

**EDGE Fund
BOARD OF INVESTORS**

**REQUEST FOR PROPOSALS (RFP)
FOR
AUDITING SERVICES**

EDGE RFP No. 08-06

July 1, 2008

**EDGE Fund
BOARD OF INVESTORS
c/o Oklahoma State Treasurer
2300 N. Lincoln Boulevard, Room 217
Oklahoma City, OK 73105**

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1. GENERAL INFORMATION

1.1 Introduction

In June 2006, the people of the State of Oklahoma enacted Senate Bill 99xx as set forth in Section 47 of Title 62 of the Oklahoma Statutes. This new provision created a trust fund for Economic Development Generating Excellence to be known as the EDGE Fund. The investment management of this Trust Fund is vested in a five person Board of Investors chaired by the State Treasurer. The remaining members of the Board are appointed by the Governor, State Auditor and Inspector, the President Pro-Tem of the Senate and the Speaker of the House of Representatives.

Earnings from the Trust Fund may be expended for projects and programs which will increase private and public applied research and development, technology transfer and technology commercialization in Oklahoma. A different board, called the EDGE Fund Policy Board, makes all spending decisions for the earnings.

1.2 Background

Legal Authorization

The Board of Investors is charged with the investment of the Trust Fund. In addition to managing the assets of the Fund, the Board of Investors will certify the amount of funds available for expenditure each year. This expenditure is limited to not more than 5% of the assets of the Fund.

Support Services

The Board is staffed by the Oklahoma State Treasurer's office. The Board has retained Bank of Oklahoma as the custodial bank and Gregory.w.group as investment consultant for the Fund. The Board has retained four investment managers: Rhumblin, Juluis Baer, Axia and Westwood.

1.3 Description of Services

A. Purpose

The purpose of this Request for Proposal (RFP) is to solicit bids from qualified independent auditors having sufficient governmental accounting and auditing experience in performing an audit in accordance with Government Auditing Standards.

The specific details shown herein shall be considered minimum unless otherwise shown. The specifications, terms and conditions included with this RFP shall govern in any resulting contract unless approved otherwise in writing by the Board of Investors of the EDGE Fund.

B. Type of Audit

The audit is to be conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

1.4 Minimum Qualifications

Respondents to the RFP must meet all of the following minimum qualifications and requirement to be given further consideration. **FAILURE TO SATISFY ALL OF THE FOLLOWING WILL RESULT IN THE REJECTION OF A PROPOSAL.**

- A. The audit firm must be a professional certified public accounting firm showing evidence of good standing for the principal auditor (copy of annual permit issued by the Oklahoma Accountancy Board) and registered with the Oklahoma Accountancy Board as qualified to perform governmental audits in accordance with Government Auditing Standards.
- B. The audit firm must have conducted, within the last five (5) years, at least three (3) audits of State governmental agencies and/or similar Endowment Trust Funds.
- C. The audit firm must be technically and professionally capable of providing services with adequate levels of staffing and supervision.
- D. The audit firm must show its independence by addressing any known or potential conflicts of interest.

1.5 Scope of Services

- A. The initial audit will be for the period beginning July 1, 2007 and ending June 30, 2008. Terms of the contract may extend auditing services for four additional one-year terms.
- B. The audit will consist of the combined statements of the investment activities of the Board of Investors and the spending activities of the Policy Board.
- C. The audit shall be conducted in accordance with Government Auditing Standards and any other applicable procedures for the audit of a government's financial statements prepared in accordance with Generally Accepted Accounting Principles.
- D. As a major fund of the State of Oklahoma, the EDGE Fund is presented as a separate column in the State of Oklahoma's Comprehensive Annual Financial Report. Accordingly, GASB 34 must be followed.
- E. It is anticipated that the staff of the State Treasurer will provide support in both the preparation of audit schedules along with the preparation of combined financial statement drafts for final processing by the auditor.
- F. Any pertinent State Agency and the Office of the State Auditor and Inspector will have the right to examine audit work papers and other records relevant to the examination.
- G. The audit firm will be responsible for delivering 20 bound copies of the audit report and the financial statements to the State Treasurer's Office. Additionally, the audit firm will be required to present the results of the audit to the Board at their November meeting. Audits of fiscal years must be completed by September 30.
- H. The audit firm will be required to retain all work papers and other records relevant to the examination for a period of three years following the completion of the contract term.

1.6 RFP Responses

- A. Audit firms may submit questions in writing as to the intent or clarity of this RFP by 3:30 PM Central Standard Time (CST) *July 7, 2008*. All written questions should be addressed to Susan.Bateman@osf.ok.gov or

EDGE Fund
c/o Ms. Susan Bateman
Oklahoma State Treasurer
2300 North Lincoln Boulevard, Room 217
Oklahoma City, OK 73105

Written responses to all audit firm's written questions will be emailed by *July 14, 2008*.

- B. All cost of preparation and presentation material associated with any response to this RFP will be the responsibility of the audit firm.
- C. Each audit firm shall deliver six (6) hard copies of the proposal and one (1) copy of the proposal on a CD by 3:30 PM Central Standard Time (CST) *July 25, 2008*. Proposals must be signed by an individual with the authority to commit the audit firm, and the authority of the individual signing must be stated with the signature. Additional copies of the proposal may be required from firms selected for interviews or presentations to the Board, which must be exact duplicates of the original response. Proposals should be sent to:

EDGE Fund
c/o Ms. Susan Bateman
Oklahoma State Treasurer
2300 North Lincoln Boulevard, Room 217
Oklahoma City, OK 73105

2. BASIC CONTRACT TERMS

2.1 Term of Contract

The contract will be for one year, with an option to renew the contract for each of the next four years. The initial contract period will be for fiscal year ending June 30, 2008 (FY08).

2.2 General Terms and Conditions

- A. This solicitation and any resulting contract shall be governed in all respects by the laws of the State of Oklahoma, and any litigation with respect thereto shall be brought in the District Court of Oklahoma County, Oklahoma. The auditing firm shall comply with all applicable federal, state, and local laws, rules and regulations.
- B. The State of Oklahoma and its agencies are constitutionally barred from limiting the liability of a private vendor. Agencies are similarly prohibited from holding a private entity harmless from liability or providing indemnity to a private entity. The contract between the successful auditing firm and the EDGE Fund will not have any such terms.

2.3 Termination of Contract

The contract may be terminated by either party upon written notice 30 days before termination.

3. PROPOSAL REQUIREMENTS AND INFORMATION

3.1 Proposals must include:

- A. Affirmation of understanding of the audit scope and required completion date.
- B. Evidence of good standing (copy of annual permit card issued by the Oklahoma Accountancy Board for principal partner or engagement manager)
- C. Nature and extent of the firm’s governmental auditing experience.
- D. A copy of the audit firm’s most recent external quality control review report.
- E. At least 3 firm references that are similar to the EDGE Fund or other governmental agencies that can be contacted as a reference.
- F. Confirmation that the firm meets the independence standards of the AICPA.
- G. Disclose any current litigation including any findings or referrals to the State Society Ethics Committee.
- H. Disclose the current insurance coverage held by the firm.
- I. Composition of the audit team including relevant experience and hourly billing rates of team members.
- J. Estimated number of hours to complete the audit.
- K. Completed bid form (Appendix C) The audit fee for the current year and the four subsequent years. Although there is no commitment on the state’s part for the four subsequent years, these will be considered in reviewing and selecting the best value.
- L. Completed non-collusion affidavit. (Appendix D)

3.2 Proposal Timeline

<u>ACTION</u>	<u>RESPONSIBILITY</u>	<u>DATE</u>
1. Release of RFP	Treasurer’s Staff	<i>July 1, 2008</i>
2. Deadline for questions	Audit Firm	<i>July 7, 2008</i>
3. Responses to questions	Treasurer’s Staff	<i>July 14, 2008</i>
4. Submission of Proposal	Audit Firm	<i>July 25, 2008</i>
5. Evaluation of Proposals	Treasurer’s Staff	<i>July 28 – August 1, 2008</i>
6. Finalist Interviews	Board	<i>August 11, 2008</i>
7. Selection of Audit Firm	Board	<i>August 11, 2008</i>
8. Contract Negotiations	Board/Audit Firm	Upon Selection

Appendix A

EDGE Fund Fund Act

§62-47. Creation of trust fund - Board of Investors.

A. There is hereby created a trust fund for Economic Development Generating Excellence to be known as the "EDGE Fund". The trust fund principal shall consist of all funds appropriated, transferred, donated or otherwise directed to the fund by law.

B. There is hereby created the Board of Investors of the EDGE Fund. The Board of Investors of the EDGE Fund shall:

1. Manage the assets of the EDGE Fund;
2. Invest monies in the manner in which a prudent person would invest it and in accordance with laws applicable to the investment of monies in state retirement funds;
3. Certify the amount of funds available for expenditure each year from the EDGE Fund. The amount of funds available for expenditure shall be limited to not more than five percent (5%) of the assets of the EDGE Fund. Any amount not expended shall remain in the EDGE Fund;
4. Retain qualified investment managers to provide for the investment of the monies of the EDGE Fund. The investment managers shall be chosen by a solicitation of proposals on a competitive basis pursuant to standards set by the Board of Investors. The investment managers shall manage those monies of the EDGE Fund allocated to the investment managers in compliance with the overall investment guidelines set by the Board of Investors. The monies of the EDGE Fund allocated to the investment managers shall be managed by the investment managers in accordance with the investment guidelines and other directions of the Board of Investors. The investment managers may sell investments and realize losses if such action is considered advantageous to longer-term return maximization. Because of the total return objective, no distinction shall be made for management and performance evaluation purposes between realized and unrealized capital gains and losses. The Board of Investors may have the State Treasurer manage those monies not specifically allocated to the investment managers;
5. Select a custodial bank to settle transactions involving the investment of funds in the EDGE Fund and to hold custody of the securities in the EDGE Fund portfolio. The custodian shall be a bank or trust company offering pension fund master trustee and master custodial services. The custodian shall be chosen by a solicitation of proposals on a competitive basis pursuant to standards set by the Board of Investors. The Board of Investors may also select professional investment consultants, auditors, and actuaries to assist the Board of Investors in carrying out its fiduciary responsibilities. All these professionals shall be selected by a solicitation of proposals on a competitive basis pursuant to standards set by the Board of Investors; and
6. Choose the professional custodians and managers of the assets of the EDGE Fund, shall establish investment and fund management guidelines, and shall adopt an investment policy. The selection and engagement of investment managers, investment consultants, auditors, and actuaries, and a custodian bank shall be exempt from the provisions of the Oklahoma Central Purchasing Act.

C. The Board of Investors of the EDGE Fund shall be composed of five (5) members as follows:

1. The State Treasurer, or a designee, who shall serve as chair;
2. An appointee of the Governor;
3. An appointee of the State Auditor and Inspector;
4. An appointee of the Speaker of the House of Representatives; and
5. An appointee of the President Pro Tempore of the Senate.

Each appointed member of the Board of Investors of the EDGE Fund shall have demonstrated experience in public or private investment fund management.

D. The initially appointed members shall serve staggered terms as follows:

1. The term of the appointee of the Governor shall expire on June 30, 2007;
2. The term of the appointee of the State Auditor and Inspector shall expire on June 30, 2008;
3. The term of the appointee of the Speaker of the House of Representatives shall end on June 30, 2009; and
4. The term of the appointee of the President Pro Tempore of the Senate shall expire on June 30, 2010.

Thereafter, successors shall be appointed for terms of four (4) years. An appointee may be removed for cause.

E. The members of the Board of Investors of the EDGE Fund shall discharge their duties as trustees of the EDGE Fund:

1. With the care, skill, prudence, and diligence, under the circumstances then prevailing, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims;

2. By diversifying the investments in the trust fund so as to minimize the risk of large losses, unless, under the circumstances, it is clearly prudent not to do so; and

3. In accordance with the laws, documents, and instruments governing the trust fund.

F. Members of the Board of Investors of the EDGE Fund shall receive no salary for serving on the Board of Investors of the EDGE Fund. All members shall receive necessary travel expenses for the performance of their duties from the Office of the Governor in accordance with the provisions of the State Travel Reimbursement Act.

G. The Board of Investors of the EDGE Fund shall annually elect a vice-chair, who shall preside over meetings in the absence of the chair, and any other officers, provided that no member shall be elected vice-chair for more than two (2) consecutive years. The Board of Investors of the EDGE Fund shall meet at least quarterly. A majority of the members of the Board of Investors of the EDGE Fund shall constitute a quorum to transact business, but no vacancy shall impair the right of the remaining members to exercise all of the powers of the Board of Investors of the EDGE Fund.

H. The Board of Investors of the EDGE Fund shall be subject to the Oklahoma Open Meeting Act, the Oklahoma Open Records Act and the Administrative Procedures Act.

I. Staffing for the Board of Investors of the EDGE Fund shall be provided by the Office of the State Treasurer. The cost of up to two full-time-equivalent employees for the Office of the State Treasurer may be considered an administrative expense of the EDGE Fund; provided, such cost shall be determined by the EDGE Fund Policy Board, created pursuant to Section 52 of this title.

J. The Board of Investors of the EDGE Fund shall submit a report of the EDGE Fund's investments and asset value annually to the Governor and the State Treasurer.

Added by Laws 2006, 2nd Ex.Sess., c. 85, § 1, eff. Aug. 25, 2006. Amended by Laws 2007, c. 350, § 1, eff. July 1, 2007.

Comment: BDERIV

Appendix B
Audit Services Bid Form

DRAFT AUDIT SERVICES BID FORM

Description	Year One	Year Two*	Year Three*	Year Four*	Year Five*
Number of hours estimated to complete the audit					
Hourly billing rate					
Cost of the audit**					

* these years are subject to renewal upon mutual agreement as indicated in the request for proposal

** this amount will be considered all inclusive and not to exceed

Appendix C
Non-Collusion Affidavit



State of Oklahoma
 Department of Central Services
 Central Purchasing Division

Notarized Sworn Statement
 to Contract
 (Contract Non-collusion Affidavit)

Suppliers must submit this notarized sworn statement only if notified that they have been awarded a contract.

Solicitation #: _____

_____, of lawful age, being first duly sworn, on oath says:

A. In accordance with 74 O.S. § 85.23

1. (s)he is the duly authorized agent of _____, the contractor under the contract which is attached to this statement, for the purpose of certifying the facts pertaining to the giving of things of value to government personnel in order to procure said contract;

2. (s)he is fully aware of the facts and circumstances surrounding the making of the contract to which this statement is attached and has been personally and directly involved in the proceedings leading to the procurement of said contract; and

3. neither the contractor nor anyone subject to the contractor's direction or control has paid, given or donated or agreed to pay, give or donate to any officer or employee of the State of Oklahoma any money or other thing of value, either directly or indirectly, in procuring the contract to which this statement is attached.

B. In accordance with 74 O.S. § 85.42.B, the contractor further certifies that no person who has been involved in any manner in the development of that contract while employed by the State of Oklahoma shall be employed to fulfill any of the services provided for under said contract.

C. In accordance with 74 O.S. § 85.41.F.1., if this contract is for professional services as defined in 74 O.S. § 85.2.25, and if the final product is a written proposal, report, or study, the contractor further certifies that (s)he has not previously provided the state agency or any other state agency with a final product that is a substantial duplication of the final product of the proposed contract.

 Signature Date

 Printed Name Title

STATE OF _____)
 COUNTY OF _____)

Subscribed and sworn to before me this _____ day of _____, 20____, by _____

Notary Public (or Clerk or Judge) Signature _____

My Commission Number _____

My Commission Expires _____