

**Invitation to Negotiate:  
Evaluation of the Progress Made by the SBA  
Relative to its Compliance Program**

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**State Board of Administration of Florida**

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<b>Issue Date</b>	<b>May 24, 2011</b>
<b>Deadline for Questions from Respondents</b>	<b>May 31, 2011, 5 P.M. EDT</b>
<b>Deadline for SBA's Response to Questions</b>	<b>June 7, 2011, 5 P.M. EDT</b>
<b>ITN Response Deadline</b>	<b>June 14, 2011, 5 P.M. EDT</b>

**Designated Contact:**

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**NOTE: Do not contact other SBA staff regarding this proposal request. Direct all correspondence during the proposal process to the contact listed above.**

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## SECTION I - INTRODUCTION AND PURPOSE

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### A. Purpose

The Trustees of the State Board of Administration (SBA) desire a final written report identifying issues and providing an evaluation and recommendations related to the Compliance Program and its alignment to any enterprise risk management processes (ERM) within the SBA. The Respondent will be on contract with the SBA, paid by the SBA, but reporting independently to the SBA Audit Committee. The SBA Chief of Internal Audit will provide oversight to the Respondent and serve as the liaison between the Respondent, SBA Management, and the SBA Audit Committee. As always, the SBA reserves the right to withdraw the Invitation to Negotiate (ITN) or a portion of this ITN.

The successful Respondent will need to demonstrate exceptional credentials and expertise necessary to perform a Compliance Program assessment as it related to progress made by the SBA. To be considered, each Respondent's proposal must meet the standards and requirements set forth in Section IV, Proposal Requirements.

The SBA intends to enter into a contract with one (or more) Respondents selected. If a Respondent desires to work in concert with one or more other vendors, then each vendor must complete separately the Services Questionnaire and the Service Requirements Affirmation Statement set forth in this ITN in order for all vendors to be considered as Respondents for this engagement. The final fee and the basis thereof will be determined during contract review and negotiation.

The issuance of this ITN is merely the beginning of the negotiation process. Alternate means of accomplishing the requirements specified herein, with reasonable assurance of satisfactory results, will be considered and may be accepted, at the SBA's sole discretion, without further addendum to this ITN. The SBA may, in its sole discretion, enter into one or more contracts that include terms (including terms relating to pricing and services) that are materially different from the requirements of this ITN or the terms of any response submitted under this ITN. As a result, the SBA may consider any and all responses (including modifications to any response), any information obtained from oral interviews or on-site reviews (if any), the negotiation process between the SBA and one or more of the Respondents or information from any other source or alternative in determining whether to enter into one or more contracts and the terms and provisions of such contract(s). Any contract that shall serve as the agreement between the parties will be developed through the negotiation process.

The SBA may enter into negotiations with the Respondent(s) in order to achieve the most effective plan. The SBA reserves the right to negotiate concurrently or separately with competing Respondents any time after the finalists are selected. The SBA reserves the right to accept portions of a competing Respondent's response and use such portions to form an overall program in the best interest of the SBA. Furthermore, the SBA shall have the right to use any or all ideas or adaptations of the ideas presented in any response received pursuant to this ITN. Selection or rejection of a response will not affect this right. The SBA reserves the right to reject any and all responses or portions thereof. The SBA reserves the right to withdraw this ITN or a portion of

this ITN without selecting a vendor. The right of the SBA to set aside submitted proposals and re-negotiate with its existing vendors is retained without exception.

## **B. Background**

### ***Organization of the SBA***

The SBA<sup>1</sup> was established on June 21, 1928, pursuant to Chapter 14486, 1929, Laws of Florida, and was subsequently created as a constitutional body corporate on January 1, 1943. It is an agency of Florida state government that provides a variety of investment services to various governmental entities. These investment services include managing the assets of the Florida Retirement System Trust Fund, the Lawton Chiles Endowment Fund, the Local Government Surplus Funds Trust Fund, the Hurricane Catastrophe Fund, and a variety of other mandates. The assets under SBA management have a market value of \$156.8 billion as of March 31, 2011.

### ***Governing Authority***

The Governing Board of the SBA (herein referred to as the “Trustees”) is comprised of Florida’s Governor (as Chair), Chief Financial Officer (as Treasurer), and Attorney General (as Secretary). All three are elected statewide to their respective positions as Governor, Chief Financial Officer, and Attorney General.

### ***Administrative Structure***

The Trustees delegate authority to the Executive Director & CIO, who serves at the discretion of the Trustees and is responsible for managing and directing all administrative, personnel, budgeting, investment policy, and investment functions. The management of investments is conducted with assistance of the Deputy Executive Director.

### ***Independent Oversight Committees***

1. The Trustees appoint nine members to serve on the Investment Advisory Council (IAC), although the IAC currently has seven members. The IAC reviews investments made by SBA staff and makes recommendations to the Trustees regarding investment policy, strategy, and procedures. The IAC meets on a quarterly basis.
2. The Trustees appoint six members to serve on the Participant Local Government Advisory Council (PLGAC). The PLGAC provides an additional measure to ensure that the Local Government Surplus Funds Trust Fund is operated and managed in the best interest of investors. The PLGAC meets on a quarterly basis.
3. The Trustees appoint three members to serve on the SBA Audit Committee. The SBA Audit Committee assists the Trustees in fulfilling their oversight responsibilities in the areas of financial reporting, internal controls and risks assessment, audit processes, and compliance. The SBA Audit Committee meets at least on a quarterly basis.

### ***Compliance Program Assessment – Phases I and II***

In 2008 and 2009, the SBA engaged Deloitte and Touche LLP (Deloitte) to undertake an assessment of the SBA’s Compliance Program and related compliance control, monitoring, and oversight activities associated with its investment management activities, middle- and back-

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<sup>1</sup> Other information on the SBA is available online at <http://www.sbafla.com/>.

office operations, and certain other processes. The following is a summary of Phases I and II of the assessment:

**1. Compliance Program Assessment Phase I – Strategic Analysis – Investment Management Compliance Program Review**

Certain compliance and compliance-related activities were identified, assessed, and benchmarked against industry leading compliance practices. In addition, tactical recommendations were developed for the SBA to consider as it continued to evaluate its investment operations and strengthen its Compliance Program, including certain middle- and back-office support functions.

**2. Compliance Program Assessment Phase II – Governance Structure and Compliance Department Implementation**

Elements were provided for a compliance department, including overall governance model, compliance program (i.e., policies, procedures, and practices), compliance activities, and protocol for conducting an annual compliance program assessment. In addition, an implementation plan was proposed that outlined the various tasks and activities, including estimated resource requirements that may be necessary for implementation, maintenance, and sustenance of the compliance department and activities.

**C. Minimum Qualifications**

Respondents must be able to affirmatively respond to each of the following statements in order to be considered for this engagement:

1. The Respondent's key professionals, consultants, and the organization must disclose any current or potential conflict of interest that may impair the Respondent's objectivity or integrity related to the services outlined in Section II.
2. The Respondent must disclose any attestation services anticipated or currently being performed for the SBA and whether the Respondent is a member of the SBA's pool of auditors. The Respondent shall provide assurance to the SBA Audit Committee as to the level of independence for attestation services as to impairments "in fact" or "appearance" in accordance with AICPA standards.
3. The Respondent must confirm the active participation of its principal or partner and assignment of senior level staff onsite.
4. The Respondent must accept and enter into a written contract as supplied by the SBA. Final language will be negotiated in the contract negotiation phase.
5. The Respondent must confirm that, if selected, it will cooperate with agents or public body of the State of Florida as directed by the SBA Audit Committee.

6. The Respondent must confirm that, if selected, it will be available to make presentations to the SBA Audit Committee, the Trustees or other persons, bodies or organizations as determined necessary or appropriate by the SBA Audit Committee.
7. The Respondent must confirm that, if selected, it will agree that in the event the SBA, the SBA Audit Committee, or the Trustees become a party to, or involved in any litigation or other proceeding in connection with any of the services or activities contemplated by this ITN, the Respondent will cooperate with the SBA, the SBA Audit Committee, the Trustees and the court or other authority in all related matters, including, without limitation, discovery requests, providing testimony and otherwise appearing in court.
8. The Respondent must confirm that, if selected, upon the issuance of deliverables as outlined in this ITN, copies of the working papers shall be provided to the SBA upon request.

## **SECTION II: SCOPE OF WORK**

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The Trustees of the State Board of Administration (SBA) are seeking proposals from qualified providers (hereinafter referred to as Respondents) to evaluate the Compliance Program and its alignment to any enterprise risk management processes (ERM) within the SBA.

The Respondent will evaluate the progress made by the SBA as of June 30, 2011, relative to the presentation of Phases I and II of the Compliance Program Assessment completed by Deloitte, dated January 15, 2009, and June 16, 2009, respectively, including alignment with ERM within its organization. In addition, the Respondent will update the “Tactical Recommendations” with prevailing best practices related to the Compliance Program and its alignment with the ERM program.

The following deliverables are to be provided by the selected Respondent:

1. Engagement Plan  
The Respondent will provide an engagement plan to the SBA Audit Committee distributed through the SBA Chief Internal Auditor that will explain the engagement objectives, scope, and methodology to be used to reach conclusions. The engagement plan should also describe the Respondent’s resources that will be employed on the engagement, as well as the Respondent’s requirements of the SBA (e.g., security access, system access, file access, space and technology needs, appropriate staff availability) and a time line with due dates for accomplishing milestones.
2. Report Format Outline  
The Respondent must submit an outline of the report’s format within 14 days of execution of the contract for approval by the SBA Audit Committee. At a minimum, the report should include separate sections for each of the following:
  - a. An introduction which provides an overview of the following:
    - i. The purpose and role of the Compliance Program and ERM in the SBA;
    - ii. SBA’s plans and goals for using the Compliance Program and ERM; and

- iii. SBA's progress achieving its plans and goals.
    - iv. Does the system of internal controls, including the Audit Committee and Investment Advisory Council, at the SBA provide reasonable assurance that the Trustees are able to comply with their fiduciary responsibilities in accordance with state law and federal tax law?
  - b. An evaluation that the role for ERM envisioned by the SBA is consistent with accepted and prevailing industry practice.
  - c. A discussion and analysis of changes instituted by the SBA that are a result of the 2009 Compliance Program Assessment completed by Deloitte:
    - i. Operations;
    - ii. Administration; and
    - iii. Reporting.
  - d. An evaluation of the organizational structures intended to separate oversight functions from management functions, including an assessment of the independence of the Chief Compliance Officer.
  - e. Evaluating the ERM Policy and the associated Risk and Compliance Committee responsibilities.
  - f. Evaluating the periodic assessment protocols of both the Compliance and ERM programs.
  - g. The impact of statutory changes to Chapter 215, Florida Statutes, resulting from Chapter 2010-180, Laws of Florida.
  - h. An overview of actions the Trustees can pursue to ensure strong and effective risk management and fulfillment of their fiduciary responsibilities. This may include matters within existing authority, and those that require statutory changes.
3. Draft Report
- A draft report is due to the SBA Chief Internal Auditor to distribute simultaneously to the SBA Audit Committee (Contract Manager) and SBA management by October 3, 2011. The SBA Audit Committee members will be responsible for reviewing the draft and providing a list of report deficiencies within five business days. The Respondent will be responsible for resolving all deficiencies in the final report.
4. Final Report
- The final report should be delivered by 5:00 P.M. EDT on October 24, 2011.

## **SECTION III – REQUIRED INFORMATION**

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The purpose of this section is to identify information that should be submitted in response to this ITN, and the order in which it should appear in the proposal response package. Each proposal response package should include the following, in the order listed below:

### **A. Cover Letter**

The proposal shall contain a cover letter addressed to the designated contact identifying the Respondent's name and principal address. Provide the name, telephone number, and email address of a person authorized to represent the Respondent regarding all matters related to the proposal. The cover letter shall explicitly affirm the following:

1. The Respondent has thoroughly reviewed this ITN and understands the requirements and the Scope of Work to be performed.
2. The Respondent has the current capability to provide the proposed services.
3. The Respondent has reviewed the minimum qualifications set forth in Section I of this ITN and accepts/confirms each statement therein.
4. The Respondent acknowledges and accepts all terms and conditions included in this ITN.
5. A person authorized to bind the Respondent to all commitments made in its proposal is the signatory of the cover letter.

### **B. Services Questionnaire**

The Respondent shall complete and submit the Questionnaire attached hereto as Appendix I. When completing the Services Questionnaire, the Respondent must give clear, concise, quantifiable replies to all questions, restating each question in bold face type and using no smaller than 12 point font, with its response directly below. The length of the response should be limited to no more than 30 pages. Responses are expected to be brief, to contain full and fair disclosure of essential elements, and should not be redundant or contain references to an appendix or attachment. Tables and graphs are exempt from the font requirement, but must be readable. Any omitted or incomplete responses may eliminate a Respondent from evaluation.

### **C. Service Requirements Affirmation Statement**

The response shall include a signed copy of the Service Requirements Affirmation Statement attached hereto as Appendix II.



## SECTION IV – PROPOSAL REQUIREMENTS

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The purpose of this section is to indicate the terms and conditions that will govern the submission and review of proposals made in response to this ITN. The Respondent(s) selected to provide services, as part of this ITN process, will be required to enter into a contract with the SBA.

### **A. Completeness**

A response must be complete as to all terms and conditions, including the appendices, on the date submitted. Additional information submitted after the response document, or separate from the response document, will not be considered unless specifically requested by the SBA and then only to the extent requested. Incomplete responses may be eliminated from further consideration.

### **B. Requests for Modification of a Response**

A Respondent to this ITN may withdraw and modify its response prior to the response deadline specified in Section VI, only upon prior approval by the SBA. A request for modification of any response must be in writing to Florida Rivera-Alsing, Chief of Internal Audit, at the delivery address set forth in item G below and must adequately explain the reasons for the request to modify the response. If the SBA approves the request, a modified response may then be submitted. The SBA will not consider modifications offered in any other manner, whether oral or written. Under no circumstances may the Respondent modify a response unilaterally at a date or time subsequent to the response deadline specified in Section VI. The SBA may, however, permit any Respondent to modify its response after the deadline specified in Section VI, if the SBA determines that such modification is in the best interest of the SBA.

### **C. Respondent Guarantees**

All terms and conditions submitted in response to this ITN (all parts) must be guaranteed to remain effective and may not be changed, amended, modified, qualified, or otherwise altered by the selected Respondent(s) for a period beginning on the date of the response filing deadline for this ITN, and ending at the conclusion of the contract. All fees and charges, as proffered in response to this ITN must be guaranteed for the term of the contract.

### **D. Request for Clarification of this ITN**

All questions regarding the clarification of any requirement, standard, or question in this ITN must be received, in writing, by the SBA no later than **May 31, 2011, 5:00 P.M. EDT. Oral requests for clarification will not be accepted.**

Requests for clarification should be sent via e-mail to [florida.rivera-alsing@sbafla.com](mailto:florida.rivera-alsing@sbafla.com).

The SBA reserves the right to accept or reject any or all requests for clarification, either in whole or in part, and may require requests to be clarified or supplemented through additional written submissions. Respondents will be notified in the event of rejection of a request for clarification.

Written requests for clarification accepted by the SBA, along with the corresponding responses, will be posted on the SBA website at [www.sbafla.com](http://www.sbafla.com) under “Vendors.” Respondents unable to download responses should direct their requests for hard copies via e-mail to [florida.rivera-alsing@sbafla.com](mailto:florida.rivera-alsing@sbafla.com), or the delivery address, as provided in item G below. Such responses shall be considered an addendum to and, as such, an integral part of this ITN.

The SBA does not guarantee the validity or reliability of information obtained from other sources. If it becomes necessary to revise any part of this ITN, an addendum will be posted on the SBA website at [www.sbafla.com](http://www.sbafla.com) under “Vendors,” and may be provided directly to the Respondents/Finalists. **The Respondent is responsible for checking the website for any addendums or updates.**

#### **E. Response Deadline**

To be considered for this engagement, a Respondent must submit a proposal that demonstrates the ability to comply with Section III this ITN no later than 5:00 P.M. EDT on **June 14, 2011**. Please submit nine bound copies of your response, one unbound original document, and an electronic copy of your response on a CD in PDF format. Submit these responses to the SBA at the delivery address as provided in item G below. The SBA accepts no responsibility whatsoever for failure to deliver or late delivery by postal or commercial courier services. Failure by the postal or commercial courier services to meet the response deadline may result in disqualification.

#### **F. SBA and SBA Audit Committee Not Liable for Respondent’s Cost**

Neither the SBA nor the SBA Audit Committee shall be liable or responsible for any costs incurred by any Respondent responding to this ITN or prior to the issuance of a contract. The SBA shall pay all costs incurred by the selected Respondent(s) after the issuance of the contract in accordance with the applicable compensation schedule as agreed upon by the SBA and the successful Respondent(s). The SBA will not pay expenses and costs incurred outside the scope of the applicable compensation schedule.

#### **G. Delivery Address**

Florida Rivera-Alsing, Chief of Internal Audit  
State Board of Administration of Florida  
1801 Hermitage Boulevard, Suite 100  
Tallahassee, Florida 32308

#### **H. Respondent’s Responsibility**

Each Respondent should be familiar with the service requirements and the work to be performed before submitting a response. All proposals shall remain valid for at least 180 days from the date of submission.

#### **I. Oral Presentation**

Respondents that submit a proposal in response to this ITN may be required to give an oral presentation(s) of their proposals to the Evaluation Team and the SBA Audit Committee. Should

oral presentations be entertained, each selected Respondent will be given an opportunity to clarify or elaborate on its proposal. The Evaluation Team and the SBA Audit Committee will determine the occurrence, date, time, and location of such presentation(s), if needed.

#### **J. Disclosure of Proposal Contents**

All material submitted by Respondents shall become the property of the SBA and will not be returned. Responses submitted may be reviewed and evaluated by persons designated by the SBA, in its sole discretion. Each Respondent understands and agrees that all documents and records made and received by the SBA in connection with this ITN or any official business of the SBA are public records and must be furnished and disclosed to any person under a request to inspect or copy such documents or records, pursuant to Chapter 119, Florida Statutes. If information is provided that could reasonably be ruled a “trade secret” as defined in Section 812.081, Florida Statutes, include such information in a separate attachment clearly marked – “Trade Secret Information.” Include a table of contents within this attachment with a detailed listing of, and explanation for, EACH item marked as a “trade secret.” Designation of items as “trade secret” by Respondents is not dispositive and does not guarantee that the items will not ultimately be disclosed pursuant to Chapter 119, Florida Statutes. Florida places a high priority on the public’s right of access to governmental meetings and records.

By submitting a response, each Respondent further understands and agrees that the SBA shall have the right to use any and all information, records, documentation, or items, including any derivation or adaptation thereof or knowledge gained thereby, presented by any Respondent in any response, during any oral presentation, or otherwise in connection with this ITN in negotiating and entering into any contract or for any purpose. The SBA shall have such rights regardless of whether the SBA enters into any contract with such Respondent or any Respondent under this ITN, successfully negotiates any contract with any Respondent, rejects any or all responses to this ITN, amends or withdraws this ITN at any time, or otherwise satisfies its needs through alternative means.

#### **K. Rejection of Proposals; SBA Right to Amend and/or Withdraw ITN**

The Evaluation Team will be the sole judge of the Respondent’s responsiveness to this ITN and reserves the right to reject, in whole or in part, any or all responses, with or without cause, without incurring any liability whatsoever. The Evaluation Team may also waive any material or immaterial defect in a response or deviation from the requirements of this ITN. Any waiver exercised under this section will not modify any provision of this ITN.

The SBA, in its discretion, reserves the right to amend and/or withdraw this ITN at any time and for any reason. The SBA Audit Committee retains sole discretion to decide not to utilize the services of the selected Respondent. Issuance of this ITN in no way constitutes a commitment by, or obligation of, the SBA to enter into any contract.

#### **L. Contract Execution**

After selection of the finalists, the SBA will enter into contract negotiations with the selected Respondent(s) to finalize terms, fees, and conditions. This ITN and the selected Respondent(s)

proposal(s), or any part thereof, may be included in and made a part of the final contract. The resulting contract and all attachments shall be considered a public document.

If, in the opinion of the SBA, an acceptable contract with the selected Respondent(s) cannot be reached, the SBA reserves the right to negotiate with the next preferred Respondent.

#### **M. Contract Term**

The term of the contract is anticipated to be until the issuance of all deliverables as outlined in this ITN. The contract will be subject to termination by the SBA upon written notice given under the terms and conditions of the contract.

#### **N. False or Misleading Statements**

Any response which contains false or misleading statements, or which provides references which do not support an attribute, condition, or capability claimed in the response document, will not be considered by the SBA or the SBA Audit Committee if, in the opinion of the SBA or the SBA Audit Committee, such false or misleading statement was intended to mislead the SBA or the SBA Audit Committee in its evaluation of the response.

#### **O. Collusion**

By responding, the Respondent represents that the proposal is not made in connection with any competing Respondent submitting a separate response to this ITN and is in all respects fair and without collusion or fraud. It is further represented that the Respondent did not directly or indirectly induce any party to submit a false or sham proposal or to refrain from proposing. In addition, the Respondent represents that it did not participate in this ITN development process, had no knowledge of the specific contents of this ITN prior to its issuance, and that no employee of the SBA participated directly or indirectly in the Respondent's proposal preparation.

#### **P. Conflicts of Interest**

The Respondent must disclose within its proposal whether any officer, director, employee, or agent is also a current or former employee of the SBA. All Respondents must further disclose any factors, financial or otherwise, known to them which may give rise to a conflict of interest between the Respondent and the SBA and its employees, or have the effect of impacting the ability of the Respondent to meet its responsibilities, duties, and obligations to the SBA, as set forth in this ITN.

#### **Q. Quiet Period**

The Respondent (its agents, officers, principals, and employees, including any individual assisting the Respondent in this process) will not engage in any written or verbal communication during the "selection period" (defined below) with the SBA (including the Trustees, the Trustees' staff, the SBA Executive Director & CIO, the Evaluation Team, or any SBA employee, whether or not such individual or employee is assisting in the selection of the Respondent) or the SBA Audit Committee regarding the merits of the Respondent, or regarding whether the SBA

should retain or select the Respondent. An exception is given for the Procurement Manager and designated members of the Evaluation Team. Any unauthorized contact may disqualify the Respondent from further consideration. Normal business communications are allowed for current SBA service providers who are also ITN respondents.

The Respondent will not engage in any lobbying efforts or other attempts to influence the Trustees, the Trustees' staff, the SBA Executive Director & CIO, the Evaluation Team, SBA employees, or the SBA Audit Committee in an effort to be selected. Any and all such efforts made by the Respondent or its agents, officers, principals, employees, or lobbyists will be disclosed to the SBA Executive Director & CIO and the Chair of the SBA Audit Committee within five calendar days of its becoming known.

The "selection period" for this ITN begins on May 24, 2011, and will continue until the final selection has been announced or the selection process is otherwise concluded.

Nothing herein shall preclude the SBA from seeking clarification about the substance of the response to this ITN within the time frame as provided herein. Nothing herein shall preclude a Respondent from seeking a request for clarification as provided herein.

#### **R. Further Instructions and Conditions**

1. All responses to this ITN must conform to these instructions. Failure to conform may be considered appropriate cause for rejection of the response.
2. Terms and conditions of this ITN – Submission of a response indicates the Respondent's acceptance of the conditions contained in this ITN, unless clearly and specifically noted in the response submitted and confirmed in the contract between the SBA and the Respondent selected.
3. Conformance with statutes – Any contract awarded as a result of this ITN must be in full conformance with statutory and other legal requirements of the State of Florida.
4. Timing and sequence – The timing and sequence of events resulting from this ITN will be determined solely by the SBA, and may be modified by the SBA at its sole discretion.
5. Oral agreements – No oral response, offer, or other discussion between a Respondent and the SBA or any employee of the SBA shall constitute a valid contract or agreement. All contracts must be in writing and signed by the parties. Any alleged oral agreement or arrangement made by a Respondent with the SBA, any employee of the SBA, or the SBA Audit Committee shall be superseded by the written contract between the SBA and such Respondent.
6. Amending or canceling requests – The SBA reserves the right to amend or cancel this ITN, at any time, at its sole discretion.
7. Rejection for default or misrepresentation – The SBA reserves the right to reject the response of any Respondent that is in default of any prior contract, for misrepresentation or otherwise, as may be determined by the SBA (or its designee).

8. Clerical errors in awards – The SBA reserves the right to correct inaccurate awards resulting from its clerical errors.
9. Respondent’s presentation of supporting evidence – A Respondent, if requested, must be prepared to present evidence of experience, ability, service facilities, and financial standing necessary to satisfactorily meet the requirements set forth or implied in its proposal.
10. Right to reject previous vendors – The SBA reserves the right to reject a proposal by a Respondent that has previously provided work to the SBA or whose personnel includes individuals previously rejected by the SBA for services.
11. Corrections and changes – Any corrections or changes to this ITN will be issued by the SBA, identified as a correction or change, and posted on the SBA website. Corrections or changes made in any other manner will not be binding. It is the responsibility of the Respondent to obtain all corrections and changes.
12. Dispute resolution – The contract shall not include binding arbitration provisions, such as those typically found in Alternative Dispute Resolution Procedures.
13. Respondent’s credentials – The SBA may make such investigations, as deemed necessary, to determine the ability of the Respondent to perform the services specified in this ITN. The SBA reserves the right to reject any response if the evidence submitted by, or investigation of, the Respondent fails to satisfy the SBA that the Respondent is properly qualified to carry out the anticipated obligations.
14. Proposal content and format – In determining the capabilities of a Respondent to perform the services specified herein, the information required in this ITN must be provided by the Respondent and will be weighed by the Evaluation Team as indicated in the evaluation process. Each requirement must be thoroughly addressed. **Taking exception to any requirement listed in this ITN may disqualify the Respondent.**

## SECTION V – EVALUATION CRITERIA

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The SBA Audit Committee will appoint an Evaluation Team. The Evaluation Team will evaluate the written responses to this ITN and additional written information, as requested, by assigning a score for each category in the table below for each Respondent. The scoring by each member of the Evaluation Team will be aggregated to establish an overall ranking to create a short list of Respondents to be provided to the SBA Audit Committee. The SBA Audit Committee has the sole discretion to determine which Respondents are to be interviewed. Using the scoring and evaluation process, the Evaluation Team may designate one or more firms as a short list of Respondents. The Evaluation Team along with the SBA Audit Committee will conduct interviews of the short-listed Respondents at the offices of the SBA in Tallahassee, Florida. **Commitments made by the Respondents at the interviews will be considered binding.** Upon conclusion of these interviews, the SBA Audit Committee may commence negotiations as contemplated in this ITN with any or all of the short-listed Respondents, either concurrently or separately in the sole discretion of the SBA Audit Committee, to come to a mutual agreement of any such Respondent on its best and final contract price, service package, and other contractual terms as may be required by the SBA. During the negotiations, the SBA Audit Committee

intends to evaluate fee proposals, service levels, terms of performance and other contract terms within the context of each Respondent's complete response (i.e. written response, additional information submitted by a Respondent, and interview), fee evaluation and any other information available to the Evaluation Team and the SBA Audit Committee from any other source or alternative.

The members of the SBA Audit Committee and the Evaluation Team will assign a score for each category in the table below for each Respondent that reflects their judgment based on information received through participation in the interviews and review of any original responses and supplemental information provided by the Respondent. The Evaluation Team will have the opportunity to modify their initial scores as a result of interviews. The scoring by each member of the SBA Audit Committee and the Evaluation Team will be aggregated to establish an overall ranking. The SBA Audit Committee shall present to the Executive Director & CIO a recommendation that the SBA enter into one or more agreements on behalf of the SBA Audit Committee with one or more Respondent(s).

The evaluation will utilize the following broad scoring categories:

Experience, Qualifications, and Resources	50%
Approach and Method	20%
Understanding of the Engagement and Requirements	10%
Cost-Effectiveness of Fee Proposal	20%
Total	100%

The SBA supports and encourages firm diversity and participation of small business enterprises, including those owned by women, minorities, and service disabled veterans in the procurement of contractual services, as defined in Sections 288.703 and 295.187, F.S.

**The SBA will not be required to select the lowest-cost Respondent.**

## SECTION VI – TIME LINE

The time line of the search and evaluation process, as currently planned (subject to change at the sole discretion of the SBA without liability), is as follows:

May 24, 2011	ITN Issued
May 31, 2011 (5 P.M. EDT)	Deadline for Questions from Respondents
June 7, 2011 (5 P.M. EDT)	Deadline for Issuance of SBA's Responses to Questions
June 14, 2011 (5 P.M. EDT)	ITN Response Deadline
June 27, 2011	Selection of Finalists
July 5, 2011	Oral Presentations (if needed)
July 18, 2011	Final Selection

Note: The SBA reserves the right to change this ITN time line. Respondents will be proactively notified.

## APPENDIX I: SERVICES QUESTIONNAIRE

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Responses to each item below should appear in the same order as listed in this ITN. Please restate each item at the beginning of an answer. Your entire response should be limited to no more than 30 pages using no smaller than 12 point font. The SBA requires direct answers to each item and does not require generalized marketing information.

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- A. Give a brief overview of your firm: firm's history, year founded, services the firm provides, ownership structure, location of firm's headquarters, and the resources it has available to perform the services outlined in Section II of this ITN. Also, provide your firm's contact information.

Firm name:

Contact person (name, title):

Address:

Telephone/fax:

E-mail/website:

- B. If the Respondent is a firm/corporation,
- Provide the names and locations of key personnel<sup>2</sup> who will be assigned to this engagement and provide a résumé on each person, including any other professional or academic qualifications and experience specific to this engagement, and their length of employment with the firm. Also, provide three references from clients that are familiar with the partners to be assigned to the engagement.
  - Provide the names and qualifications of any needed outside specialists and consultants that will assist the firm's staff members.
- C. If the Respondent is a sole proprietor, state the name of the individual responsible for the engagement and provide a résumé including any other professional or academic qualifications and experience.
- D. Describe any plans to use subcontractors or third parties. The SBA reserves the right to approve any subcontractors.
- E. Describe your firm's experience in providing advisory services to large public pension funds and/or investment management firms, primarily relating to assessments of compliance programs and ERM.
- F. Describe your firm's methodology, approach, tools, and resources to be used to complete the Scope of Work described in Section II.

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<sup>2</sup> The list of key personnel should include the manager/s who will be assigned to the engagement.



G. Describe your understanding of the deliverables discussed in Section II, in particular 2.a.iv., 2.f., 2.g., and 2.h.

H. Describe how much assistance you expect from the SBA.

I. Disclose whether any officer, director, employee, consultant, or agent is also a current or former employee of the SBA. All Respondents must further disclose any factors, financial or otherwise, known to them which may give rise to a conflict of interest between the Respondent and the SBA and its employees or between the Respondents and any member of the SBA Audit Committee, or have the effect of impacting the ability of the Respondent to meet its responsibilities, duties and obligations to the SBA, as set forth in Section II.

J. Set forth a fee proposal for the services outlined in Section II.

- The proposal must state the total all-inclusive fee for which the advisory services will be done. The proposed total all-inclusive fee is to contain all direct and indirect costs including all out-of-pocket expenses.
- The fee proposal should include the projected number of professional staff hours estimated to complete the services by staff level, the hourly rate, out of pocket expenses and the resulting total fee.
- If your firm prefers a different fee structure, you may provide it as a supplemental fee proposal to that described above.

If the nature of the engagement requires services in addition to those necessary to complete the engagement, a supplemental letter will be provided by the SBA which reflects the services mutually agreed upon by the SBA Audit Committee and the Respondent.

**The fee proposal will be a factor in the selection process. However, the SBA is not required to select the lowest bidder.**

K. Describe the levels of coverage for errors and omissions insurance and/or professional liability insurance your company carries. List the insurance carriers, insurance type, and coverage amounts.

L. Provide information on any litigation or administrative proceeding, as it relates to providing advisory services, to which your firm was a party, within the last five years. Provide information on any other litigation or administrative proceeding which could impact your firm's ability to provide the services outlined in this ITN. Is your firm currently being, or has it been, investigated by the Florida Department of Financial Services, the Attorney General of the State of Florida, or any other court or regulatory body, within the last five years? If yes, please explain. Describe any disciplinary action taken or pending against your firm during the past five years with state regulatory bodies or professional organizations.

- M. Each Respondent shall disclose any and all known or threatened material lawsuits, legal or administrative proceedings or governmental investigations, criminal actions or law enforcement activities (including those by federal, state or local authorities, or self-regulatory organizations) or non-routine Securities and Exchange Commission inquiries or investigations relating to Respondent or any of Respondent's affiliates, including any proceedings to which Respondent, its affiliates, or any of their respective officers, directors or employees, is a named party or of which any of such has been the focus. Is the Respondent aware of any activities of its firm, its affiliates, or their respective officers, directors or employees that are likely to result in any of the above investigations or proceedings? Please list and describe any such proceedings or actions that have occurred in the last five years, including whether Respondent or any of its affiliates, or their respective officers, directors, or employees, has been censured by any regulatory body.
- N. In the last five years, has Respondent, its principals or any of Respondent's affiliates submitted a claim for errors and omissions, fiduciary liability and/or fidelity bond insurance coverage? If yes, please explain and provide details.
- O. List and describe audit work currently being performed for the SBA or any entity under the oversight of the SBA, and why the services outlined in Section II would not impair the Respondent's independence in performing the audit work.
- P. Disclose whether any officer, director, employee, consultant, or agent is also a current or former employee of the SBA. All Respondents must further disclose any factors, financial or otherwise, known to them which may give rise to a conflict of interest between the Respondent and the SBA and its employees or between the Respondents and any member of the SBA Audit Committee, or have the effect of impacting the ability of the Respondent to meet its responsibilities, duties, and obligations to the SBA, as set forth in this ITN.
- Q. Provide three client references for which the Respondent has performed, and completed, services similar to the services outlined in this ITN. Include relevant contact information for the clients and services performed for them.

## APPENDIX II: SERVICE REQUIREMENTS AFFIRMATION STATEMENT

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By inclusion and execution of the statement provided herein, each Respondent shall certify that:

- The selection of the Respondent will not result in any current or potential conflict of interest with the SBA or the SBA Audit Committee. Alternately, should any potential or existing conflict be known by the Respondent, the proposal shall specify the party with which the conflict exists or might arise, the nature of the conflict, and whether the Respondent would step aside or resign from that engagement creating the conflict.
- The proposal is made without prior understanding, agreement, or connection with any corporation, Respondent, or person submitting a proposal for the same services, and is in all respects fair and without collusion or fraud.
- The selection of the Respondent will not violate Section 215.684, Florida Statutes, which prohibits the SBA from selecting certain providers that have been convicted of or entered a plea of nolo contendere to fraud within a period of two years of such conviction.
- The Respondent and the agents, officers, principals, and professional employees thereof have not and will not participate in any communication prohibited in this ITN.
- The Respondent's responses to this ITN are those of the Respondent and have not been copied or obtained from any other Respondent responding to any other ITN or competitive proposal whether in Florida or elsewhere either in the past or present.

*The Respondent hereby agrees to abide by all conditions of this ITN for an evaluation of the progress made by the SBA relative to its Compliance Program, and I hereby certify that all information provided in this response is true and correct, that I am authorized to sign this response for the Respondent, and that the Respondent is in compliance with all requirements of this ITN.*

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Authorized Signature (Manual)

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Name and Title (Typed)

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Date (Typed)