

RESOLUTION NO. 18 – 02

RESOLUTION OF THE TRUST AUTHORIZING THE ISSUANCE OF A REQUEST FOR PROPOSALS FOR INTERNAL CONTROL AUDITING SERVICES

WHEREAS, the New Jersey Environmental Infrastructure Trust (the "Trust") is organized and existing under the New Jersey Environmental Infrastructure Trust Act, constituting Chapter 334 of the Pamphlet Laws of 1985 of the State of New Jersey (codified at N.J.S.A, 58:11B-1 et seq.), as the same may from time to time be amended and supplemented (the "Act"); and

WHEREAS, pursuant to Section 5(l) of the Act, the Trust is authorized to engage the services of advisors; and

WHEREAS, to ensure that the Trust is performing its duties effectively and efficiently and in a diligent manner that minimizes risk to the Trust there is a need for the Trust to procure the services of a professional accounting firm to perform an Internal Control Audit; and

WHEREAS, pursuant to Trust resolution No. 15-11 the current Internal Control Auditing contract expires on March 3, 2018; and

WHEREAS, the current and prior Internal Control Auditing firms have 1) conducted a high level risk assessment and evaluation of the Trust's primary business process and operational functions and risks, 2) developed a business process detail for each risk category, 3) identified existing internal controls to mitigate risks, 4) identified process gaps, weaknesses or opportunities for improvement, 5) evaluated and refined job descriptions, and 6) performed design and operational effectiveness testing of Trust controls; and

WHEREAS, there are more operations to be tested and key policies procedures and accounting processes to be revised, and there exists a continued need for ongoing internal control auditing at the Trust.

NOW THEREFORE BE IT RESOLVED THAT, the Trust hereby authorizes the Executive Director, in consultation with the Audit Committee, to competitively procure such professional accounting firms to perform Internal Control Auditing services; and

BE IT FURTHER RESOLVED THAT the RFP will be in a form substantially similar to the Draft RFP attached hereto as Appendix A; and

BE IT FURTHER RESOLVED THAT the Executive Director is further authorized to solicit proposals, convene an evaluation committee to independently review and rank the proposals received and to make a recommendation to the Board for the selection of a firm for Internal Control Auditing Services for contract approval for a two-year contract with an option for one (1) additional one-year period at the discretion of the Executive Director in consultation with the Chairman.

BE IT FURTHER RESOLVED THAT the Executive Director is authorized to take all other

actions consistent with Trust Procurement Policy 4.00 "Purchase of Goods and Services" to procure the services of a professional accounting firm to perform Internal Control Auditing Services.

Adopted Date: January 11, 2018

Motion Made By: Mark Longo

Motion Seconded By: Michele Putnam

Ayes: 4

Nays: 0

Abstentions: 0



Request for Proposal
Internal Controls Audit Services

Issued by the
New Jersey Environmental Infrastructure Trust

Date Issued:
January 30, 2018

Questions and Answer Cut-Off Date:
5:00PM EST February 9, 2018

Proposals Due Date:
12:00 PM EST February 28, 2018

In the Office of the Executive Director
3131 Princeton Pike, Building 4, Suite 216
Lawrenceville, NJ 08648
(609) 219-8600

Please Label Proposals with Firm's Name and
"Proposal for Internal Controls Audit Services"

**NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST
REQUEST FOR PROPOSAL
INTERNAL CONTROLS AUDITING SERVICES**

I. OBJECTIVE

The New Jersey Environmental Infrastructure Trust (“NJEIT”) is looking to procure the services of an Internal Controls Auditing Firm. Pursuant to this request for proposal, the NJEIT shall select an Internal Controls Auditing Firm from the list of responsive bidders as prescribed in Section IV.

II. NJEIT / PROGRAM BACKGROUND

a. Powers and Structure

The NJEIT was organized pursuant to N.J.S.A. 58:11B-1 et seq., in 1986 as an independent State Financing authority to issue revenue bonds, to make loans, and guarantee debt issued by borrowers for the construction of environmental infrastructure projects. The Trust consists of a seven-member board of directors. The powers of the Trust are vested in the Board of Directors of the Trust. However, the minutes of all Trust meetings must be delivered to the Governor and Legislature. The Legislature may provide written comment to the Governor and the Governor may veto any Trust action within 10 business days. No Trust actions initiating the issuance of bonds, notes, or other obligations can be effective without the prior written approval of both the Governor and State Treasurer.

The Trust's enabling legislation requires extensive legislative oversight of the Trust, including fiscal accountability and control over its operating expenses, loan and debt guarantee activities, and borrowing and debt obligations. No funds from State or federal sources or State bond issues are made available to the Trust unless appropriated by the Legislature. The Trust may not expend any funds for environmental infrastructure projects unless the expenditure is authorized by an appropriations act approved by the Legislature.

The Department of Environmental Protection and the Trust must submit a joint annual project priority list for environmental infrastructure projects to the Legislature by January 15 of each year. The list must be developed in accordance with the federal government's priority ranking system, which rates projects on environmental need.

The Trust must also submit a proposed financial plan to implement the financing of the projects on the project priority list to the Legislature by May 15 of each year. The plan must contain an enumeration of the revenue bonds and loans (including the terms and conditions thereof and the anticipated ranges of interest rate and repayment schedules), and loan guarantees which the Trust intends to execute, together with a financial statement covering its proposed operations during the forthcoming fiscal year.

Passage of Legislative Bills appropriating funds to the Department of Environmental Protection and authorizing the Trust to sell bonds is required prior to financing environmental infrastructure

projects. In addition, the financial plan must be approved by adoption of concurrent resolutions by both the Senate and Assembly.

The Trust is authorized, among other things: (i) to borrow money and issue bonds, notes and other obligations and to secure the same by its revenues and other funds and to provide for the refunding thereof; (ii) to obtain as security or to provide liquidity for payment of its bonds, notes or other obligations, lines of credit, letters of credit and other security agreements; (iii) to invest any moneys not required for immediate use or disbursement, including proceeds from the sale of its bonds, notes, or other obligations, in any obligations, securities and other investments in accordance with the rules and regulations of the State Investment Council; (iv) to receive and accept aid or contributions from any source of property, money, labor or other things of value, to be held, used and applied to carry out the purposes of the Trust Act; (v) to acquire, lease, hold and dispose of real and personal property or any interest therein in the exercise of its powers and the performance of its duties under the Trust Act. The Trust may issue at public sale up to \$2.6 billion, or more at the discretion of the Legislature, of its own bonds.

Through the New Jersey Environmental Infrastructure Financing Program (“NJEIFP” or “Financing Program”), the Department of Environmental Protection (“DEP”) and the NJEIT jointly issue short-term and long-term loans to provide funding for all aspects, phases and components of designing and building environmental infrastructure projects. NJEIFP Loans are issued upon approval of applicable NJEIFP program requirements for costs incurred for designing and constructing projects (and land preservation) that enhance and protect ground and surface water resources and ensure safe drinking water. Generally, either the NJEIT or the Department may finance up to 75% of the allowable project costs.

Legislative amendments to the NJEIT Enabling Act establish the New Jersey Transportation Infrastructure Financing Program to make loans to finance the cost of transportation projects. The Trust anticipates commencing the development of the New Jersey Transportation Infrastructure Financing Program in the Spring of 2018, and issuing one or more series of bonds within the subsequent two fiscal years.

b. Information relevant to Customized Procurement

In recent years, the NJEIFP has experienced a tremendous amount of popularity with participation rates at all time highs. The affect of this growth in participation, as well as the introduction of new technologies, has necessitated revisions to Trust policies and procedures, placing increased strain on the Trust’s resources. In addition to keeping pace with growth, the Trust must ensure that its resources are used in the most efficient and effective manner possible. To ensure all Trust assets are properly safeguarded and that the Trust’s financials provide timely, accurate and reliable information for its users, the Trust is seeking a qualified firm (the “Consultant”) to perform an internal controls audit.

This procurement is to engage a consultant for Phase IV of the Trust’s internal controls audit. Three firms were separately retained to conduct Phases I through III of the Audit. In Phase I of the audit, the Trust retained a firm which conducted a high level risk assessment of the Trust’s primary business processes and operational functions. One-hundred and eight (108) business processes/

audit areas were identified in the following thirteen (13) categories (hereafter “Risk Categories”):

1. New Program Development and Compliance;
2. Loan Application;
3. Bond Issuance and Compliance;
4. Requisition and Disbursement to Borrowers;
5. Billing and Receipts of Loan Repayments and Administrative Fees;
6. Procurement of Materials and Services;
7. Accounts Payable and Related Disbursements;
8. Investment and Cash Management;
9. Human Resources;
10. Accounting close and Financing Reporting;
11. Entity Level Controls;
12. Information Technology general controls; and
13. Business Continuity Planning.

A description of the summary of the Risk Categories is set forth in Appendix **Exhibit A1**. Each business process/risk was evaluated relative to its significance to the Trust’s business operations, and processes and related risks were prioritized based on ratings by the firm and the Trust. The Trust executed a one-year contract for Phase II services commencing March 1, 2014. In Phase II, the following tasks were performed as more fully set forth in Appendix **Exhibit A2**:

- Reviewed and revised the Risk Categories;
- Developed a Business Process detail for each Risk Category;
- Reviewed Laws/ Policies and Procedures related to each Business Process;
- Identified Existing Internal Controls to mitigate the risks;
- Developed Observations and Recommendations.

In Phase III, the Consultant made significant progress in completing the Tasks developed in Phase II utilizing the outputs from Phase II including the following deliverables:

- Identified process gaps, weaknesses, or opportunities for improvement.
- Worked with Trust personnel to document the process gaps, weaknesses, or opportunities for improvement and tracked remediation activity and incorporate such activities into existing Trust documentation.
- Advising the Trust on its use of technology and controls in place around and within its technology to facilitate its business, operations, and accounting processes, while maintaining effective controls of key components of the processes such as enforcing segregation of duties.
- Evaluated and refined job descriptions to ensure they accurately reflect the requirements of each position including those requirements in maintaining the internal control structure of the Trust.
- Evaluated the internal control structure of the Trust at all levels and throughout the various departments, including the mechanisms and timeliness of communications and

reporting, and maintenance of adequate segregation of duties and authority in performing key functions.

- Performed design and operational effectiveness testing of those controls that were in place and capable of testing through evidence of implementation pursuant to policies and procedures to determine if the controls that were communicated are both in place and operationally sound.
- Reviewed whether the Board of Directors and key management personnel are adequately involved and notified of key risks and control issues on a timely basis, and assisted in the refinement of the internal control structure to ensure that mechanisms are in place to ensure that these key personnel are appropriately informed and involved.
- Evaluated the procurement and budgeting processes to ensure that they are reasonable, meet appropriate requirements and/or best practices, and require appropriate oversight throughout the process.
- Assessed applicable human resource related practices to determine if they facilitate the Trust's interest in maintaining an adequate control environment by providing a foundation for the integrity and ethical values of the Trust and they have appropriate continuing training and development of personnel to reinforce such values.

In Phase IV, the Consultant will be expected to complete the Tasks developed in Phase III utilizing the outputs from Phase III and meet the following deliverables:

- Perform and conclude on test of design and operational effectiveness for those previously untested controls which management has identified as having been remediated.
- Formulate findings and recommendations based on such test results and obtain management's remediation responses thereto.
- Revise the existing key policies, procedures and accounting manual for material changes in the Trust's operating and accounting environments.
- Work with Trust personnel to track remediation activities and incorporate such activities into existing Trust documentation.
- Assist the Trust in developing an internal control manual for the Trust's use in managing and monitoring its controls on an ongoing basis.
- Provide guidance to the Trust in managing and monitoring the Trust's internal audit function.
- Update the Trust's risk assessment developed during Phase I to reflect any changes based on the current environment.
- Develop a three-year internal audit plan based on the risk assessment, to perform an ongoing, risk-based assessment of the design and operational effectiveness of internal controls.
- Execute agreed upon internal audit plan on an annual basis.
- Provide other internal controls assistance as directed by the Trust.

The Trust expects the Consultant's recommendations to be supported by findings and conclusions. The Consultant's in-depth understanding of public sector finance and accounting and the

associated issues is critical to the services provided pursuant to this procurement. The proposal should reflect the Consultant's understanding of these issues and provide discussion of how they would likely affect the Trust.

d. Minimum Qualifications

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

a. The Consultant should indicate experience in providing these services to state and municipal agencies or public/private retirement systems.

b. Note: Preference will be shown to Consultants who operate in the State of New Jersey.

2. The Consultant is required to be a member of the American Institute of Certified Public Accountants (AICPA). The Consultant should also indicate membership in any other comparable control review programs (peer review).

3. The Consultant is required to list any and all audits performed for Sarbanes-Oxley mandated compliance reviews in the last five (5) years.

4. The Consultant is required to have a minimum of \$xxxx in total annual revenues directly attributable to internal control services.

SOLICITATION SCHEDULE/PROCUREMENT SCHEDULE (SUBJECT TO CHANGE AS REQUIRED)

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| RFP published and distributed: | January 30, 2018 |
| Question Cut-Off Date: | 5:00 pm EST, February 9, 2018 |
| Response to RFP Questions: | February 14, 2018 |
| Proposals due: | 12:00 noon EST, February 28, 2018 |
| Finalists interviews in person or via conference call: | Week of, March 5, 2018 |
| Board of Directors approval: | March 8, 2018 |
| Contract term: | March 26, 2018 to February 28, 2020 with a one year option to renew |

QUESTION AND ANSWER PROCEDURE

The Trust will accept questions and inquiries from all potential bidders electronically via email. To submit a question, please email John Hansbury, Chief Budget Officer, at the following email address:

RFP@NJEIT.ORG

Please note that the “subject” line of your e-mail must specifically reference this RFP as follows: “RFP for NJEIT Internal Control Auditing Services.”

Questions should be directly tied to the RFP and asked in consecutive order, from beginning to end, following the organization of the RFP. Each question should begin by referencing the RFP page number and section number to which it relates.

Bidders are not to contact the Trust directly, in person, or by telephone concerning this RFP, only via email as described above.

The cut-off date for electronic questions and inquiries relating to this RFP is indicated on the cover sheet. Addenda to this RFP, if any, will be posted on the Trust website, www.njeit.org after the cut-off date.

Questions will be accepted until 5:00 pm EST, 2018.

III. SCOPE OF WORK

The consultant shall:

In Phase IV, the Consultant will be expected to complete the Tasks developed in Phase III utilizing the outputs from Phase III and meet the following deliverables:

1. Perform design and operational effectiveness testing of those previously untested controls that are capable of testing through evidence of implementation pursuant to policies and procedures.
2. Formulate findings and recommendations based on such test results and management’s response thereto.
3. Revise the existing policies, procedures and manuals to ensure that they are up-to-date.
4. Work with Trust personnel to track remediation activities and incorporate such activities into existing Trust documentation.
5. Assist the Trust in developing an internal control manual for the Trust’s use in managing and monitoring its controls on an ongoing basis.
6. Implement and annually assess those internal controls required of the Internal control auditor pursuant to the internal control manual within the allotted budget.

Deliverables:

Reports

Weekly Informal Reports: By the first of each week, the Consultant will provide written notice of the interviews and site visits scheduled for the next following week to the Staff Project Officer for review and approval. It will be important for the Consultant to closely coordinate the schedule for interviews and site visits with each individual’s supervisor and

the Staff Project Officer in order to minimize disruption of daily management activities.

Monthly Written Status Reports: Based on the task plan submitted with the proposal, the monthly reports should consist of two parts:

A. General narrative briefly describing progress to date and outlining reasons for any deviations from the task plan schedule. This narrative should also contain a statement indicating the status of the project in relation to time -- ahead, behind, or on schedule.

B. Status sheet indicating actual hours logged by category (i.e., project manager, senior analyst or auditor, junior analyst or auditor, etc.), by Consultant, material and supplies cost, and other costs, showing percentage of each in relation to proposal costs. Monthly reports should be in the hands of the Staff Project Officer and The Trust's Coordinator by the tenth working day following the month's end and shall be submitted for any month worked.

Draft/Final Report

A final report must evolve from a draft report prepared at least thirty (30) days prior to the submission of the final report. The draft report should contain functional area task reports, a management summary, which includes findings of operating effectiveness and efficiency, and recommendations. All reports provided to the Trust (task reports, draft report, final report) must be fully footnoted. The Trust Staff and the Consultant will review the findings of each task report at a roundtable meeting prior to the issuance of each task report to the Staff Project Officer. Task reports shall be submitted early enough in the project to allow for additional in-depth analyses and subsequent revisions. The Trust's written comments shall be submitted to the Consultant within ten (10) working days after it receives each task report so that the Consultant can consider any changes of fact, conclusions, or recommendations before completing the draft report. After review of the task reports has been completed, the Consultant will be required to prepare a draft report for review by the Trust.

The Trust requires the final report to be in a narrative form and include terminology that will be meaningful to the Trust's management and others generally familiar with the subject areas:

1. General Statement and Summary;
2. Findings and Conclusions with Respect to the Primary Objectives of the Review;
3. Recommendations, if any, relating specifically to the Task Areas. Findings, conclusions and recommendations must be justified and accompanied by adequate supporting information. The final report should consist of a chapter describing the project, a summary chapter that ties all the issues together and chapters for each Task Area.

The Trust expects an objective and balanced report to be prepared.

The Consultant shall provide the Trust with ten (10) bound copies, one electronic copy, and one unbound, copy-ready copy of the final report. In addition, the Trust shall be provided with a total of five (5) copies, one electronic copy, and one unbound, copy-ready copy of the final report.

Action Plans

It is the Trust's intent to implement the Consultant's appropriate recommendations as expeditiously as possible, and to develop a dialogue between the Trust and the Consultant regarding the proper action steps necessary to successfully implement each recommendation.

The Consultant shall be responsible for the development of action plans to implement each recommendation and will be required to review the appropriateness of the detailed action steps developed by the Trust. An example of the action plan format desired by the Trust is included with this RFP. The process of developing action plans will therefore be expected to include the following events:

1. The Consultant will be responsible for developing draft action plans which include the background, the priority, the improvement baseline intended, and the estimated one-time and annual costs and benefits for each recommendation.
2. The Trust will then be responsible for reviewing the Consultant's draft action plans, and shall prepare responses to all the action plans. Any recommendations may be considered in a future case for the Trust. The Trust's response shall include a statement addressing each recommendation, which either adopts the recommendation, adopts it with exception, or rejects the recommendation. The response shall detail steps (as well as the start date and completion date for each step) necessary to implement each recommendation adopted or adopted with exception by the Trust. For any recommendations rejected, a detailed basis for rejection shall be provided.
3. The Consultant will then be responsible for reviewing the Trust's comments and action steps and formally commenting (in the finalized action plans) on the appropriateness of the proposed implementation activities, as well as clarifying the intent of the recommendations, if necessary.
4. The Consultant shall be responsible for printing the finalized action plans and shall provide the Trust with three (3) bound copies, plus one electronic copy, and one unbound copy-ready edition for the finalized action plans.

IV. Evaluation

a. Proposal Evaluation Committee

Bid proposals will be evaluated by an Evaluation Committee composed of at least three staff

members of the Trust. The Evaluation Committee will complete its evaluation and recommend to the Board of Directors for award the responsible bidder(s) whose bid proposal, conforming to this RFP, is most advantageous to the Trust, price and other factors considered. The Evaluation Committee considers and assesses price, technical criteria, and other factors during the evaluation process.

b. Oral Presentation and/or Clarification of Bid Proposal

After the submission of bid proposals, unless requested by the Trust, contact with the Trust is limited to status inquiries only and such inquiries are only to be directed to the Project Manager. Any further contact or information about the proposal to the Project Manager or any other Trust official connected with the solicitation will be considered an impermissible supplementation of the bidder's bid proposal.

A bidder may be required to give an oral presentation to the Evaluation Committee concerning its bid proposal. The Evaluation Committee may also require a bidder to submit written responses to questions regarding its bid proposal.

The purpose of such communication with a bidder, either through an oral presentation or a letter of clarification, is to provide an opportunity for the bidder to clarify or elaborate on its bid proposal. Original bid proposals submitted, however, cannot be supplemented, changed, or corrected in any way. No comments regarding other bid proposals are permitted. Bidders may not attend presentations made by their competitors.

It is within the Evaluation Committee's discretion whether to require a bidder to give an oral presentation or require a bidder to submit written responses to questions regarding its bid proposal. Action by the Evaluation Committee in this regard should not be construed to imply acceptance or rejection of a bid proposal. The Project Manager will be the sole point of contact regarding any request for an oral presentation or clarification.

c. Evaluation Criteria

The bidder's Technical Proposals and Cost Proposals shall be evaluated separately based upon the following criteria.

d. Technical Evaluation Criteria

The evaluation committee will review all Technical Proposals in light of the major evaluation criteria and corresponding weights set forth below, which are not in order of importance:

1. Required Proposal Format. The quality of the bidder's responses, general approach and plans in meeting the requirements of this RFP. (3)
2. The bidder's detailed work plan will be evaluated for appropriateness and thoroughness. Each individual task description will be reviewed and will contribute to the overall grading of the required work plan. (6)

3. The bidder's documented experience in successfully completing contracts of a similar size and scope to the work required by this RFP, and documented experience completing similar contracts for other state and local government agencies. This includes the submission of required references. (5)

4. The qualifications and experience of the bidder's management, supervisory or other key personnel assigned to the contract, with emphasis on documented experience in successfully completing work on contracts of similar size and scope to the work required by this RFP. (5)

5. The overall ability of the bidder to mobilize, undertake and successfully complete the contract. This judgment will include, but not be limited to, the following factors: the number and qualifications of management, supervisory and other staff proposed by the bidder to complete the contract, the availability and commitment to the contract of the bidder's management, supervisory and other staff proposed and the bidder's contract management plan, including the bidder's contract organizational chart. (3)

6. The Firm's presence in New Jersey. (1)

A copy of the Procurement Ranking Sheet outlining the above criteria is included as Attachment **Exhibit X**)

e. Cost Proposal Criteria

For evaluation purposes, the bidder's Cost Proposal will be ranked according to the total price submitted on the completed Price Sheet (sample attached to this RFP).

f. Bid Discrepancies

In evaluating bids, discrepancies between words and figures will be resolved in favor of words. Discrepancies between unit prices and totals of unit prices will be resolved in favor of unit prices. Discrepancies in the multiplication of units of work and unit prices will be resolved in favor of the unit prices. Discrepancies between the indicated total of multiplied unit prices and units of work and the actual total will be resolved in favor of the actual total. Discrepancies between the indicated sum of any column of figures and the correct sum thereof will be resolved in favor of the corrected sum of the column of figures.

V. Technical Proposal

The Consultant's Technical Proposal should include the following:

Title Page bearing the RFP project title, as well as Consultant name, address, and contact information.

a. **Letter of transmittal**

State in succinct terms your understanding of the project presented in this RFP. Task descriptions are to be the guide in describing your technical plan for accomplishing the work plan. The task descriptions should be in sufficient depth to afford the Trust and its staff a thorough understanding of your work plan. The description should include an estimate of the number of hours each primary member of the review team will devote to each task, functional area, and special interest area. A proposal may be rejected if the work plan does not specifically detail how each of the task descriptions is to be accomplished.

b. Business information

1. Identification of the Consultant's form of business (whether individual, sole proprietor, corporation, non-profit corporation, partnership, limited liability company) and prime liaison (name, mailing address and telephone number) whom the Trust may contact regarding the proposal.
2. Number of years Consultant has been in business, as well as the number of years Consultant has performed the services specifically required by this RFP.
3. Statement of Consultant's intent to use subcontractors, and if so, the names and mailing addresses of committed subcontractors as well as a description of the scope and portions of the work each subcontractor will perform.
4. Disclosure of whether the Consultant has undergone within the past ten (10) years any mergers, acquisitions, sales or significant changes in partnership interests, and if so, an explanation providing relevant details. Include in this statement the likelihood of any mergers, acquisitions, sales or significant changes in partnership interests in the next three (3) years.
5. A statement of whether the Consultant or any of the Consultant's employees, agents, independent contractors, and/or subcontractors have been convicted of, pleaded guilty to, and/or pleaded *nolo contendere* to any felony, and if so, an explanation providing relevant details.
6. A statement of whether there is any pending litigation against the Consultant, and if such litigation exists, an attached opinion of counsel as to whether the pending litigation will impair the Consultant's performance in a contract under this RFP.
7. Provide a statement of whether the Consultant has filed (or had filed against it) within the past ten (10) years any bankruptcy or insolvency proceeding, whether voluntary or involuntary, or undergone the appointment of a receiver, Trustee, or assignee for the benefit of creditors, and if so, an explanation providing relevant details.
8. Provide a statement as to whether any of the Consultant's previous contracts with public agency clients were terminated prior to the expiration of the contract term, and if so, provide an explanation of the circumstances.
9. Provide a statement as to whether the Consultant or any of its officers, directors, and/or staff members proposed by the Consultant to perform work for the Trust have any possible conflict of

interest.

c. Executive summary

I. Time

For each task described in the "Scope of Services" section above, an estimate of the time required for completion shall be provided in schedule form. Show all audit tasks, the estimated hours to complete each task, and the total estimated hours to complete the audit. An estimate of the percentage of time spent on-site shall also be provided.

II. Location

The bidder should include the location of the bidder's office that will be responsible for managing the contract. The bidder should include the telephone number and name of the individual to contact.

III. Organization Chart (Contract Specific)

The bidder should include a contract organization chart, with names showing management, supervisory and other key personnel (including sub-vendor's management, supervisory or other key personnel) to be assigned to the contract. The chart should include the labor category and title of each such individual.

IV. Resumes

Detailed resumes should be submitted for all management, supervisory and key personnel to be assigned to the contract. Resumes should be structured to emphasize relevant qualifications and experience of these individuals in successfully completing contracts of a similar size and scope to those required by this RFP. Resumes should include the following:

- Clearly identify the individual's previous experience in completing similar contracts.
- Beginning and ending dates should be given for each similar contract.
- A description of the contract should be given and should demonstrate how the individual's work on the completed contract relates to the individual's ability to contribute to successfully providing the services required by this RFP.
- With respect to each similar contract, the bidder should include the name and address of each reference together with a person to contact for a reference check and a telephone number.

If an Agreement is awarded, the personnel assigned to conduct the review may not be changed without the written approval of the Trust or its designated representative. The Consultant will notify the Trust of any such requested personnel change and allow the Trust input before written approval for the change is approved.

V. Organization Chart (Entire Firm)

The bidder should include an organization chart showing the bidder's entire organizational structure. This chart should show the relationship of the individuals assigned to the

contract to the bidder's overall organizational structure.

VI. Experience Of Bidder On Contracts Of Similar Size And Scope

The bidder should provide a comprehensive listing of contracts of similar size and scope that it has successfully completed, as evidence of the bidder's ability to successfully complete the services required by this RFP. Emphasis should be placed on contracts that are similar in size and scope to the work required by this RFP, which should include any New Jersey government entity. A description of all such contracts should be included and should show how such contracts relate to the ability of the firm to complete the services required by this RFP. For each such contract, the bidder should provide two names and telephone numbers of individuals for the other contract party. Beginning and ending dates should also be given for each contract.

The bidder must provide examples of prior management audits conducted by the bidder that demonstrate its capacity to fulfill the scope of work requirements for the Trust.

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

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

VII. Financial Capability Of The Bidder

In order to provide the Trust with the ability to judge the bidder's financial capacity and capabilities to undertake and successfully complete the contract, the bidder should submit certified financial statements to include a balance sheet, income statement and statement of cash flow, and all applicable notes for the most recent calendar year or the bidder's most recent fiscal year. If certified financial statements are not available, the bidder should provide either a reviewed or compiled statement from an independent accountant setting forth the same information required for the certified financial statements, together with a certification from the Chief Executive Officer and the Chief Financial Officer, that the financial statements and other information included in the statements fairly present in all material respects the financial condition, results of operations and cash flows of the bidder

as of, and for, the periods presented in the statements. In addition, the bidder should submit a bank reference.

If the information is not supplied with the bid proposal, the Trust may still require the bidder to submit it. If the bidder fails to comply with the request within seven (7) business days, the Trust may deem the proposal non-responsive.

A bidder may designate specific financial information as not subject to disclosure when the bidder has a good faith legal/factual basis for such assertion. Bidder may submit specific financial documents in a separate, sealed package clearly marked "Confidential-Financial Information" along with the Bid Proposal.

The Trust reserves the right to make the determination to accept the assertion and shall so advise the bidder.

VIII. Program Management Approach

The bidder shall set forth its overall technical approach and plans to meet the requirements of the RFP in a narrative format. This narrative shall confirm that the bidder understands the objectives that the contract is intended to meet, the nature of the required work and the level of effort necessary to successfully complete the contract. This narrative should convince the Trust that the bidder's general approach and plans to undertake and complete the contract are appropriate to the tasks and subtasks involved. It should include a discussion of project management techniques, tools and practices, and a list of the end products that will be provided to the Trust throughout the project and at the conclusion of the project.

Mere reiterations of RFP tasks and subtasks are strongly discouraged, as they do not provide insight into the bidder's ability to complete the contract. The bidder's response to this section should be designed to convince the Trust that the bidder's detailed plans and approach proposed to complete the Scope of Work are realistic, attainable and appropriate and that the bidder's bid proposal will lead to successful contract completion.

A Contracted Management Auditing Firm will be engaged in accordance with The Trust's needs and requirements in accordance with the following process:

For this RFP each contractor shall respond with the following:

- A detailed proposal to perform the scope of work reflecting the requirements of the engagement for competitive price quotes in accordance with the audit specific requirements of section 2.0 of this Request for Proposals (RFP);
- A contract schedule that identifies the associated deliverable items to be submitted as evidence of completion of each task and/or sub-task;
- All inclusive hourly rate in addition to person-hour and/or labor category mix: A comprehensive chart showing the person-hours proposed to meet the requirements of the

request for competitive quotes. The chart shall be designed to reflect the tasks, sub-tasks, or other work elements required by the request for competitive quote. The chart shall set forth, for each task, sub-task or other work element, the total number of person-hours, by labor category, proposed to complete the contract. The hourly rates used for each labor category shall be the all-inclusive hourly rates specified in the contract; and

- A firm fixed price for the engagement based on the contract's all inclusive hourly rates and chart detailed above.

The Trust will review the responses and award the engagement to the contractor that offers the best value, price and other factors to the Trust.

SUBMISSION OF BID PROPOSAL

In order to be considered for award, the bid proposal must be received by the Trust at the appropriate location by the required time. **ANY BID PROPOSAL NOT RECEIVED ON TIME AT THE LOCATION INDICATED BELOW WILL BE REJECTED. THE DATE AND TIME IS INDICATED ON THE COVER SHEET. THE LOCATION IS AS FOLLOWS:**

**NJEIT OFFICES
3131 PRINCETON PIKE
BUILDING 4, SUITE 216
LAWRENCEVILLE, NEW JERSEY 08648**

Directions to the Trust can be found at the following web address: www.njeit.org.

ACCEPTANCE

After receipt of proposals, the Trust may request certain firms bidding on the project to appear before the Trust and the staff to provide an oral proposal briefing and to respond to questions. If an oral briefing is required, it will take place during the week of **March 5, 2018**. It is anticipated that the evaluation phase of the project will take six months to complete and culminate in the publication of a final report and a Management Audit Action Plan (MAAP) report. The project will begin on or about **March 26, 2018**. If the bidder thinks additional time is needed, justification should be supplied along with an estimate of additional time.

Appointment of the Internal Controls Audit Firm by the Trust is contingent upon the execution of an Agreement for Internal Controls Auditing Services. A sample contract is attached as Appendix **Exhibit B**.

PROPOSAL PREPARATION AND SUBMISSION

GENERAL

The bidder is advised to thoroughly read and follow all instructions contained in this RFP, in

preparing and submitting its bid proposal.

BID PROPOSAL DELIVERY AND IDENTIFICATION

In order to be considered, a bid proposal must arrive at the Trust Offices in accordance with the instructions included in this Request For Proposals.

Trust procurement rules mandate that late bid proposals are ineligible for consideration.

NUMBER OF BID PROPOSAL COPIES

The bidder must submit **one (1) complete ORIGINAL bid proposal**, clearly marked as the “ORIGINAL” bid proposal. The bidder should submit **three (3) full, complete and exact copies** of the original. The copies requested are necessary in the evaluation of the bid proposal. A bidder failing to provide the requested number of copies will be charged the cost incurred by the Trust in producing the requested number of copies. It is suggested that the bidder make and retain a copy of its bid proposal.

BID PROPOSAL CONTENT

Each proposal should be economically prepared, with emphasis on completeness and clarity of content. A proposal, as well as any reference material presented, must be written in English and charts, spreadsheets, and oversize exhibits are permissible. All proposal pages must be numbered.

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

The Technical Proposal should be submitted in one volume and that volume divided into three (3) sections with tabs (separators), and the content of the material located behind each tab, as follows:

- **Section 1 - Forms**
- **Section 2 - Technical Proposal**
- **Section 3 - Organizational Support and Experience**

Each Consultant must submit its Technical Proposal to the Trust in a sealed package that is clearly marked “Technical Proposal in Response to RFP for Internal Controls Audit Services -- Do Not Open.” The package must contain:

- One (1) original and three (3) hard copies of the Technical Proposal;
- One (1) electronic “soft” copy (on a flash drive/stick) of the Technical Proposal – one folder containing the technical proposal in Microsoft Word format as submitted, and second folder containing the technical proposal in PDF format.

Each Consultant must submit its Cost proposal to the Trust in a separate sealed package that is

clearly marked "Cost Proposal in Response to RFP for Internal Controls Audit Services -- Do Not Open." The package must contain:

- One (1) original and three (3) hard copies of the Cost Proposal;
- One (1) electronic "soft" copy (on a flash drive/stick) of the Cost Proposal – containing the cost proposal as submitted in Microsoft Word and Excel format.

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

"Contains Separately Sealed Technical and Cost Proposals for RFP for Internal Controls Audit Services "

The Trust must receive all written proposals in response to this RFP at the address specified in Section 1. **NOTE:** a Consultant may not deliver a proposal orally or by any means of electronic transmission.

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

IX. Attachments

a. Specific to RFP

- i. Ranking Criteria
- ii. Price schedule
- iii. Standard Terms and Conditions

b. Required Forms

- i. Ownership Disclosure Form
- ii. Disclosure of Investigations/Actions
- iii. MacBride Principles Certification
- iv. Disclosure of Investment Activities in Iran
- v. Affirmative Action Forms
- vi. NJ business registration certification (or interim registration) (N.J.S.A. 52:32-44)
- vii. Political contributions (Pay-to-Play); E.O. No. 117
- viii. Political Contributions Form for ELEC (N.J.S.A. 19:44A-20.13)
- ix. Certification of U.S. based work (E.O. No. 129 McGreevey)

c. Emergency Preparedness

The Trust recognizes and acknowledges that the protection of its assets and business operations is a major responsibility to its employees, business associations, and other communities that it services. The Trust must be sure that all essential Consultants/contractors that provide critical business services to the Trust have planned for unforeseen emergencies and or disasters and that all aforementioned Consultants/contractors have a Business Continuity and Disaster Recovery Plan in place. To that end the Trust is requiring all bidders to provide responses to the following:

1. Does the firm have a Disaster Recovery Plan/Business Continuity Plan in place?
2. If yes, please attach a copy of the firm's plan, or at a minimum an executive summary. How often it is updated, and what assistance if any would be available to the Trust?
3. If no, please summarize how the firm plans to deal with a catastrophic event which might disrupt the firm's business operations and services.

X. Fee Structure (Separate Envelope)

The Cost Proposal shall be submitted in an envelope separately sealed from the technical proposal and labeled with the bidder's name and "Cost Proposal".

The cost proposal shall be comprised of the bidder's completed **Price Schedule** which is included as an attachment to the RFP.

Refer to the term, **Labor Rate (Fully Loaded Firm Fixed Price)** as defined: A price that is all-inclusive of direct costs and indirect costs, including, but not limited to, direct labor costs, overhead, fee or profit, clerical support, equipment, materials, supplies, managerial (administrative) support, all documents, reports, forms, travel, reproduction and any other costs. No additional fees or costs shall be paid by the Trust unless there is a change in the scope of work.

The bidder shall provide a budget using price lines provided on the Price Schedule for this proposal. Insert a specific Consultant staff category on each line. **The budget will be used to rank the cost of bid proposals.**

The Unit Price column shall reflect the bidder's proposed means of budgeting contract work. If awarded the contract, the Unit Price column shall be the method for providing cost estimates for the engagement.

For each task described in the "Scope of Services" section above, an estimate of hours needed to complete (budget hours) shall be included on each individual consultant staff category line with the appropriate hourly rate. The total price for each consultant staff category shall be calculated by multiplying the budget hours by the hourly rate. The summation of each line of the total price column will produce the total budget estimate for the project. **A firm, total not-to-exceed cost for the audit shall be provided.**

Each bidder must hold its price(s) firm through issuance of contract to permit the completion of the evaluation of bid proposals received throughout the contract award process.

XI. Contract Terms

a. Period of Services

b. Standard Terms and Conditions

The attached Standard Contract Terms and Conditions (Appendix **Exhibit X**) are in addition to the terms and conditions set forth in the Request for Proposal (RFP) and should be read

in conjunction with same unless the RFP specifically indicates otherwise. If a bidder proposes changes or modifications or takes exception to any of the Trust's terms and conditions, modification or exception in the Trust's terms and conditions by a bidder will be a factor in the determination of an award of a contractor purchase agreement.

All of the Trust's terms and conditions will become a part of any contract(s) or order(s) awarded as a result of the Request for Proposal, whether stated in part, in summary or by reference. In the event the bidder's terms and conditions conflict with the Trust's, the Trust's terms and conditions will prevail, unless the bidder is notified in writing of the Trust's acceptance of the bidder's terms and conditions.

XII. Other Information to Be Submitted By Bidder

CONFLICT OF INTEREST DISCLOSURE

Identify any material arrangements, relationships, associations, employment or other contacts that may cause a conflict of interest or the appearance of a conflict of interest if your firm acts as consultant to the Trust.

INITIAL REQUEST FOR DOCUMENTS

The Consultant shall submit an initial information request for pertinent documents as a part of the proposal. Upon final selection of the Consultant by the Trust, the Trust shall initiate responses to the initial information request, thus enabling the Consultant to have access to the requested information during the early stages of the audit. The initial information request should be clearly prioritized and should not be overly burdensome.

WORK SPACE

Requirements for working space at the Trust's headquarters should be specified in the proposal.

PERIOD OF OFFER

A statement should be included stating that the Consultant's proposal shall remain valid for three months from the final date for submitting proposals as stated on the cover of this RFP.

9.0 PRICE SCHEDULE Date: _____

INTERNAL CONTROLS AUDITING SERVICES: NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

Bidder's Name: _____

The bidder shall consider all pertinent contractor responsibilities as contained in Scope of Services section of the RFP when presenting the Price Schedule as part of the overall proposal. Please insert a specific Consultant staff category on each line.

| Price Line | Consultant Staff Category - Labor Rate (Fully Loaded Firm Fixed Price) | Unit | Unit Price | Budget Hours | Total Price* |
|------------|---|------|------------|--------------|--------------|
| 1 | | Hour | | | \$ |
| 2 | | Hour | | | \$ |
| 3 | | Hour | | | \$ |
| 4 | | Hour | | | \$ |
| 5 | | Hour | | | \$ |
| 6 | | Hour | | | \$ |
| 7 | | Hour | | | \$ |
| 8 | | Hour | | | \$ |
| 9 | | Hour | | | \$ |
| 10 | | Hour | | | \$ |
| 11 | | Hour | | | \$ |
| 12 | | Hour | | | \$ |
| 13 | | Hour | | | \$ |
| 14 | | Hour | | | \$ |
| 15 | | Hour | | | \$ |
| 16 | Total Labor (lines 1 through 15) * | | | | \$ |

*Price used to rank bids.

For the purpose of this RFP, the bidder must price its staff using the lines provided in the Price Schedule above.

The bidder should submit a budget including Consultant staff categories (labor titles) and hourly rates for each Consultant staff category that supports and explains the firm fixed price submitted on its price schedule.

