

**KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
REQUEST FOR PROPOSAL FOR PROFESSIONAL AUDITING
SERVICES**

SEALED PROPOSALS for furnishing the services described herein will be received until **November 30, 2018, @ 3:00 P.M. C.D.T. LATE PROPOSALS WILL NOT BE ACCEPTED. ELECTRONIC OR TELEGRAPHIC TRANSMISSION OF PROPOSALS WILL NOT BE ACCEPTED.**

Subject to the limitations set out in this Request for Proposals, all inquiries for information should be directed in writing to Judy McNeal, Chief Fiscal Officer, Kansas Public Employees Retirement System at jmcneal@kpers.org.

If proposals are **mailed**, send directly to issuing agency, above, at 611 S. Kansas Avenue., Suite 100, Topeka, KS 66603. If proposals are **hand-delivered**, deliver to Kansas Public Employees Retirement System, Reception Desk, ATTN: Judy McNeal, Chief Fiscal Officer. All packages must be labeled as indicated in Section IX, Special Terms and Conditions, Identification of Proposal Envelope. Note: This RFP is posted on the Kansas Public Employees Retirement System web site, www.kpers.org, to allow Offerors the ability to view documents and programs referenced in this RFP.

PLEASE RETURN THE **ORIGINAL AND FIVE (5) COMPLETE PAPER COPIES** OF YOUR PROPOSAL, ALONG WITH AN ELECTRONIC COPY ON DVD or FLASH DRIVE OF ALL MATERIALS. ALL COPIES OF THE PROPOSAL BEING SUBMITTED MUST BE PACKAGED IN A SEALED BOX OR ENVELOPE. SEE SECTION VI FOR DETAILS.

In compliance with this Request for Proposals and with all Conditions imposed therein, the undersigned Offeror agrees to furnish the services in accordance with the attached signed proposal or as mutually agreed upon by subsequent negotiation.

I certify that I have read and understand this Request for Proposals and am authorized to sign this proposal for the Offeror.

NAME AND ADDRESS OF FIRM:

DATE: _____
BY: _____
(signature in ink)
NAME: _____
(print or type)
TITLE: _____

FEI/FIN: _____

TELEPHONE: _____

E-MAIL: _____

FAX: _____

I. PURPOSE

The Kansas Public Employees Retirement System (“KPERS”) is issuing this Request for Proposal to obtain competitive responses from independent certified public accounting firms to provide audit and attestation services as outlined in Section V, Statement of Needs.

II. BACKGROUND

The Kansas Public Employees Retirement System (“KPERS” or “the System”) is a statewide cost-sharing governmental defined benefit pension plan qualified under section 401(a) of the Internal Revenue Code (“IRC”) and is not subject to Title I of the Employees Retirement Income Security Act of 1971 (“ERISA”). KPERS also serves as the administrator of the KPERS death and disability program (“disability program”). The disability program is a postemployment employee benefit other than a pension (“OPEB”) and is administered through a non-qualified trust separate from the defined benefit pension plan, as defined in GASB Statement No. 74, *Financial Reporting for Postemployment Benefits Other Than Pensions*.

KPERS is a body corporate and an instrumentality of the State of Kansas. KPERS is governed by a nine-member board of trustees, of which four trustees are appointed by the Governor, one by the President of the Senate, one by the Speaker of the House of Representatives, two are elected by Retirement System members and one is the elected State Treasurer. The Board of Trustees appoints the Executive Director, who is the System’s managing officer. KPERS is a component unit of the State of Kansas.

In the 2018 Legislative session, the legislature passed and the governor signed Senate Bill No. 260, which authorizes the KPERS Board of Trustees to oversee the procurement of an auditing firm under the provisions of the Kansas procurement statutes at K.S.A. 75-37,132.

KPERS is providing pension benefits to the following three statewide pension groups under one plan, as provided by K.S.A. 74-4901 *et seq.*: the Kansas Public Employees Retirement System (public employees), the Kansas Police and Firemen’s Retirement System (public safety officers) and the Retirement System for Judges.

Most public employees in Kansas are covered by the plan. The State of Kansas and Kansas schools are required to participate, while participation by local political subdivisions is optional, but irrevocable once elected.

III. TIMELINE

The following timeline is an estimate and may be adjusted at KPERS’ discretion any time during this procurement process.

October 4, 2018	Advertisement of RFP/website posting
November 1, 2018	Deadline for submission of written questions
November 30, 2018	Deadline for RFP submission
December-January	Evaluation/Assessment/Interviews
January 17, 2019	Finalist Presentation to KPERS Audit Committee and/or
January 18, 2019	Finalist Presentation to KPERS Board

IV. COMMUNICATION WITH KPERS

KPERS is the sole point of contact during the RFP process. Any questions regarding clarification of this Request for Proposal must be submitted in writing to Judy McNeal, Chief Fiscal Officer, at Kansas Public Employees Retirement System, 611 S. Kansas Ave., Suite 100, Topeka, KS 66603, by email to jmcneal@kpers.org, or by fax at (785) 256-9503 by 3 p.m. C.D.T., November 1, 2018. Answers to written questions will be posted on the Retirement System’s website at www.kpers.org/procurement.htm. Offerors are responsible for checking the website periodically for updates to the RFP and responses to written questions. Telephone questions will not be accepted. No verbal communication will override written communications, and only written communications are binding.

KPERS’ policy prohibits direct contact between prospective service providers and KPERS Board members, consultants or staff regarding this RFP during the selection process. From the date of release of this RFP until a firm is selected by the Board, all contacts and communications regarding this RFP are restricted except communications with the KPERS staff specifically identified in this section and designated participants in attendance **ONLY DURING** negotiations, presentations, and contract award. Violation of these conditions may result in rejection of an Offeror’s proposal.

V. STATEMENT OF NEEDS

The successful independent certified public accounting firm will be expected to issue the respective audit/attestation opinions within the timeline established in Section III for the following:

- Annual financial audits of the basic financial statements of the Kansas Public Employees Retirement System, which are included in its Comprehensive Annual Financial Report (CAFR). The audits shall be conducted in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller of the United States of America. The audits are to be performed with the objective of expressing an opinion about whether the basic financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. The firm selected shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.

- Annual reviews of alternative investments of KPERS with any estimates of permanent impairments to the value of such alternative investments reported by the Kansas Public Employees Retirement System pursuant to K.S.A. 74-4907, and amendments thereto.
- Audits of employer schedules related to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. These schedules and notes are prepared for the employers participating in the KPERS cost-sharing defined benefit pension plan and are published by KPERS. The audits shall be conducted in accordance with the auditing standards generally accepted in the United States of America.
- Attestation engagements to examine the internal controls in the generation of calendar year census data for the Disability Program’s annual valuations (“SOC 1 Type 2”). The attestation engagement shall be conducted in accordance with the attestation standards issued by the American Institute of Certified Public Accountants.
- A management letter outlining any internal control or process improvements identified during the audits

Term of Contract: The term of this contract is for KPERS’ fiscal years ending June 30, 2019, 2020, and 2021, with two separate option periods to renew for the fiscal years ending June 30, 2022 and June 30, 2023.

Annual Presentation of Audit Report to KPERS, its Board of Trustees and the Legislative Post Audit Committee: The final audit opinion letter shall be submitted by November 1 of each year by the auditing firm selected to the KPERS Executive Director, the Kansas Secretary of Administration and the Legislative Post Audit Committee in accordance with L. 2018, Ch. 89, §§ 8-10. The auditing firm selected shall annually present its final report on-site to the KPERS Board of Trustees and the Post Audit Committee.

Prior to the beginning any fieldwork for these three annual engagements, the firm selected shall hold an entrance meeting with KPERS. Items to be discussed at the entrance meeting shall include the work plan, fieldwork dates, key staff that need to be available during fieldwork, documents that need to be provided, and other subjects as deemed necessary. No later than one week after the end of fieldwork, the firm selected shall hold an exit meeting with KPERS. Items to be discussed at the exit meeting shall include the findings, expectations for the corrective action plan, a debrief of the engagement including things that went well and things that could be improved, and any other subject that is deemed necessary.

The firm selected shall provide weekly progress reports to KPERS from the time field work begins until the project is completed. The firm selected shall notify KPERS management of any difficulties encountered, the status of the audit including estimated completion dates, the status of any audit findings, and any other issues.

VI. PROPOSAL PREPARATION AND SUBMISSION REQUIREMENTS

Each submission shall be prepared simply and economically, avoiding the use of elaborate promotional materials beyond those sufficient to provide a complete, accurate and reliable presentation. The Retirement System assumes no financial responsibility for any costs incurred in responding to this RFP. All responses and other materials submitted in response to this RFP become the property of KPERS and are subject to public inspection. KPERS

reserves the right to modify or clarify any part of the RFP prior to the submission deadline. Each Offeror is responsible for monitoring KPERS' website for amendments to the RFP and responses to written questions.

A. Required Copies

To be considered for selection, Offerors must submit a complete response to this RFP. One original and five paper copies, along with an electronic copy on DVD flash drive of all documents, must be submitted to the Kansas Public Employees Retirement System in a sealed box(s) or envelope(s). No other distribution of the proposal shall be made by the Offeror. Packages are to be delivered to:

Judy McNeal
Chief Fiscal Officer
Kansas Public Employees Retirement System
611 S. Kansas Avenue, Suite 100
Topeka, KS 66603

NOTE THAT PROPOSALS DELIVERED TO KPERS AFTER 3:00 P.M. C.S.T. ON NOVEMBER 30, 2018, SHALL NOT BE ACCEPTED.

B. Proposal Preparation

1. Proposals should be prepared simply and economically, providing a straightforward, concise description of capabilities to satisfy the requirements of the RFP. Emphasis should be placed on completeness and clarity of content.
2. Proposals should be organized in the order in which the requirements are presented in this section. All pages of the proposal should be numbered.
3. Each paper copy of the proposal should be bound or contained in a single volume where practical. All documentation submitted with the proposal should be contained in that single volume.
4. Ownership of all data, materials and documentation originated and prepared for KPERS pursuant to the RFP shall belong exclusively to KPERS and, after a contract has been awarded and executed, shall be subject to public inspection in accordance with the Kansas Open Records Act at K.S.A. 45-215 *et seq.*

C. Proposal Contents

Proposals submitted in response to this RFP must include, at a minimum, the information and documents outlined below.

1. **Signed RFP Cover Sheet** (see page 1) and **Signed Addenda Acknowledgement Forms** (acknowledging any amendments to the RFP, if applicable).

The original signed cover sheet and signed addenda acknowledgement forms (as applicable) must be submitted in a separate, sealed envelope inside the package containing the original proposal and original copies of other required documents. Copies of the cover sheet and

addenda acknowledgement forms must be included in each copy of the proposal. Failure to acknowledge receipt of any addenda may render the proposal to be non-responsive.

2. Transmittal Letter

The transmittal letter must include the company name, address, and the name, title or position, and contact information of the person or persons authorized to bind the Offeror to all commitments made in the proposal. The transmittal letter must identify all materials and enclosures being submitted in response to this RFP and must be signed by a person or persons authorized to bind the Offeror contractually.

The transmittal letter must include the following statement:

“We have read KPERS’ Request for Proposals (RFP) for financial statement and contract compliance audit services, dated October 4, 2018, and fully understand its intent. We certify that we have adequate personnel, equipment, and facilities to provide the requested services. We understand that our ability to meet the criteria and provide the required services shall be judged solely by the KPERS Board of Trustees and its staff.

Our proposal is genuine. We have no conflicts of interest in providing financial and compliance audit services for KPERS. We have not directly nor indirectly induced or solicited any person to submit a false proposal or to refrain from proposing, nor have we in any manner sought by collusion to secure an advantage over any other proposer. We have not retained or been retained to solicit or secure a state contract or an agreement or understanding for a commission, percentage, brokerage, or contingent fee. We have thoroughly examined the RFP requirements, including any amendments to the RFP as posted on KPERS’ website, and our proposed fees cover all services that we have indicated we can meet. We acknowledge and accept all terms and conditions included in the RFP.”

3. Minimum Qualifications Certificate (Attachment A)

The Offeror must satisfy the minimum qualifications outlined in the Minimum Qualifications Certificate and complete and return Attachment A. Affirmative statements within Attachment A should be fully supported by evidence set out in the information and responses provided in conjunction with the Offeror’s response to the RFP Questionnaire.

4. Response to RFP Questionnaire (Attachment B)

Offerors must complete all sections of the RFP Questionnaire and return Attachment B. The information requested must be provided in the prescribed format. It is important that each question be completed as instructed. Any alternative or supplemental responses may be attached separately, but may not be used in lieu of answering or completing any questions. Failure to complete this questionnaire in the format provided may result in rejection of the proposal. Proposals containing false or misleading information may be rejected.

5. Auditor Information and Qualifications

Offerors should provide detailed information regarding the professional and experience qualifications of the supervising and support auditors who shall perform work under the resulting contract.

6. Cost Proposal

The Offeror's cost proposal must include the total cost for auditing duties during the initial contract period. There will be no additional reimbursement for travel, communication costs, computer charges, and other expenses incidental to the contract. Fees for the most current services are listed below:

	Current Fees
KPERS Financial Audit	\$99,500
KPERS GASB 68 Report	\$45,000
KPERS SOC1 type 2	\$24,000

VII. EVALUATION CRITERIA AND AWARD

A. Proposal Evaluation

The Retirement System will evaluate proposals based on the following criteria:

- Qualifications and experience of the firm and key personnel assigned to KPERS, with emphasis on documented experience in successfully completing work for governmental defined benefit retirement plan clients on contracts of similar nature, size and scope to those required by this RFP.
- The Offeror's planned approach for performing services required by the Statement of Needs, Section V, of this RFP.
- The overall ability of Offeror to successfully provide the services outlined in this RFP.
- The Offeror's cost proposal.
- Other relevant criteria, as determined by the Retirement System.

At any time during the evaluation process, Offerors may be requested to be interviewed or to provide explicit written clarification of any part of their proposal. At its sole discretion, the Retirement System reserves the right to reject any or all proposals and/or to waive any deviation or defect (deemed by KPERS to be immaterial) within proposals. KPERS' waiver of any immaterial deviation or defect shall in no way modify the proposal or the RFP documents or excuse the applicant from full compliance with the RFP requirements.

B. Selection Process

KPERS may request information from Offerors as needed. If information is requested, KPERS is not required to request the information of all Offerors. On the basis of the evaluation factors included in Part A, above, one or more of the Offerors deemed to be fully qualified and best suited among those submitting proposals may be interviewed by the KPERS Procurement Negotiating Committee (“PNC”). The interview may include further explanation of the Offeror’s understanding and approach to the project and discussion and negotiation of key terms. Contract fees and rates will be considered, but are not the sole determining factor. Offerors selected to participate in negotiations may be given an opportunity to submit a revised proposal and/or their best and final offer to the PNC. Prior to a specified cut-off time for best and final offers, these Offerors may submit revisions to their technical and cost proposals.

Meetings before the PNC are not subject to the Open Meetings Act, and Offerors are prohibited from electronically recording these meetings.

After interviews have been conducted with each Offeror so selected, the PNC will select one or more Offerors which, in its opinion, made the best proposals. The selected Offeror(s) will be asked to make a finalist presentation before the KPERS Board’s Audit Committee on Thursday, January 17, 2019, and then may be asked to provide a presentation before the full Board of Trustees on January 18, 2019, as stated in Section III, Timeline. KPERS may cancel this Request for Proposals or reject proposals at any time prior to an award. The award document will be a contract incorporating by reference all the requirements, terms and conditions of the solicitation and the Offeror’s proposal as negotiated, as well as other terms and conditions as appropriate.

VIII. GENERAL TERMS AND CONDITIONS

A. KPSSA

This solicitation is subject to the provisions of the Kansas Professional Services Sunshine Act, K.S.A. 75-37,131 *et seq.* Specifically, *see* K.S.A. 75-37,132(h).

B. APPLICABLE LAWS AND COURTS

This solicitation and any resulting contract shall be governed in all respects by the laws of the State of Kansas, and any litigation with respect thereto shall be brought in the District Court of Shawnee County, Kansas. *See* K.S.A. 74-4904(1). The Contractor shall comply with all applicable federal, state and local laws, rules and regulations.

C. KANSAS CONTRACTUAL PROVISIONS

By submitting their proposals, Offerors certify their willingness to comply with the provisions of Kansas Department of Administration Form DA-146a, Contractual Provisions Attachment, which states among other things that “[t]his form contains mandatory contract provisions and must be attached to or incorporated in all copies of any contractual agreement.” Form DA-146a is Attachment C to this RFP.

Offerors must be willing to sign Attachment D and E included with this RFP. Both are required by the State of Kansas, Division of Purchasing, to be included with all contracts. Attachment D is the *POLICY REGARDING SEXUAL HARRASSMENT* and Attachment E is the *CERTIFICATION OF COMPANY NOT CURRENTLY ENGAGED IN A BOYCOTT OF GOODS or SERVICES FROM ISRAEL*.

D. ETHICS IN PUBLIC CONTRACTING

By submitting their bids or proposals, Offerors certify the following:

- Their bids/proposals are made without collusion or fraud.
- They have not offered or received any kickbacks or inducements from any other Bidder/Offeror, supplier, manufacturer or subcontractor in connection with their bid/proposal.
- They have not conferred on any public employee having official responsibility for this procurement transaction any payment, loan, subscription, advance, deposit of money, services or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value was exchanged.

E. CLARIFICATION OF TERMS

If any prospective Offeror has questions about this RFP or the appendices hereto, the prospective Offeror should contact KPERS' representative whose name appears on the face of this RFP in writing or by e-mail prior to the stated deadline of November 1, 2018. Any revisions to the solicitation will be made in writing only by addendum issued by KPERS **and posted on its website**.

F. PRECEDENCE OF TERMS

All of the above General Terms and Conditions shall apply in all instances. In the event there is a conflict between any of the other General Terms and Conditions and any Special Terms and Conditions in this solicitation, the Special Terms and Conditions shall apply.

G. QUALIFICATIONS OF OFFERORS

KPERS may make such reasonable investigations as deemed proper and necessary to determine the ability of the Offeror to perform the services/furnish the goods required by this RFP, and the Offeror shall furnish to KPERS all such information and data for this purpose as may be requested. KPERS reserves the right to inspect the Offeror's physical facilities prior to award to satisfy questions regarding the Offeror's capabilities. KPERS further reserves the right to reject any proposal if the evidence submitted by, or investigations of, such Offeror is improperly qualified to carry out the obligations of the contract and to provide the services and/or furnish the goods contemplated therein.

H. BUSINESS CONTINUITY

The Offeror must indicate any recent or anticipated changes in their corporate structure such as mergers, acquisitions, new venture capital, stock issue, etc. The Offeror agrees to present

to KPERS, upon request, a business continuation plan for this program in the event of natural or other disaster.

Supervising and lead auditors mentioned in response to this RFP can only be changed with the express prior written permission of KPERS, which retains the right to approve or reject replacements. Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

I. TESTING AND INSPECTION

KPERS reserves the right to conduct any test/inspection it may deem advisable to assure goods and services conform to the specifications.

J. ASSIGNMENT OF CONTRACT

A contract shall not be assignable by the Offeror in whole or in part without the written consent of KPERS.

K. ACCOUNTING ADVISORS

The Kansas Public Employees Retirement System has contracted with KPMG as accounting advisors for implementation of Governmental Accounting Standards Board (“GASB”) Statements. The advisory engagement is conducted under the American Institute of Certified Public Accountants Standards for Consulting Services.

L. LEGISLATIVE DIVISION OF POST AUDIT

The firm selected will present its report on the audit of the financial statements of the KPERS defined benefit pension plan to the Legislative Post Audit Committee, or at the next scheduled meeting of another legislative committee held after distribution of the report to the members of such committee as authorized by the Legislative Post Audit Committee.

M. PRICE ADJUSTMENTS

Prices shall remain firm through the completion of this contract. The price shall reflect all deliverables including, but not limited to, report drafts, status reports, site visits, fieldwork, presentations, travel, and expenses associated with deliverables. The price shall also include all costs and expenses associated with the Offeror’s attendance at and participation in any public meetings held following the submission of the Offeror’s final reports to present, explain or discuss the reports. Also, the price shall include all costs and expenses associated with any quality control review conducted by any oversight agency for audit, any professional or regulatory body of any of the audits in this Request for Proposals. If the Offeror is contacted by any regulatory agency or other agency for information regarding the State of Kansas, the Offeror shall notify the KPERS in writing within five business days. The Offeror shall not charge for any additional work unless both parties have agreed to additional fees in writing in the form of an amendment to the contract. Any increase in the work processes or services provided by the Offeror without a written amendment to the contract signed in advance by the parties shall be at the Offeror’s own risk. The cost and expense will

be the responsibility of the Offeror, and the Offeror shall not submit a claim for compensation for work, materials, or equipment in connection with such changes.

N. BILLING AND PAYMENT

Final payment shall be made in accordance with the Prompt Payment Act after all of the following have occurred:

- The firm selected has delivered the final audit report to the Legislative Division of Post Audit Committee.

- The firm selected has delivered a complete, legible copy of the audit(s) documentation to KPERS.

- The staff of KPERS has completed a review of the final audit report and the audit documentation and have had an opportunity to respond.

- Progress payments may be allowed on this contract, if negotiated. However, they shall be made no more often than once per month. Progress payments shall be based on the firm's estimate of the current percentage of completion.

IX. SPECIAL TERMS AND CONDITIONS

A. CONFIDENTIALITY

The Offeror is expected to comply with provisions of Kansas statutes regarding confidentiality of participant data. The Offeror agrees to limit access to confidential participant data to only those auditors and staff providing services under the contract and agrees not to disclose confidential participant information to other parties without KPERS' prior authorization and approval. The Offeror confirms that all data shall be handled, maintained, transmitted in a secure manner consistent with accepted security standards.

In accordance with K.S.A. 46-1128(a), each audit report, finding, conclusion, opinion, or recommendation shall be confidential until distribution of the report at the next scheduled meeting of the Legislative Post Audit Committee or at the next scheduled meeting of another legislative committee held after distribution of the report to the members of such committee as authorized by the Legislative Post Audit Committee

B. PROPOSAL ACCEPTANCE PERIOD

Any offer in response to this solicitation shall be valid for 120 days. At the end of the 120 days, the proposal may be withdrawn at the written request of the Offeror. If the proposal is not withdrawn at that time, it remains in effect until an award is made or the solicitation is canceled.

C. IDENTIFICATION OF PROPOSAL ENVELOPE

The signed proposal should be returned in a separate envelope or package addressed as directed on page 1 and Section VI, Part A. The envelope should be sealed and identified as follows:

(see next page)

From: _____
Name of Offeror

Street Address or P.O. Box

City, State, Zip Code

RFP Title: _____

Offeror's Contact Name: _____

Contact Phone Number: _____

Contact E-Mail Address: _____

If a proposal not contained in an envelope marked as described above is mailed or delivered to KPERS, the Offeror assumes the risk that the envelope may be inadvertently opened and the information compromised, which may cause the proposal to be disqualified. Proposals may be hand-delivered to the designated location specified on page 1 and in Section VI, Part A. No other correspondence or other bids/proposals should be placed in the envelope.

X. ATTACHMENTS

Attachment A: Minimum Qualifications Certificate

Attachment B: RFP Questionnaire

Attachment C: Contractual Provisions Attachment (Kansas Department of Administration Form DA-146a, Rev. 06/12)

Attachment D: Policy Regarding Sexual Harassment

Attachment E: Certification of Company Not Currently Engaged in a Boycott of Goods or Services from Israel