



STATE OF HAWAII
EMPLOYEES' RETIREMENT SYSTEM

December 6, 2012
ADDENDUM NO. 3

To
REQUEST FOR PROPOSALS
FOR
INTERNAL AUDIT SERVICES

RFP 2012-03

Issued November 14, 2012

OFFERORS:

In accordance to Section 1, Administrative Overview, 1.7 Offerors' Questions of the Request for Proposals the Employees' Retirement System of the State of Hawaii (ERS) is providing the following responses to questions from potential offerors:

- 1) Question: May we see a copy of the prior report prepared under RFP #2011-02?

Response: The audit plan prepared by the vendor selected under RFP #2011-02 is available for inspection. Please call Gerri Konishi at 586-1705 to arrange for inspection. Copying charges are: 47 pages @ \$0.50 per page = \$ 23.50.

- 2) Question: What are the budgeted fees for this current engagement?

Response: We do not have a set amount budgeted for this engagement.

- 3) Question: In the prior RFP #2011-02, items #b-g are the same as in the current RFP #2012-03. Why is this being requested again? Was this work performed or partially performed? If so, would we be able to see the documentation already prepared related to these items?

Response: The work has been substantially completed for the first two projects under the previous engagement. These projects are not included in the scope of work for this engagement. The same type of work will be required for the projects listed in the ERS Internal Audit Work Plan (Exhibit A of the current RFP). The documentation prepared by the previous vendor for the first two projects is confidential at this time.

- 4) Question: Page 11, section 2.2.2, 2.a. directs the contractor to implement ERS' internal Audit Work Plan (Attachment C), however Attachment C is not attached in the RFP. Can you please provide Attachment C?

Response: Please refer to Exhibit A on the website:
ers.ehawaii.gov/resources/procurement/internal-audit-services-rfp-2012-03

- 5) Question: Page 11, section 2.2.2, 2.a. directs the contractor to implement ERS' internal Audit Work Plan. Please clarify what you mean by "implement."



Employees' Retirement System
of the State of Hawaii

Response: It means to do the work described under each project listed in the ERS Internal Audit Work Plan (Exhibit A).

- 6) Question: For example in Exhibit A, Information Systems #3, related to monitoring implementation of V3 change requests, do you require the contractor to monitor these changes for the whole duration of the contract, i.e., until January 31, 2016 (2.2.1 Agreement Period)?

Response: Yes.

- 7) Question: Exhibit A references Investment Manager selection and evaluation review. How often are Investment Managers selected? How many Investment Managers are there?

Response: There are currently thirty-seven investment managers across seven general asset classes. Selection of managers varies from year to year. The ERS is currently in the process of implementing a restructure of its investment portfolio. This process is almost completed. Under ordinary circumstances, manager turnover is less than three a year.

- 8) Question: Exhibit A references monitoring development and implementation of a disaster recovery program and business continuity program. How far along are you in executing these programs?

Response: Work has not started on these projects.

- 9) Question: Exhibit A references Function Administration. Please clarify what this means.

Response: This means the reporting, communication and other tasks necessary to perform the work described in the section.

- 10) Question: What is the Risk Assessment Re-evaluation & Audit Plan for FY13-14 (update), FY14-15, and FY15-16?

Response: A risk assessment was done under the previous engagement and an audit plan was developed based on that risk assessment. During the agreement period, risks previously identified may need to be reassessed/reevaluated based on new information, developments, etc and additionally new risks may be identified. Based on these revaluations, the current Audit Plan may need to be updated e.g. new projects added, modifications made to existing projects, etc. i.e. the Audit Plan is not a static plan.

- 11) Question: Page 12, #e, directs the contractor to develop work programs. Once the contractor develops the work programs, is the contractor also responsible for carrying out the steps in the work program?

Response: Yes.

- 12) Question: Will ERS staff be available to help execute the work program?

Response: Yes.

Very truly yours,



Wesley K. Machida
Administrator