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THE RETIREMENT SYSTEMS OF ALABAMA

David G. Bronner, CEO
Marcus H. Reynolds, Jr., Deputy

October 3, 2011

Dear Sir/Madam,

The Retirement Systems of Alabama (RSA) is soliciting proposals for the performance of a review of the fiscal year 2011 financial statement audit performed by Carr, Riggs, and Ingram, LLC (CRI) in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants (AICPA).

The complete Request for Proposal (RFP 2012-02) is attached and can also be found on the RSA website at www.rsa-al.gov.

Significant items from the RFP 2012-02 are as follows:

- **Proposal Opening:** All proposals must be submitted (three (3) copies) in a sealed wrapper by 11:00 AM on October 31, 2011 with the following plainly marked on the front:

RETIREMENT SYSTEMS OF ALABAMA
AUDIT PEER REVIEW PROPOSAL
RFP 2012-02

- **Minimum Qualifications:** Proposals will be accepted from firms where both the firm and the assigned engagement management meet the following minimum experience qualifications:
 1. Participated in at least one peer review of another multi-office firm of Certified Public Accountants whereby the firm reviewed performed one or more audits of financial statements issued under the guidelines of the Governmental Accounting Standards Board
 2. Performed one or more audits where the client complies with the financial reporting requirements of the Governmental Accounting Standards Board

Questions that arise concerning this RFP may be directed to Ms. Diane E. Scott, CPA at 334-517-7302 or diane.scott@rsa-al.gov by 5:00 p.m. on October 14, 2011.

REQUEST FOR PROPOSALS
FOR
REVIEW OF AUDIT OF
THE
FINANCIAL STATEMENTS OF
THE
RETIREMENT SYSTEMS OF ALABAMA
FOR
FISCAL YEAR 2011
RFP 2012-02

THIS RFP CONTAINS INFORMATION UNDER THE FOLLOWING HEADINGS:

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SECTION I

GENERAL INFORMATION FOR THE BIDDER

A. PURPOSE:

REQUEST FOR PROPOSALS:

This Request For Proposals (RFP) solicits vendor proposals for the performance of a review of the audit performed by Carr, Riggs and Ingram, LLC (CRI) of the fiscal year 2011 financial statements of the Retirement Systems of Alabama (RSA) in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants.

B. BACKGROUND:

The Retirement Systems referred to as RSA consist of the following entities:

- Teachers' Retirement System of Alabama (TRS)
- Employees' Retirement System of Alabama (ERS)
- Judicial Retirement Fund (JRF)

The Retirement Systems are public employee retirement systems (PERS) and as such comply in their financial reporting to the guidelines set out by the Governmental Accounting Standards Board (GASB).

The TRS provides retirement benefits for all full-time employees of public education in Alabama. The ERS membership includes all regular state employees and state troopers and the employees of cities, counties and other public organizations (local units) within Alabama, which elect to participate in the ERS at their own expense. All state judges and probate judges in Alabama are covered by the JRF.

C. DESCRIPTION OF THE SYSTEMS' MANAGEMENT:

The Retirement Systems are under the management of the Boards of Control of the TRS and the ERS. The TRS and ERS have jointly employed the Secretary-Treasurer as its Chief Executive Officer (CEO) and several other administrative personnel. This has allowed greater efficiencies by consolidating operations of the systems by function.

The CEO works closely with the Boards' Investment Committees in making the Systems' Investments. An investment staff assists the CEO in performing research and making investment recommendations.

Currently, Cavanaugh Macdonald Consulting, LLC (CavMac) performs the actuarial valuations of the RSA and advises the Boards and staff concerning actuarial issues. CavMac assists RSA in determining the estimated cost of any proposed retirement legislation.

Currently, CRI performs the financial statement audit of the RSA for inclusion in the Comprehensive Annual Financial Report (CAFR) as set forth by the Government Finance Officers Association (GFOA). The RSA CAFR has received the Certificate of

Achievement for Excellence in Financial Reporting by the GFOA for the last twelve years and expects to receive it for the CAFR for which the audit is to be reviewed.

D. SCOPE OF REVIEW:

The RSA desires to have another firm review the financial statement audit performed by CRI for Fiscal Year 2011. The review is to specifically address the scope and adequacy of documentation of audit work performed for the purpose of formulating an opinion on the RSA financial statements for Fiscal Year 2011. This review may begin February 1, 2012 and must be completed with report issued to RSA by February 29, 2012.

E. OTHER INFORMATION:

Other documents that are considered as part of this RFP may be located via the Internet as follows:

www.rsa-al.gov - RSA home page

RSA Comprehensive Annual Financial Report (CAFR) - 2010
TRS Summary Plan Description and Actuarial Valuation
ERS Summary Plan Description and Actuarial Valuation
JRF Summary Plan Description and Actuarial Valuation
Investment Policy

Other items available at the Secretary of State Website that may be of interest to you:

www.sos.state.al.us

TRS Law – Title 16, Chapter 25
ERS Law – Title 36, Chapter 27
JRF Law – Title 12, Chapter 18

F. RESOURCES AVAILABLE TO VENDOR:

CRI has agreed to allow you access to their audit documentation and personnel in their offices in Montgomery, Alabama.

G. PROPOSAL OPENING:

All proposals will be submitted (three (3) copies) in a sealed wrapper with the following plainly marked on the front:

RETIREMENT SYSTEMS OF ALABAMA
AUDIT PEER REVIEW PROPOSAL
RFP 2012-02
OPENING at 11:00 a.m. October 31, 2011

Proposals will be sent to:

Via UPS or FedEx:

Diane E. Scott, CPA
Chief Financial Officer
Retirement Systems of Alabama
201 South Union Street
Montgomery, Alabama 36104-0001

Via US Mail

Diane E. Scott, CPA
Chief Financial Officer
Retirement Systems of Alabama
PO Box 302150
Montgomery, Alabama 36130-2150

Proposals may be hand delivered to Room 792 of the Retirement Systems Building, 201 South Union Street, Montgomery, Alabama. Proposals will be accepted until 11:00 a.m. on October 31, 2011 and will be opened at that time. Proposals will not be accepted after this time. The RSA reserves the right to reject any and all responses to this RFP.

H. DELIVERY SCHEDULE:

The review must be complete for the firm to issue a report to the RSA no later than February 29, 2012.

I. PAYMENT SCHEDULE:

Billing for services may be made based upon the firm's completion of the engagement and submission of written report. Payment will be made within 30 calendar days of receipt of report and billing.

J. SELECTION OF FIRM:

The RSA expects to employ the successful vendor. All responding vendors will be notified in writing within a reasonable length of time following the selection. Prior to the selection of a firm, two or more vendors may be requested to make oral presentations to the evaluation committee. The proposal shall become the property of the RSA.

K. ECONOMY OF PREPARATION:

Proposals should be prepared simply and economically and provide a concise description of the bidder's response to the requirements of this RFP. Emphasis should be on clarity. The RSA will not be responsible for any costs incurred by any bidder in the preparation of a proposal.

L. NEWS RELEASES:

News releases pertaining to this RFP, the service, or the audit review to which it relates will be made only with prior written approval of the CEO or his representative.

M. ADDENDA TO THE RFP:

Any modifications made to the RFP prior to proposal due date will be provided in writing to all solicited vendors.

N. MAIN CONTACT:

Any questions that arise concerning this RFP may be directed to Ms. Diane E. Scott, CPA, 334-517-7302 or diane.scott@rsa-al.gov by 5:00 p.m. October 14, 2011.

O. MINIMUM EXPERIENCE QUALIFICATIONS:

Proposals will be accepted from firms where both the firm and the assigned engagement management meet the following minimum experience qualifications:

- Participated in at least one peer review of another multi-office firm of Certified Public Accountants whereby the firm reviewed performed one or more audits of financial statements issued under the guidelines of the Governmental Accounting Standards Board.
- Performed one or more audits where the client complies with financial reporting requirements of the Governmental Accounting Standards Board.

P. STATE OF ALABAMA CONTRACT REQUIREMENTS

The State of Alabama requires all providers of professional services to submit a Disclosure Statement with each contract. Accordingly, the Disclosure Statement included in Section IV of this Request for Proposals (RFP) must be completed and submitted with the proposal.

The State of Alabama requires all contracts to contain certain language in a specific format. This language is outlined in the Contract shell included in Section IV.

SECTION II

INFORMATION REQUIRED FROM BIDDERS

Proposals must be submitted in the format outlined below:

A. QUALIFICATIONS OF THE FIRM:

1. BUSINESS ORGANIZATION

State the full name and address of your organization, and if applicable, the branch office or other subordinate element that will perform or assist in performing the work hereunder. Indicate whether you operate as an individual, partnership, or corporation; if as a corporation, include the state in which you are incorporated. State whether you are licensed to operate in the State of Alabama.

2. PRIOR EXPERIENCE:

As part of your proposal, include a brief statement (maximum of five pages) concerning the relevant experience of persons from your firm who will be associated at the highest management levels, with the PROPOSED REVIEW. Do not include general corporate background brochures. Emphasize experience directly applicable to performing a review of the work of other Certified Public Accountants or experience with public pension system audits.

3. ENGAGEMENT PERSONNEL:

Identify lead individuals by name and title and include a resume of each.

4. AUTHORIZED OFFICIALS:

Include the names and telephone numbers of the personnel of your organization authorized to execute the proposed contracts with the RSA.

5. ADDITIONAL INFORMATION AND COMMENTS:

Include any other information believed to be pertinent but not specifically requested elsewhere in this RFP.

B. COST AND PRICE ANALYSIS:

The information requested in this Section is required to support the reasonableness of your proposal price. Use the following format:

1. PERSONNEL COSTS:

Itemize each personnel category with a different rate per hour per classification required by the vendor in the performance of the contract. Show:

- Category; e.g. audit manager, senior auditor, IT auditor, actuary rate per hour
- Estimated hours for each category
- Total personnel costs

2. COSTS OF SUPPLIES AND MATERIALS:

These are to be itemized.

3. OTHER DIRECT COSTS:

These are to be itemized.

4. GENERAL AND ADMINISTRATIVE BURDEN OF OVERHEAD:

Indicate base used and basis thereof, percentage, and total.

5. TRANSPORTATION COSTS:

Show travel costs and per diem.

6. TOTAL COSTS:

Show total costs of the audit review.

NOTE:

The RSA will not be liable for any expense or use of any job classification by the vendor that is not identified in the vendor's response.

SECTION III

CRITERIA FOR EVALUATION

A. GENERAL:

Proposals will be evaluated by an evaluation committee. Selection will be based on all factors listed below and others implicit within the RFP and will represent the best performance and reasonable costs for the RSA. Oral presentations and interviews may be required as part of the evaluation criteria.

B. FACTORS:

The following factors will be the minimum criteria in making the selection (order does not indicate priority):

1. PRICE:

This criterion shall be judged by its reasonableness in relation to the merits of the proposal

2. QUALIFICATION OF THE FIRM:

This includes the ability of the vendor to meet the terms of the RFP and the relevancy of recent similar audit engagements.

3. PROFESSIONAL PERSONNEL:

The competence and level of professional personnel who will guide the audit review will be considered. Education, certifications, and relevant accounting, computer, or actuarial experience will measure qualifications of professional personnel.

4. DISCLOSURE STATEMENT:

The Disclosure statement must be completed and submitted with the proposal.

5. STATE OF ALABAMA CONTRACT SHELL

Vendor must agree to the contract terms required for all State of Alabama contracts.

6. IMMIGRATION FORM

Vendor must complete the Immigration Form and submit with proposal.

SECTION IV:

State of Alabama Disclosure Statement

(Required by Act 2001-955)

ENTITY COMPLETING FORM:

ADDRESS:

CITY, STATE, ZIP TELEPHONE NUMBER:

STATE AGENCY/DEPARTMENT THAT WILL RECEIVE GOODS, SERVICES, OR IS RESPONSIBLE FOR GRANT AWARD:

Retirement Systems of Alabama

ADDRESS:

201 South Union Street

CITY, STATE, ZIP TELEPHONE NUMBER:

Montgomery, Alabama 36130-2150

(334) 517-7000

This form is provided with:

☐ Contract ☐ Proposal ☐ Request for Proposal ☐ Invitation to Bid ☐ Grant Proposal

Have you or any of your partners, divisions, or any related business units previously performed work or provided goods to any State Agency/Department in the current or last fiscal year?

☐ Yes ☐ No

If yes, identify below the State Agency/Department that received the goods or services, the type(s) of goods or services previously provided, and the amount received for the provision of such goods or services.

Have you or any of your partners, divisions, or any related business units previously applied and received any grants from any State Agency/Department in the current or last fiscal year?

☐ Yes ☐ No

If yes, identify the State Agency/Department that awarded the grant, the date such grant was awarded, and the amount of the grant.

1. List below the name(s) and address(es) of all public officials/public employees with whom you, members of your immediate family, or any of your employees have a family relationship and who may directly personally benefit financially from the proposed transaction. Identify the State Department/Agency for which the public officials/public employees work. (Attach additional sheets if necessary.)

2. List below the name(s) and address(es) of all family members of public officials/public employees with whom you, members of your immediate family, or any of your employees have a family relationship and who may directly personally benefit financially from the proposed transaction. Identify the public officials/public employees and State Department/Agency for which the public officials/public employees work. (Attach additional sheets if necessary.)

If you identified individuals in items one and/or two above, describe in detail below the direct financial benefit to be gained by the public officials, public employees, and/or their family members as the result of the contract, proposal, request for proposal, invitation to bid, or grant proposal. (Attach additional sheets if necessary.)

Describe in detail below any indirect financial benefits to be gained by any public official, public employee, and/or family members of the public official or public employee as the result of the contract, proposal, request for proposal, invitation to bid, or grant proposal. (Attach additional sheets if necessary.)

List below the name(s) and address(es) of all paid consultants and/or lobbyists utilized to obtain the contract, proposal, request for proposal, invitation to bid, or grant proposal:

By signing below, I certify under oath and penalty of perjury that all statements on or attached to this form are true and correct to the best of my knowledge. I further understand that a civil penalty of ten percent (10%) of the amount of the transaction, not to exceed \$10,000.00, is applied for knowingly providing incorrect or misleading information.

Signature Date

Notary's Signature Date Date Notary Expires

Act 2001-955 requires the disclosure statement to be completed and filed with all proposals, bids, contracts, or grant proposals to the State of Alabama in excess of \$5,000.

STATE OF ALABAMA
MONTGOMERY COUNTY

CONTRACT AGREEMENT

This Agreement is made and entered into on this ____ day of _____, 2011 between the Teachers' Retirement System of Alabama, Employees' Retirement System of Alabama, and the Judicial Retirement Fund, hereinafter referred to as the Retirement Systems of Alabama ("RSA") and _____, hereinafter referred to as "Contractor."

SERVICES

Contractor shall perform a review of the audit performed by Carr, Riggs and Ingram, LLC ("CRI") of the fiscal year 2011 financial statements of the Retirement Systems of Alabama in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants.

CONSIDERATION

As consideration for the services rendered pursuant to this agreement, RSA agrees to compensate the Contractor an amount not to exceed _____ dollars (\$_____). [Insert Consideration Amount and Payment Terms Here].

TERM

This Agreement shall be for the period which begins on or after _____ and ends _____. All work must be completed by the deadline of February 29, 2012 as stated in the Request for Proposals. RSA reserves the right, in its sole discretion, to extend the foregoing deadline by providing prior written notice to Contractor.

OTHER

Contractor acknowledges and understands that this Agreement is not effective until it has received all requisite state government approvals, and Contractor shall not begin performing work under this Agreement until notified to do so by the contracting state department. Contractor is entitled to no compensation for work performed prior to the effective date of this Agreement.

Contractor acknowledges that Contractor is an independent contractor, and neither Contractor nor Contractor's employees are to be considered employees of RSA or entitled to benefits under the State of Alabama Merit System.

This Agreement shall be governed by, construed and enforced in accordance with the

laws of the State of Alabama.

In the event of proration of the fund from which this Agreement is to be paid, the Agreement will be subject to termination by RSA.

Contractor acknowledges that the terms and commitments contained herein shall not be constituted as a debt of the State of Alabama in violation of Article 11, Section 213 of the Constitution of Alabama, 1901, as amended by Amendment Number 26. It is further agreed that if any provisions of this Agreement shall contravene any statute or Constitutional provision or amendment, either now in effect or which may, during the course of this Agreement, be enacted, then that conflicting provision in the Agreement shall be deemed null and void. The Contractor's sole remedy for the settlement of any and all disputes arising under the terms of this Agreement shall be limited to the filing of a claim with the Board of Adjustment for the State of Alabama. For any and all disputes arising under the terms of this Agreement, the parties hereto agree, in compliance with the recommendations of the Governor and Attorney General, when considering settlement of such disputes, to utilize appropriate forms of non-binding alternative dispute resolution including, but not limited to, mediation by and through the Attorney General's Office of Administrative hearings or where appropriate, private mediators.

This Agreement may be terminated for any reason by either party upon ninety (90) days written notice. RSA shall have the right to terminate this Agreement immediately by providing written notice to Contractor in the event Contractor fails to execute any provision of this Agreement promptly and to the satisfaction of RSA.

Contractor may not assign this Agreement or any interest herein or any money due hereunder without the expressed written consent of RSA. Contractor shall be solely responsible to provide all terms and services specified herein, and no portion of the services shall be subcontracted without the approval of RSA.

Contractor agrees to indemnify and hold harmless RSA, its administrators, officers, employees and agents, from and against any and all claims, damages, losses and expenses, including but not limited to attorney's fees, arising out of or resulting from the performance of services under this Agreement, or lack thereof. Further, Contractor shall be liable to RSA for any consequential damages and direct costs resulting from Contractor's negligence in the performance of services hereunder.

Contractor acknowledges that, in the course of performing its responsibilities under this Agreement, Contractor may be exposed to or acquire information that is proprietary or confidential to RSA. Contractor agrees to hold such information in confidence and not to copy, reproduce, sell, assign, license, market, transfer or otherwise disclose such information to third parties or to use such information for any purpose whatsoever, without the express written permission of RSA, other than for the performance of obligations hereunder or as required by applicable state or federal law. For purposes of this Agreement, all records, financial information, specifications and data disclosed to Contractor during the term of this Agreement, whether submitted orally, in writing, or by

any other media, shall be deemed to be confidential in nature unless otherwise specifically stated in writing by RSA.

ENTIRE AGREEMENT

It is understood and agreed by the parties that this instrument contains the entire agreement of the parties with respect to matters contained herein. No other agreement, statement, or promise made by any party which is not contained in this instrument shall be binding or valid.

Contractor Federal Tax I.D. Number

Marcus H. Reynolds, Jr.
Deputy Director
Retirement Systems of Alabama

Vendor signature
Person Name and
Company Name

APPROVED:

Robert J. Bentley
Governor
State of Alabama

IMMIGRATION STATUS

I hereby attest that all workers on this project are either citizens of the United States or are in a proper and legal immigration status that authorizes them to be employed for pay within the United States.

Signature of Contractor

Printed Name

Witness