than 30 days before the end of the extended contract. The maximum duration of the contract, including all options to extend, shall be five (5) years from the date of execution.

## **E. INVOICING AND COMPENSATION**

### **1. Frequency of Invoices**

All invoices will be submitted to the soliciting agencies. The vendor will work with the soliciting agencies to determine the frequency of invoicing.

### **2. Content of Invoice**

Vendor invoices shall include the correct purchase order/contract number, vendor's audit staff name, title, number of hours worked and billing rate. The soliciting agencies may request additional information for inclusion in the vendor invoice.

### **3. Compensation**

- a. The vendor will be compensated at no more than the rates quoted on the Vendors Cost Proposal. The vendor shall negotiate with the soliciting agencies to determine the final rates for audit staff request in the soliciting agencies document.
- b. Vendors will be paid net thirty (30) days after the Vendor's invoice is approved by the soliciting agencies.

## F. PROPOSAL REQUIREMENTS

The response to this RFP shall consist of the following sections:

Relevant Background and Experience  
External Reviews and Regulatory Action  
Financial Statement  
Project Staffing  
Cost Proposal  
Other

### 1. Relevant Background and Experience

- a. This section shall include background information on the vendor and should give details of experience with similar projects that would substantiate the vendor's qualifications and capabilities to perform the services described in this RFP. The vendor should provide a list of contracts for similar type work performed over the last five (5) years. Included in this list should be at least five (5) references (including contact persons and telephone numbers) for whom similar work has been performed. The evaluators will randomly select and contact at least three (3) of these references, but the evaluators reserve the right to contact all the references listed, if information from the three references contacted warrant further inquiry. The failure to list all similar contracts in the specified period may result in the rejection of the vendor's proposal. The evaluators may check all public sources to determine whether a vendor has listed all contracts for similar work within the designated period. If the evaluators determine that references for other public contracts for similar work were not listed, the evaluators may contact the public entities to make inquiry into the vendor's performance of those contracts and the information obtained may be considered in evaluating vendor's proposal.
- b. To be technically qualified, the vendor must display the capability to perform audits in accordance with any or all of the following auditing standards.
  - *Generally Accepted Government Auditing Standards (GAGAS)* issued by the United States General Comptroller
  - *International Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditor's (IIA)
  - *ISO Standards* issued by the International Organization for Standardization
  - *Control Objectives for Information and Related Technology (COBIT)* issued by the Information Systems Audit and Control Association
- c. In addition, the vendor must demonstrate that it is legally authorized to practice in North Carolina.

### 2. External Reviews and Regulatory Action

- a. The vendor shall provide a copy of its most recent external peer/quality assurance review report and any letter of comments or similar correspondence describing deficiencies noted in the peer review. To be technically qualified, the vendor must have received an unqualified opinion on its system of quality control and the peer review must have been performed within the last three (3) years. The vendor's failure to provide an external peer/quality assurance review report and any letter of comments or similar correspondence describing deficiencies will result in the rejection of the vendor's proposal. Vendors are encouraged to explain any deficiencies described in the above mentioned documents and to provide documentation supporting those explanations.
- b. The vendor shall include a statement asserting whether or not any regulatory sanctions has been levied against the vendor or any of their partners, officers, directors, employees, or agents by any state or federal regulatory agencies within the last three (3) years. As used herein, the term "regulatory sanctions" includes the revocation or suspension of any license or certification, the levying of any monetary penalties or fines, and the issuance of any written warnings. If any such action has been taken, the vendor shall include a complete description of the action and the circumstances that resulted in the action.
- c. The vendor shall include a statement asserting whether or not any regulatory investigations are pending against the vendor or any of their officers, directors, employees, and agents by state or federal regulatory agencies. If any such investigations are pending, the vendor shall include a complete description of the pending investigation.

**Proposal may be rejected solely on the basis of this information.**

### 3. Financial Statement

The vendor shall provide the following financial information:

- Recent audited or reviewed financial statements prepared by an independent certified public accountant (CPA) that shall include, at a minimum, a balance sheet, income statement (i.e., profit/loss statement) and cash flow statement **and**, if the audited or reviewed financial statements were prepared more than six (6) months prior to the issuance of this RFP, the vendor shall submit its most recent internal financial statements (balance sheet, income statement and cash flow statement or budget with entries reflecting revenues and expenditures from the date of the audited or reviewed financial statements to the end of the most recent financial reporting period (i.e., the quarter or month preceding the issuance date of this RFP));or
- Recent compiled financial statements prepared by an independent CPA that shall include, at a minimum, a balance sheet, income statement (i.e., profit/loss statement) and cash flow statement **and**, if the compiled financial statements were prepared more than three (3) months prior to the issuance of this RFP, the vendor shall submit its most recent internal financial statements (balance sheet, income statement and cash flow statement or budget with entries reflecting revenues and expenditures to date), and other evidence of financial stability such as most recently filed income tax return, evidence of a line of credit/loans/other type of financing with statement of amount in use/outstanding balance (e.g., a complete copy commitment letter, loan agreement, billing statement reflecting the line of credit or statement from lender acknowledging the commitment to fund the vendor's stated financing), performance bond, personal guaranty with copies of personal income tax filing and statement of net worth or such other evidence that is accurate, reliable and trustworthy regarding the vendor's financial stability.

Recent shall be defined as financial statements that were prepared within the 12 months preceding the issuance date of this RFP.

**Consolidated financial statements** of the vendor's parent or related corporation/business entity shall not be considered, unless: (1) the vendor's actual financial performance for the designated period is separately identified in and/or attached to the consolidated statements; (2) the parent or related corporation/business entity provides the State with a document wherein the parent or related corporation/business entity will be financially responsible for the vendor's performance of the contract and the consolidated statement demonstrates the parent or related corporation's/business entity's financial ability to perform the contract, financial stability and/or such other financial considerations identified in the evaluation criteria; and/or (3) vendor provides its own internally prepared financial statements and such other evidence of its own financial stability identified above.

The vendor's failure to provide any of the above-referenced financial statements or failure to submit all the requested financial statements may result in the rejection of the vendor's proposal and rejection is more likely to occur if other vendors provide financial documentation in compliance with the foregoing provisions. Vendors are also encouraged to explain any negative financial information in its financial statements and are encouraged to provide documentation supporting those explanations.

All financial information, statements and/or documents provided in response to this proposal requirement shall be kept confidential, IF THE VENDOR COMPLIES WITH PARAGRAPH 13 OF THE GENERAL INFORMATION (see page 17) ON SUBMITTING PROPOSALS BY MARKING THE FINANCIAL INFORMATION, STATEMENTS AND/OR DOCUMENTS CONFIDENTIAL

### 4. Project Staffing

The vendor shall provide information as to the qualifications and experience of all audit personnel to be assigned to each of the audit service categories for which the vendor submits a proposal. Personnel qualifications should include resumes citing educational background, experience with similar audits and related certification, as well as the number of years of audit experience with each type of audit, as identified in the Scope of Works, Audit Service Categories on page 5 of this document.

### 5. Cost Proposal

Eligible vendors that are awarded contracts by agencies will provide individuals (skilled with documented expertise and experience) qualified in one or more of the audit service categories described within this RFP.

Vendors will indicate the audit service categories in which they wish to be considered by submitting auditor hourly rate ranges, and audit supervisor and audit executive rates for each on the pricing schedule (Attachment 1 on

page 23). Vendors may provide rates for one or more service categories, but may not necessarily receive approval for all categories submitted.

For each audit service category, the vendor shall provide the following:

- a. Auditor
  - o Base Rate: The rate that the vendor will provide an auditor that meets the minimum qualifications. Base rates quoted as a result of the RFP proposal does not preclude any vendor from offering a rate lower than the established base rate in response to a soliciting agency's request for services.
  - o Upper Rate: The maximum rate that the vendor will provide an auditor with expert qualifications that demonstrated success. Examples of expert qualifications are listed in Exhibit 2. Upper Rates as quoted in this RFP will preclude any vendor from offering a rate for an auditor higher than the established upper rate in response to a soliciting agency's request for services.

Example of base and upper qualifications are listed in Exhibit 2, on page 12 of this document.

- b. Audit Supervisor  
The audit supervisor may be responsible for planning and conducting the audit, directing a team of highly skilled and/or lower level auditors, and assuring the audit engagement is completed timely. Vendors should provide an hourly rate for staff with these skill sets.
- c. Audit Executive  
The audit executive has the overall responsibilities to ensure compliance with standards, staff is competent and adequately trained, and audit clients are satisfied with completed work.

## 6. Other

- a. Work Papers  
Any and all work papers, documents, and reports (here in after referred to as work papers) created or obtained under the agreement between the soliciting agencies and vendor are the property of the soliciting agency. All work papers shall be provided to the agency and the vendor will not retained copies of any of the work papers unless the soliciting agencies agrees, in writing, to waive this requirement.
- b. Personnel Matters
  - i. Professionalism. The vendor's personnel shall adhere to the same professional and ethical standards of conduct required of State personnel. Vendor personnel shall not:
    - Discuss with unauthorized persons any information obtained in the performance of work under any agency's solicitation document,
    - Conduct business not directly related to the solicitation document on the agency premises,
    - Use computer system, equipment and/or other agency facilitates for company or personal business other than work related to the solicitation document, and
    - Recruit on agency premises or otherwise act to disrupt agency business.
  - ii. Training. The vendor shall provide fully trained and experienced personnel required for performance of any solicitation document. This includes training necessary for keeping personnel abreast of industry advances and maintaining proficiency with auditing standards.
  - iii. Authority. Vendor personnel shall not hold themselves out to be representatives, in any capacity, of the State. In all communications with third parties, vendor personnel shall identify themselves as such and specify the name of the vendor.
  - iv. Vendor Staff Turnover. After the procurement process has concluded and vendors have been selected by the state, approved vendors selected by soliciting agencies who are working on agency audit engagements or related audit services may experience vendor staff turnover. The vendor must provide equally qualified personnel to replace departing personnel resources who were previously working on the engagement. The soliciting agency reserves the right to pre-screen or not approve of replacement personnel to engage in the same audit activities as the original departing personnel.
  - v. Vendor Staff Background Checks. After the procurement process has concluded and vendors have been selected by the state, approved vendors selected by soliciting agencies who are working on agency audit engagements may by the nature of the soliciting agency (e.g. law enforcement investigative agency) have access to agency files, records and information that involve criminal investigations or related sensitive matters. Soliciting agencies using state selected audit service vendors reserve the right to require that a satisfactory criminal or financial background check be

completed of vendor audit personnel assigned to the audit engagement. These background checks may be required as part of the agency solicitation document review process. The costs associated with these background checks may be paid by the soliciting agency or by the prospective state approved audit services vendor. The soliciting agency will keep all background check results strictly confidential and will provide copies to the audit vendor if the results serve as a basis to refuse vendor services or vendor employee participation in the audit engagement.

c. Confidentiality

Any information, data, instruments, documents, studies or reports given to or prepared or assembled by the vender under this agreement shall be kept as confidential and not divulged or made available to any individual or organization without the prior written approval of the soliciting Agency.

d. Records Retention

The policy set forth by the North Carolina Council of Internal Auditing shall be followed for record retention. The policy for record retention requirements cover internal audit reports, other reports, working papers and any other documents that support any reports observations, conclusions, findings or results. Record retention requirements should be consistent with any pertinent regulatory or other requirements and records should be maintained for a minimum of ten years.

e. Travel

The state will not pay travel costs to and from the designated workplace for vendor's personnel. In the event that vendor personnel are required by the State to travel away from the regularly assigned work location to perform related tasks, the State will, with preapproval, reimburse the vendor in accordance with the North Carolina state travel guidelines in Chapter 5 of the North Carolina Budget Manual and can be found at:

[http://www.osbm.state.nc.us/files/pdf\\_files/BudgetManual.pdf](http://www.osbm.state.nc.us/files/pdf_files/BudgetManual.pdf)

<b>Exhibit 2</b>		
<b>Example of Auditor's Professional Qualifications</b>		
<b>Audit Category</b>	<b>Example of Base Rate Qualifications</b>	<b>Example of Upper Rate Qualifications</b>
Operational/ Performance Audit	<ul style="list-style-type: none"> <li>• Four year degree in accounting, business administration, or finance</li> <li>• Three years operational/performance audit experience</li> <li>• General understanding of IIA and GAO Standards</li> </ul>	<ul style="list-style-type: none"> <li>• Four year degree in accounting, business administration</li> <li>• An accounting or business related Master's degree</li> <li>• Over ten years operational/performance audit experience</li> <li>• Certified Internal Auditor or Certified Public Accountant</li> <li>• Expert understanding of IIA and GAO Standards</li> </ul>
Investigative Audit	<ul style="list-style-type: none"> <li>• Four year degree in accounting, business administration, or finance</li> <li>• Three years investigative audit experience</li> <li>• General understanding of IIA and GAO Standards</li> </ul>	<ul style="list-style-type: none"> <li>• Four year degree in accounting, business administration</li> <li>• An accounting or business related Master's degree</li> <li>• Over ten years investigative audit experience</li> <li>• Certified Fraud Examiner, Certified Public Accountant or Certified Internal Auditor</li> <li>• Expert understanding of IIA and GAO Standards</li> </ul>
Compliance Audit	<ul style="list-style-type: none"> <li>• Four year degree in accounting, business administration, or finance</li> <li>• Three years compliance audit experience</li> <li>• General understanding of IIA and GAO Standards</li> </ul>	<ul style="list-style-type: none"> <li>• Four year degree in accounting, business administration</li> <li>• An accounting or business related Master's degree</li> <li>• Over ten years compliance audit experience</li> <li>• Certified Public Accountant, Certified Internal Auditor, Certified Fraud Examiner</li> <li>• Expert understanding of IIA and GAO Standards</li> </ul>
A-133 Audit	<ul style="list-style-type: none"> <li>• Four year degree in accounting, business administration, or finance</li> <li>• Three years A-133 audit experience</li> <li>• General understanding of the GAO Standards</li> </ul>	<ul style="list-style-type: none"> <li>• Four year degree in accounting, business administration</li> <li>• An accounting or business related Master's degree</li> <li>• Over ten years A-133 audit experience</li> <li>• Certified Public Accountant or Certified Internal Auditor</li> <li>• Expert understanding of the GAO Standards</li> </ul>
Information Systems Audit	<ul style="list-style-type: none"> <li>• Four year degree in accounting, business administration, information technology</li> <li>• Three years information system audit experience</li> <li>• General understanding of COBIT, IIA and GAO Standards</li> </ul>	<ul style="list-style-type: none"> <li>• Four year degree in accounting, business administration, information technology</li> <li>• An information technology related master degree</li> <li>• Over ten years information system audit experience</li> <li>• Certified Information Systems Auditor Expert understanding of COBIT, IIA and GAO Standards</li> </ul>
Construction Audit	<ul style="list-style-type: none"> <li>• Four year degree in accounting, business administration, or finance</li> <li>• Three years construction audit experience</li> <li>• General understanding of IIA and GAO Standards</li> </ul>	<ul style="list-style-type: none"> <li>• Four year degree in accounting, business administration</li> <li>• An accounting or business related Master's degree</li> <li>• Over ten years construction audit experience</li> <li>• Certified Public Accountant or Certified Internal Auditor</li> <li>• Expert understanding of IIA and GAO Standards</li> </ul>
Financial Audit	<ul style="list-style-type: none"> <li>• Four year degree in accounting, business administration, or finance</li> <li>• Three years financial audit experience</li> <li>• General understanding of IIA and GAO Standards</li> </ul>	<ul style="list-style-type: none"> <li>• Four year degree in accounting, business administration</li> <li>• An accounting or business related Master's degree</li> <li>• Over ten years financial audit experience.</li> <li>• Certified Public Accountant, or Certified Internal Auditor</li> <li>• Expert understanding of IIA and GAO Standards</li> </ul>

## G. THE PROCUREMENT PROCESS

The following is a general description of the process by which a firm will be selected to provide services.

1. Request for Proposals (RFP) is issued to prospective contractors.
2. A preproposal conference and/or deadline for written questions is set. (See cover sheet of this RFP for details.)
3. Proposals in two (2) signed originals, four (4) photocopies, and one (1) electronic copy (on CD or DVD) will be received from each vendor in a sealed envelope or package. Each original shall be signed and dated by an official authorized to bind the firm. Unsigned proposals will not be considered.
4. All proposals must be received by the issuing agency not later than the date and time specified on the cover sheet of this RFP.
5. At that date and time the package containing the proposals from each responding firm will be opened publicly and the name of the vendor and cost(s) offered will be announced. Interested parties are cautioned that these costs and their components are subject to further evaluation for completeness and correctness and therefore may not be an exact indicator of a vendor's pricing position.
6. At their option, the evaluators may request oral presentations or discussion with any or all vendors for the purpose of clarification or to amplify the materials presented in any part of the proposal. However, vendors are cautioned that the evaluators are not required to request clarification; therefore, all proposals should be complete and reflect the most favorable terms available from the vendor.
7. Evaluation Method  
Proposals will be evaluated according to completeness, content, and experience with similar projects, ability of the vendor and its staff, and cost.
  - a. The evaluation and vendor selection process for inclusion on the approved vendor list will be based on "Best Value" in accordance with NCGS §143-135.9 and Section 11 of this document. By using this method, the overall ranking may be adjusted up or down when considered with, or traded-off against other non-price factors. The evaluation committee may request clarifications, an interview with or presentation from any or all vendors. However, the State may refuse to accept, in full or partially, the response to a clarification request given by any vendor. Vendors are cautioned that the evaluators are not required to request clarifications; therefore, all offers should be complete and reflect the most favorable terms. Vendors should be prepared to send qualified personnel to Raleigh, North Carolina, to discuss technical and contractual aspects of the proposal.
  - b. Evaluation Process Explanation. State Agency employees will evaluate all proposals. All proposals will be initially classified as being responsive or non-responsive. If a proposal is found non-responsive, it will not be considered further. All responsive proposals will be evaluated based on stated evaluation criteria. Any references in an answer to another location in the RFP materials or Proposal shall have specific page numbers and sections stated in the reference.
  - c. To be eligible for consideration, a vendor must meet the intent of all requirements. Compliance with the intent of all requirements will be determined by the State. Responses that do not meet the full intent of all requirements listed in this RFP may be subject to point reductions during the evaluation process or may be deemed non-responsive. Further, a serious deficiency in the response to any one factor may be grounds for rejection regardless of overall score.
  - d. Vendors are advised that the State is not obligated to ask for, or accept after the closing date for receipt of proposal, data that is essential for a complete and thorough evaluation of the proposal.  
Best and Final Offers (BAFO). If negotiations or subsequent offers are solicited, the vendors shall provide BAFOs in response. Failure to deliver a BAFO when requested shall disqualify the vendor from further consideration. The State may establish a competitive range based upon evaluations of proposals, and request BAFOs from the vendors within this range; e.g. "Finalist vendors". The State will evaluate BAFOs and add any additional points to the vendors' respective scores. Points awarded from oral presentations and product demonstrations during negotiations, if any, will be added to the previously assigned points to attain final scores.

8. Evaluation Committee

An Evaluation Committee (hereinafter “Committee”) shall be established to read each vendor’s proposal, conduct reference checks, score proposals and make written recommendations to DOA Division of Purchase and Contract. The State may change the size or composition of the committee during the review in response to exigent circumstances.

9. Evaluation Scoring

The Evaluation Committee will read and score all proposals by following these steps; 1) Determine if the offer is responsive or nonresponse, 2) Determine if rejected base on External Reviews and Regulatory Action response, and 3) use the following criteria and weighting scheme as reflect in Exhibit 3 for scoring each requirement. The highest score that can be awarded is 20 points. Any vendor scoring 15 to 20 points will qualify for an award.

<b>Exhibit 3 Evaluation Scoring</b>		
<b>Evaluation Criteria</b>	<b>Points</b>	<b>Percent</b>
Firm’s Relevant Background and Experience	20	25
External Review and Regulatory Action	20	25
Financial Statements	20	5
Project Staffing	20	25
Cost Proposal	20	20

10. The vendor will not be allowed to outsource any activities related to the proposal.

11. Vendors are cautioned that this is a request for offers, not a request to contract, and the State reserves the unqualified right to reject any and all offers when such rejection is deemed to be in the best interest of the State.

**Prohibited Communications:** FROM THE ISSUANCE DATE OF THIS RFP THROUGH THE DATE THE CONTRACT IS AWARDED, EACH VENDOR IS PROHIBITED FROM HAVING ANY COMMUNICATIONS WITH ANY PERSON INSIDE OR OUTSIDE THE USING AGENCY, ISSUING AGENCY, OTHER GOVERNMENT AGENCY OFFICE, OR BODY (INCLUDING THE PURCHASER NAMED ABOVE, DEPARTMENT SECRETARY, AGENCY HEAD, MEMBERS OF THE GENERAL ASSEMBLY AND/OR GOVERNOR’S OFFICE), OR PRIVATE ENTITY, AND THE COMMUNICATION DISCUSSES THE CONTENT OF VENDOR’S PROPOSAL OR QUALIFICATIONS, THE CONTENTS OF ANOTHER VENDOR’S PROPOSAL, ANOTHER VENDOR’S QUALIFICATIONS OR ABILITY TO PERFORM THE CONTRACT, AND/OR THE TRANSMITTAL OF ANY OTHER COMMUNICATION OF INFORMATION THAT HAS THE EFFECT OF DIRECTLY OR INDIRECTLY INFLUENCING THE EVALUATION OF PROPOSALS AND/OR THE AWARD OF THE CONTRACT. VENDORS NOT IN COMPLIANCE WITH THIS PROVISION SHALL BE DISQUALIFIED FROM CONTRACT AWARD, UNLESS IT IS DETERMINED THAT THE BEST INTEREST OF THE STATE WOULD NOT BE SERVED BY THE DISQUALIFICATION. ONLY THE DISCUSSIONS, COMMUNICATIONS OR TRANSMITTALS OF INFORMATION AUTHORIZED BY THE ISSUING AGENCY IN THIS RFP OR GENERAL INQUIRIES TO THE PURCHASER REGARDING THE STATUS OF THE CONTRACT AWARD ARE EXEMPT FROM THIS PROVISION.

**H. COST PROPOSAL/EXECUTION OF PROPOSAL**

By submitting this proposal, the potential contractor certifies the following:

- This proposal is signed by an authorized representative of the firm.
- It can obtain insurance certificates as required within 10 calendar days after notice of award.
- The cost and availability of all equipment, materials, and supplies associated with performing the services described herein have been determined and included in the proposed cost.
- All labor costs, direct and indirect, have been determined and included in the proposed cost.
- The vendor has attended the conference/site visit and is aware of prevailing conditions associated with performing these services *(if applicable)*.
- The potential contractor has read and understands the conditions set forth in this RFP and agrees to them with **no exceptions**.
- The vendor is registered in NC E-Procurement @ Your Service or agrees to register within two days after notification of contract award.

Therefore, in compliance with this Request for Proposals, and subject to all conditions herein, the undersigned offers and agrees, if this proposal is accepted within 120 days from the date of the opening, to furnish the subject services for a cost not to exceed the amounts or rates noted in the pricing schedule (Attachment 1).

VENDOR: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

CITY, STATE, ZIP: \_\_\_\_\_

TELEPHONE NUMBER: \_\_\_\_\_ FAX: \_\_\_\_\_

E-MAIL: \_\_\_\_\_

Principal Place of Business if different from above (See General Information on Submitting Proposals, Item 18.):

\_\_\_\_\_

Will any of the work under this contract be performed outside the United States?  Yes  No

**N.C.G.S. § 133-32 and Executive Order 24** prohibit the offer to, or acceptance by, any State Employee of any gift from anyone with a contract with the State, or from any person seeking to do business with the State. By execution of any response in this procurement, you attest, for your entire organization and its employees or agents, that you are not aware that any such gift has been offered, accepted, or promised by any employees of your organization.

BY: \_\_\_\_\_ TITLE: \_\_\_\_\_ DATE: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed name)

\*\*\*\*\*

ACCEPTANCE OF PROPOSAL

***(Using Agency Name)***

BY: \_\_\_\_\_ TITLE: \_\_\_\_\_ DATE: \_\_\_\_\_

**THIS PAGE MUST BE SIGNED AND INCLUDED IN YOUR PROPOSAL.**

Unsigned proposals will not be considered.

Where Service Contracts Will Be Performed

In accordance with NC General Statute 143-59.4 (Session Law 2005-169),  
this form is to be completed and submitted with the vendor's (technical) proposal/bid.



Issuing Agency: Department of Administration – Division of Purchase & Contract

Solicitation #: 201201642

Agency Contract Person: Kimberly Williams

Phone Number: 919-807-4534

Solicitation Title: **Internal Audit Supplemental Staffing**



**TO BE COMPLETED BY THE OFFEROR**

OFFEROR:

CITY & STATE:

**Location(s) from which services will be performed by the Contractor:**

SERVICE	CITY / PROVIDENCE / STATE	COUNTRY

**Location(s) from which services are anticipated to be performed OUTSIDE THE U. S. by the Contractor:**

SERVICE	CITY / PROVIDENCE / STATE	COUNTRY

**Location(s) from which services will be performed by subcontractor(s):**

SERVICE	SUBCONTRACTOR	CITY / PROVIDENCE / STATE	COUNTRY

**Location(s) from which services are anticipated to be performed OUTSIDE THE U. S. by the subcontractor(s):**

SERVICE	SUBCONTRACTOR	CITY / PROVIDENCE / STATE	COUNTRY

**(Attach Additional Pages if necessary)**

## GENERAL INFORMATION ON SUBMITTING PROPOSALS

1. **EXCEPTIONS:** All proposals are subject to the terms and conditions outlined herein. All responses shall be controlled by such terms and conditions and the submission of other terms and conditions, price lists, catalogs, and/or other documents as part of a vendor's response will be waived and have no effect either on this Request for Proposals or on any contract that may be awarded resulting from this solicitation. Vendor specifically agrees to the conditions set forth in the above paragraph by signature to the proposal.
2. **CERTIFICATION:** By executing the proposal, the signer certifies that this proposal is submitted competitively and without collusion (G.S. 143-54), that none of our officers, directors, or owners of an unincorporated business entity has been convicted of any violations of Chapter 78A of the General Statutes, the Securities Act of 1933, or the Securities Exchange Act of 1934 (G.S. 143-59.2), and that we are not an ineligible vendor as set forth in G.S. 143-59.1. False certification is a Class I felony.
3. **ORAL EXPLANATIONS:** The State shall not be bound by oral explanations or instructions given at any time during the competitive process or after award.
4. **REFERENCE TO OTHER DATA:** Only information which is received in response to this RFP will be evaluated; reference to information previously submitted shall not be evaluated.
5. **ELABORATE PROPOSALS:** Elaborate proposals in the form of brochures or other presentations beyond that necessary to present a complete and effective proposal are not desired.

In an effort to support the sustainability efforts of the State of North Carolina we solicit your cooperation in this effort.

### It is desirable that all responses meet the following requirements:

- All copies are printed **double sided**.
  - All submittals and copies are printed on **recycled paper with a minimum post-consumer content of 30%** and indicate this information accordingly on the response.
  - Unless absolutely necessary, all proposals and copies should **minimize or eliminate use of non-recyclable or non re-usable materials** such as plastic report covers, plastic dividers, vinyl sleeves, and GBC binding. Three-ringed binders, glued materials, paper clips, and staples are acceptable.
  - Materials should be submitted in a format which allows for **easy removal and recycling** of paper materials.
6. **COST FOR PROPOSAL PREPARATION:** Any costs incurred by vendors in preparing or submitting offers are the vendors' sole responsibility; the State of North Carolina will not reimburse any vendor for any costs incurred prior to award.
  7. **TIME FOR ACCEPTANCE:** Each proposal shall state that it is a firm offer which may be accepted within a period of 120 days. Although the contract is expected to be awarded prior to that time, the 120 day period is requested to allow for unforeseen delays.
  8. **TITLES:** Titles and headings in this RFP and any subsequent contract are for convenience only and shall have no binding force or effect.
  9. **CONFIDENTIALITY OF PROPOSALS:** In submitting its proposal the vendor agrees not to discuss or otherwise reveal the contents of the proposal to any source outside of the using or issuing agency, government or private, until after the award of the contract. Only those communications with the using agency or issuing agency authorized by this RFP are permitted. All vendors are advised that they are not to have any communications with the using or issuing agency during the evaluation of the proposals (i.e., after the public opening of the proposals and before the award of the contract), unless the State's purchaser contacts the vendor(s) for purposes of seeking clarification. A vendor shall not: transmit to the issuing and/or using agency any information commenting on the ability or qualifications of other vendors to perform the advertised contract and/or the other vendors' proposals and/or prices at any time during the procurement process; or engage in any other communication or conduct attempting to influence the evaluation and/or award of the contract that is the subject of this RFP. Vendors not in compliance with this provision may be disqualified, at the option of the State, from contract award. Only discussions authorized by the issuing agency are exempt from this provision.
  10. **RIGHT TO SUBMITTED MATERIAL:** All responses, inquiries, or correspondence relating to or in reference to the RFP, and all other reports, charts, displays, schedules, exhibits, and other documentation submitted by the vendors shall become the property of the State when received.

11. **VENDOR'S REPRESENTATIVE:** Each vendor shall submit with its proposal the name, address, and telephone number of the person(s) with authority to bind the firm and answer questions or provide clarification concerning the firm's proposal.
12. **SUBCONTRACTING:** Vendors may **NOT** propose to subcontract or outsource any portions of the activities related to the proposal.
13. **PROPRIETARY INFORMATION:** Trade secrets or similar proprietary data which the vendor does not wish disclosed to other than personnel involved in the evaluation or contract administration will be kept confidential to the extent permitted by NCAC T01:05B.1501 and G.S. 132-1.3 if identified as follows: Each page shall be identified in boldface at the top and bottom as "CONFIDENTIAL". Any section of the proposal which is to remain confidential shall also be so marked in boldface on the title page of that section. Cost information may not be deemed confidential. In spite of what is labeled as confidential, the determination as to whether or not it is shall be determined by North Carolina law.
14. **HISTORICALLY UNDERUTILIZED BUSINESSES:** Pursuant to General Statute 143-48 and Executive Order #150, the State invites and encourages participation in this procurement process by businesses owned by minorities, women, disabled, disabled business enterprises and non-profit work centers for the blind and severely disabled.
15. **PROTEST PROCEDURES:** When an vendor wants to protest a contract awarded by the Secretary of Administration or by an agency over \$25,000 resulting from this solicitation, they must submit a written request to the State Purchasing Officer at Purchase and Contract, 1305 Mail Service Center, Raleigh, NC 27699-1305. This request must be received in the Division of Purchase and Contract within thirty (30) consecutive calendar days from the date of the contract award. When an vendor wants to protest a contract awarded by an agency or university resulting from this solicitation that is over \$10,000 but less than \$25,000 for any agency, or any contract awarded by a university, they must submit a written request to the issuing procurement officer at the address of the issuing agency. This request must be received in that office within thirty (30) consecutive calendar days from the date of the contract award. Protest letters must contain specific reasons and any supporting documentation for the protest. Note: Contract award notices are sent only to those actually awarded contracts, and not to every person or firm responding to this solicitation. Contract status and Award notices are posted on the Internet at <http://www.pandc.nc.gov/>. All protests will be handled pursuant to the North Carolina Administrative Code, Title 1, Department of Administration, Chapter 5, Purchase and Contract, Section 5B.1519. (See Protest Information at <http://www.pandc.nc.gov/protests.pdf> for more information.)
16. **TABULATIONS:** The Division has implemented an Interactive Purchasing System (IPS) that allows the public to retrieve bid tabulations electronically from our Internet web site: <http://www.pandc.nc.gov/>. Click on the IPS BIDS icon, click on Search for Bid, enter the RFP number, and then search. Tabulations will normally be available at this web site not later than one working day after opening. Lengthy tabulations may not be available on the Internet, and requests for these verbally or in writing cannot be honored.
17. **VENDOR REGISTRATION AND SOLICITATION NOTIFICATION SYSTEM:** Vendor Link NC allows vendors to electronically register free with the State to receive electronic notification of current procurement opportunities for goods and services available on the Interactive Purchasing System. Online registration and other purchasing information are available on our Internet web site: <http://www.pandc.nc.gov/>.
18. **RECIPROCAL PREFERENCE:** G.S. 143-59 establishes a reciprocal preference law to discourage other states from applying in-state preferences against North Carolina's resident vendors. The "Principal Place of Business" is defined as the principal place from which the trade or business of the vendor is directed or managed.

**NORTH CAROLINA GENERAL CONTRACT TERMS AND CONDITIONS**  
**(Contractual and Consultant Services)**

**NOTE: For “Agency”, substitute “Department”, “University”, etc., as applicable.**

1. **GOVERNING LAW:** This contract is made under and shall be governed and construed in accordance with the laws of the State of North Carolina.
2. **SITUS:** The place of this contract, its situs and forum, shall be North Carolina, where all matters, whether sounding in contract or tort, relating to its validity, construction, interpretation and enforcement shall be determined
3. **INDEPENDENT CONTRACTOR:** The Contractor shall be considered to be an independent contractor and as such shall be wholly responsible for the work to be performed and for the supervision of its employees. The Contractor represents that it has, or will secure at its own expense, all personnel required in performing the services under this agreement. Such employees shall not be employees of, or have any individual contractual relationship with the Agency.
4. **KEY PERSONNEL:** The Contractor shall not substitute key personnel assigned to the performance of this contract without prior written approval by the Agency’s Contract Administrator. The individuals designated as key personnel for purposes of this contract are those specified in the Contractor’s proposal.
5. **SUBCONTRACTING: Work proposed to be performed under this contract by the Contractor or its employees shall not be subcontracted without prior written approval of the Agency’s Contract Administrator.**
6. **PERFORMANCE AND DEFAULT:** If, through any cause, the Contractor shall fail to fulfill in timely and proper manner the obligations under this agreement, the Agency shall thereupon have the right to terminate this contract by giving written notice to the Contractor and specifying the effective date thereof. In that event, all finished or unfinished deliverable items under this contract prepared by the Contractor shall, at the option of the Agency, become its property, and the Contractor shall be entitled to receive just and equitable compensation for any satisfactory work completed on such materials. Notwithstanding, the Contractor shall not be relieved of liability to the Agency for damages sustained by the Agency by virtue of any breach of this agreement, and the Agency may withhold any payment due the Contractor for the purpose of setoff until such time as the exact amount of damages due the Agency from such breach can be determined.

In case of default by the Contractor, the State may procure the services from other sources and hold the Contractor responsible for any excess cost occasioned thereby. The State reserves the right to require a performance bond or other acceptable alternative performance guarantees from successful vendor without expense to the State.

In addition, in the event of default by the Contractor under this contract, the State may immediately cease doing business with the Contractor, immediately terminate for cause all existing contracts the State has with the Contractor, and de-bar the Contractor from doing future business with the State

Upon the Contractor filing a petition for bankruptcy or the entering of a judgment of bankruptcy by or against the Contractor, the State may immediately terminate, for cause, this contract and all other existing contracts the Contractor has with the State, and de-bar the Contractor from doing future business

Neither party shall be deemed to be in default of its obligations hereunder if and so long as it is prevented from performing such obligations by any act of war, hostile foreign action, nuclear explosion, riot, strikes, civil insurrection, earthquake, hurricane, tornado, or other catastrophic natural event or act of God.

7. **TERMINATION:** The Agency may terminate this agreement at any time by 30 days notice in writing from the Agency to the Contractor. In that event, all finished or unfinished deliverable items prepared by the Contractor under this contract shall, at the option of the Agency, become its property. If the contract is terminated by the Agency as provided herein, the Contractor shall be paid for services satisfactorily completed, less payment or compensation previously made.
8. **PAYMENT TERMS:** Payment terms are Net not later than 30 days after receipt of correct invoice(s) or acceptance of services, whichever is later, or in accordance with any special payment schedule identified in this RFP. The using agency is responsible for all payments to the contractor under the contract. Payment by some agencies may be made by procurement card and it shall be accepted by the contractor for payment if the

contractor accepts that card (Visa, Mastercard, etc.) from other customers. If payment is made by procurement card, then payment may be processed immediately by the contractor.

9. **AVAILABILITY OF FUNDS:** Any and all payments to the Contractor are dependent upon and subject to the availability of funds to the Agency for the purpose set forth in this agreement.
10. **CONFIDENTIALITY:** Any information, data, instruments, documents, studies or reports given to or prepared or assembled by the Contractor under this agreement shall be kept as confidential and not divulged or made available to any individual or organization without the prior written approval of the soliciting Agency.
11. **CARE OF PROPERTY:** The Contractor agrees that it shall be responsible for the proper custody and care of any property furnished it for use in connection with the performance of this contract or purchased by it for this contract and will reimburse the State for loss of damage of such property.
12. **COPYRIGHT:** No deliverable items produced in whole or in part under this agreement shall be the subject of an application for copyright by or on behalf of the Contractor.
13. **ACCESS TO PERSONS AND RECORDS:** The State Auditor and the using agency's internal auditors shall have access to persons and records as a result of all contracts or grants entered into by State agencies or political subdivisions in accordance with General Statute 147-64.7 and Session Law 2010-194, Section 21 (i.e., the State Auditors and internal auditors may audit the records of the contractor during the term of the contract to verify accounts and data affecting fees or performance).
14. **ASSIGNMENT:** No assignment of the Contractor's obligations nor the Contractor's right to receive payment hereunder shall be permitted. However, upon written request approved by the issuing purchasing authority, the State may:
  - a. Forward the contractor's payment check(s) directly to any person or entity designated by the Contractor, or
  - b. Include any person or entity designated by Contractor as a joint payee on the Contractor's payment check(s).In no event shall such approval and action obligate the State to anyone other than the Contractor and the Contractor shall remain responsible for fulfillment of all contract obligations.
15. **COMPLIANCE WITH LAWS:** The Contractor shall comply with all laws, ordinances, codes, rules, regulations, and licensing requirements that are applicable to the conduct of its business, including those of federal, state, and local agencies having jurisdiction and/or authority.
16. **AFFIRMATIVE ACTION:** The Contractor shall take affirmative action in complying with all Federal and State requirements concerning fair employment and employment of people with disabilities, and concerning the treatment of all employees without regard to discrimination by reason of race, color, religion, sex, national origin, or disability.
17. **INSURANCE:** During the term of the contract, the contractor at its sole cost and expense shall provide commercial insurance of such type and with such terms and limits as may be reasonably associated with the contract. As a minimum, the contractor shall provide and maintain the following coverage and limits:
  - a. Worker's Compensation - The contractor shall provide and maintain Worker's Compensation Insurance, as required by the laws of North Carolina, as well as employer's liability coverage with minimum limits of \$150,000.00, covering all of Contractor's employees who are engaged in any work under the contract. If any work is subcontracted, the contractor shall require the subcontractor to provide the same coverage for any of its employees engaged in any work under the contract.
  - b. Commercial General Liability - General Liability Coverage on a Comprehensive Broad Form on an occurrence basis in the minimum amount of \$500,000.00 Combined Single Limit. (Defense cost shall be in excess of the limit of liability).
  - c. Automobile - Automobile Liability Insurance, to include liability coverage, covering all owned, hired and non-owned vehicles, used in connection with the contract. The minimum combined single limit shall be \$150,000.00 bodily injury and property damage; \$150,000.00 uninsured/under insured motorist; and \$1,000.00 medical payment.

Providing and maintaining adequate insurance coverage is a material obligation of the contractor and is of the essence of this contract. All such insurance shall meet all laws of the State of North Carolina. Such insurance coverage shall be obtained from companies that are authorized to provide such coverage and that are authorized by the Commissioner of Insurance to do business in North Carolina. The contractor shall at all times comply with the terms of such insurance policies, and all requirements of the insurer under any such insurance policies, except as they may conflict with existing North Carolina laws or this contract. The limits of coverage under each insurance policy maintained by the contractor shall not be interpreted as limiting the contractor's liability and obligations under the contract.

18. **ADVERTISING:** The vendor shall not use the award of a contract as part of any news release or commercial advertising.
19. **ENTIRE AGREEMENT:** This contract and any documents incorporated specifically by reference represent the entire agreement between the parties and supersede all prior oral or written statements or agreements. This Request for Proposals, any addenda thereto, and the vendor's proposal are incorporated herein by reference as though set forth verbatim.  
  
All promises, requirements, terms, conditions, provisions, representations, guarantees, and warranties contained herein shall survive the contract expiration or termination date unless specifically provided otherwise herein, or unless superseded by applicable Federal or State statutes of limitation.
20. **AMENDMENTS:** This contract may be amended only by written amendments duly executed by the Agency and the Contractor. The NC Division of Purchase and Contract shall give prior approval to any amendment to a contract awarded through that office.
21. **TAXES:** G.S. 143-59.1 bars the Secretary of Administration from entering into contracts with vendors if the vendor or its affiliates meet one of the conditions of G. S. 105-164.8(b) and refuse to collect use tax on sales of tangible personal property to purchasers in North Carolina. Conditions under G. S. 105-164.8(b) include: (1) Maintenance of a retail establishment or office, (2) Presence of representatives in the State that solicit sales or transact business on behalf of the vendor and (3) Systematic exploitation of the market by media-assisted, media-facilitated, or media-solicited means. By execution of the proposal document the vendor certifies that it and all of its affiliates, (if it has affiliates), collect(s) the appropriate taxes.
22. **YEAR 2000 COMPLIANCE/WARRANTY:** Vendor shall ensure the product(s) and service(s) furnished pursuant to this agreement ("product" shall include, without limitation, any piece of equipment, hardware, firmware, middleware, custom or commercial software, or internal components, subroutines, and interfaces therein) which perform any date and/or time data recognition function, calculation, or sequencing, will support a four digit year format, and will provide accurate date/time data and leap year calculations on and after December 31, 1999, at the same level of functionality for which originally acquired without additional cost to the user. This warranty shall survive termination or expiration of the agreement.
23. **GENERAL INDEMNITY:** The contractor shall hold and save the State, its officers, agents, and employees, harmless from liability of any kind, including all claims and losses accruing or resulting to any other person, firm, or corporation furnishing or supplying work, services, materials, or supplies in connection with the performance of this contract, and from any and all claims and losses accruing or resulting to any person, firm, or corporation that may be injured or damaged by the contractor in the performance of this contract and that are attributable to the negligence or intentionally tortious acts of the contractor provided that the contractor is notified in writing within 30 days that the State has knowledge of such claims. The contractor represents and warrants that it shall make no claim of any kind or nature against the State's agents who are involved in the delivery or processing of contractor goods to the State. The representation and warranty in the preceding sentence shall survive the termination or expiration of this contract.
24. **OUTSOURCING:** Any vendor or subcontractor providing call or contact center services to the State of North Carolina shall disclose to inbound callers the location from which the call or contact center services are being provided.

If, after award of a contract, the contractor wishes to outsource any portion of the work to a location outside the United States, prior written approval must be obtained from the State agency responsible for the contract.

Vendor must give notice to the using agency of any relocation of the vendor, employees of the vendor, subcontractors of the vendor, or other persons performing services under a state contract outside of the United States.

25. **By EXECUTIVE ORDER 24**, issued by Governor Perdue, and N.C. G.S. § 133-32, it is unlawful for any vendor or contractor ( i.e. architect, bidder, contractor, construction manager, design professional, engineer, landlord, vendor, seller, subcontractor, supplier, or vendor), to make gifts or to give favors to any State employee of the Governor’s Cabinet Agencies (i.e., Administration, Commerce, Public Safety, Cultural Resources, Environment and Natural Resources, Health and Human Services, Revenue, Transportation, and the Office of the Governor). This prohibition covers those vendors and contractors who:

- (1) have a contract with a governmental agency; or
- (2) have performed under such a contract within the past year; or
- (3) anticipate bidding on such a contract in the future.

For additional information regarding the specific requirements and exemptions, vendors and contractors are encouraged to review Executive Order 24 and G.S. Sec. 133-32.

Executive Order 24 also encouraged and invited other State Agencies to implement the requirements and prohibitions of the Executive Order to their agencies. Vendors and contractors should contact other State Agencies to determine if those agencies have adopted Executive Order 24.”

**Attachment 1  
Pricing Schedule**

Vendor must provide their best hourly rates in the form of base rate and upper rate for an auditor, audit manager and audit partner hourly rate in the appropriate columns on this form or a duplicate of this form.

This table captures audit staff compensation rates only and does not include travel or related business expenses. All travel and business expenses, if any, will be subject to North Carolina state travel guidelines and requirements and are required to be presented as part of the issuance of a specific Solicitation Documents, after approved vendors have been selected. Chapter 5 of the North Carolina Budget Manual provides primary guidance on state travel guidelines and restrictions and can be found at:

[http://www.osbm.state.nc.us/files/pdf\\_files/BudgetManual.pdf](http://www.osbm.state.nc.us/files/pdf_files/BudgetManual.pdf)

<b>Audit Category</b>	<b>Auditor Base Rate</b>	<b>Auditor Upper Rate</b>	<b>Audit Supervisor</b>	<b>Audit Executive</b>
Financial Audit				
Operational/Performance Audit				
Investigative Audit				
Compliance Audit				
A-133 Audit				
Construction Audit				
Information System Audit				