

## **SECTION 1 ADMINISTRATIVE OVERVIEW**

### **1.1 Introduction**

The Employees' Retirement System of the State of Hawaii (ERS) administers a defined benefit retirement plan for the State and county government employees of the State of Hawaii. ERS provides retirement, disability and death benefits for its members. ERS is a qualified defined benefit pension plan under Section 401(a) of the Internal Revenue Code. Administration of the ERS falls under the policy and executive direction of the Board of Trustees with certain areas of administration control vested in the state Department of Budget and Finance.

The ERS is soliciting proposals from firms to assist the ERS with establishing an internal audit function.

### **1.2 Background**

The ERS was established by the Legislature in 1925 to provide retirement, disability and survivor benefits for State employees, teachers, professions, county employees, police officers, firefighters, judges and elected officials.

The ERS is a qualified defined benefit pension plan under Section 401(a) of the Internal Revenue Code. Since January 1, 1988, member contributions have been tax deferred under Section 414(h) of the Internal Revenue Code.

The ERS has three benefit structures: the "Contributory Plan"; the "Hybrid Plan"; and the "Noncontributory Plan". Participants in the Contributory Plan and the Hybrid Plan are required to make contributions to the ERS and may also be covered by Social Security. Employees in the following occupational groups are required to be members of the Contributory Plan: police officers, firefighters, judges, elected officials, legislative officers, and certain investigators. The Contributory Plan also includes employees hired prior to July 1, 1983, who chose not to join the Noncontributory Plan, and employees who were required to be in the Contributory Plan prior to July 1, 2006, but who did not switch to the Hybrid Plan, even though they were eligible to do so. As of March 31, 2011, there were 6,752 active employees in the Contributory Plan.

Members of the Noncontributory Plan do not make contributions to the ERS and must be covered by Social Security. The Noncontributory Plan was in effect from July 1, 1984, to June 30, 2006. The Noncontributory Plan applies to most employees hired during that period, as well as employees hired before July 1, 1984

who elected to join the plan. As of March 31, 2011, there were 20,112 active employees in the Noncontributory Plan.

The Hybrid Plan, which became effective on July 1, 2006, applies to all new general employees, teachers, State and county department heads and deputies, water safety officers, sewer workers and emergency medical technicians hired on or after July 1, 2006, as well as employees hired before July 1, 2006 who elected to join the plan. Members of the Hybrid Plan are required to make contributions to the ERS and may also be covered by Social Security. As of March 31, 2011, there were 38,446 active employees enrolled in the Hybrid Plan.

Additional information regarding the ERS and the various retirement plans can be found on the ERS website: [www4.hawaii.gov/ers](http://www4.hawaii.gov/ers).

### **1.3 Authority**

This RFP is issued under the provisions of Chapter 103D, Hawaii Revised Statutes (HRS), and applicable Hawaii Administrative Rules. All prospective offerors are charged with presumptive knowledge of all requirements of the cited authorities. These and other pertinent material are available on the State of Hawaii website: <http://www4.hawaii.gov/spo>.

### **1.4 RFP Organization**

This RFP is organized into four sections including attachments:

Section 1 Administrative Overview – provides offerors with general information on the objectives of this Request for Proposal (RFP), the procurement schedule and a procurement overview.

Section 2 Scope of Work – provides offerors with a general description of the tasks to be performed.

Section 3 Proposal – describes the required format and content for the Proposal.

Section 4 Proposal Evaluation – describes how proposals will be evaluated.

### **1.5 Procurement Officer and Contract Administrator**

This RFP is issued by the ERS. Wesley Machida, the individual listed below, is the Procurement Officer and Contract Administrator for the procurement. The Procurement Officer is the sole point of contact for this procurement.

Wesley Machida, Administrator  
Employees' Retirement System  
201 Merchant St., Suite 1400  
Honolulu, Hawaii 96813  
Telephone: (808) 586-1700  
Facsimile: (808) 586-1677

## **1.6 Procurement Timetable**

Activity	Scheduled Date*
RFP Announcement	November 14, 2012
RFP Available to Prospective Offerors	November 14, 2012
Deadline for Questions	November 26, 2012
ERS Response to Questions	December 4, 2012
Proposals Due	December 14, 2012
Interviews with Priority-Listed Offerors (optional)	December 18, 2012
Contractor Selection and Award	January 14, 2013
Agreement Start Date	February 1, 2013

\*Best Estimates at this time.

## **1.7 Offerors' Questions**

Questions will be accepted and responded to only if submitted in writing no later than 4:30 p.m. HST on December 4, 2012. Formal responses will be provided in writing. ERS responses to offerer questions will be sent to all persons obtaining a copy of the RFP.

## **1.8 Submission of Proposals**

Offerors must carefully examine the RFP, amendments or addenda (if any), required contract forms, and other documents, laws and rules, as necessary, before submitting a proposal. The submission of a proposal shall be considered a warranty and representation that the offeror has made a careful examination and understands the work and the requirements of this solicitation.

Each qualified offeror may submit only one (1) proposal. Alternate proposals will not be considered or accepted and offerors may not be a party in more than one proposal.

One original and (8) copies and one single-sided unbound original of the proposal must be submitted.

Proposals must be received by the Procurement Officer no later than 4:30 p.m. HST, on December 14, 2012. Any proposal received after that date and time will be rejected. Proposals must be mailed or delivered to the Procurement Officer at the address shown in Section 1.5 of this Request.

The outside cover of the package containing the proposal shall be marked:

Employees' Retirement System  
Proposal Submitted in Response to RFP No. 2012-03  
(Name of Offeror)

**NO FAXED OR E-MAILED** proposals will be considered or accepted.

#### **1.9 Receipt, Opening and Recording of Proposals; Late Proposals**

Proposals and modifications will be time-stamped upon receipt and held in a secure place by the Procurement Officer until the established due date.

Proposals may be modified or withdrawn prior to the deadline for submission of proposals by the following:

Modifications: A written notice shall be sent by the offeror and received by the Procurement Officer stating that a modification to a submitted proposal is being provided by the offeror. The written notice must accompany the actual modification securely sealed in a separate envelope or container.

Withdrawal: A written notice shall be sent by the offeror and received by the Procurement Officer. The withdrawal shall state that the offeror wishes to withdraw a proposal that has already been received by the Procurement Officer.

Proposals shall not be opened publicly, but shall be opened in the presence of two or more procurement officials. Proposals and modifications shall be shown only to personnel having a legitimate interest in them.

After the date established for receipt of proposals, a register of proposals shall be prepared which shall include the following for all proposals: the name of each

offeror, and the number of modifications received. The register of proposals shall be open to public inspection only after award of the contract.

### **1.10 Mistakes in Proposals**

Mistakes shall not be corrected after award of the contract.

When the Procurement Officer knows or has reason to conclude before award that a mistake has been made, the Procurement Officer should request the offeror to confirm the proposal. If the offeror alleges mistake, the proposal may be corrected or withdrawn pursuant to this section.

Once discussions are commenced or after best and final offers are requested, any priority-listed offeror may freely correct any mistake by modifying or withdrawing the proposal until the time and date set for receipt of best and final offers.

If discussions are not held, or if the best and final offers upon which award will be made have been received, an offeror alleging a material mistake of fact which makes a proposal unresponsive may be permitted to withdraw the proposal if: the mistake is clearly evident on the face of the proposal but the intended correct offer is not; or the offeror submits evidence which clearly and convincingly demonstrates that a mistake was made.

### **1.11 Costs for Proposal Preparation**

Any costs incurred by an offeror in preparing or submitting a proposal are the offeror's sole responsibility.

### **1.12 Disqualification of Proposals**

The ERS reserves the right to consider as acceptable only those proposals submitted in accordance with all requirements set forth in this RFP and which demonstrate an understanding of the scope of work. Any proposal offering any other set of terms and conditions, or terms or conditions contradictory to those included in this RFP, may be disqualified without further notice.

An offeror will be disqualified and the proposal automatically rejected for any one or more of the following non-exclusive reasons:

- Proof of collusion among offerors, in which case all proposals and offerors involved in the collusive action will be rejected.
- The offeror's lack of responsibility and cooperation as shown by past work.
- The proposal shows any noncompliance with applicable law.

- The proposal is conditional, incomplete, or irregular in such a way as to make the proposal incomplete, indefinite, or ambiguous as to its meaning.
- The proposal has any provision reserving the right to accept or reject award, or to enter into an agreement pursuant to an award, or provisions contrary to those required in the solicitation.
- The delivery of the proposal after the deadline specified in the timetable.
- The offeror being in arrears on existing contracts with the State of Hawaii or having defaulted on previous contracts.
- The offeror's lack of sufficient experience to perform the work contemplated.

### **1.13 RFP Amendments**

The ERS reserves the right to amend this RFP any time prior to the closing date for best and final offers.

### **1.14 Cancellation of Request for Proposals/Rejection of Proposals**

This RFP may be cancelled and any or all proposals may be rejected in whole or in part if the Procurement Officer for this procurement determines such cancellation or rejection to be in the best interests of the ERS.

### **1.15 Uncertainties Beyond Control of the ERS or Contractor**

The ERS recognizes that circumstances beyond the control of the ERS may arise that may significantly affect the ability of the contractor to provide the services described in this RFP or as proposed by the contractor. Accordingly, the ERS reserves the right to modify the agreement to address such circumstances.

### **1.16 Proposal Bonds; Performance and/or Payment Bonds**

No bid bond is required to be submitted with the proposal, and no performance or payment bond will be required for the contract awarded pursuant to this RFP.

### **1.17 Acceptance of Proposal and Execution of Contract**

Acceptance of a proposal, if any, will be made within sixty (60) calendar days after the opening of proposals. The offeror must have the ability to perform as called for in the RFP and in the agreement. The ERS shall be the sole judge of capability. The successful offeror will be notified by letter that its proposal has been accepted and that the offeror is being awarded the contract.

The ERS shall forward a contract to the successful offeror for execution. The contract shall be signed by the successful offeror and returned within ten (10)

calendar days after receipt by the offeror or within such further time as may be allowed.

No contract shall be considered binding upon the ERS until the contract has been fully and properly executed by all parties thereto.

If the offeror to whom a contract is awarded shall fail or neglect to enter into the contract within ten (10) calendar days after such award or within such further time as may be allowed, the Procurement Officer may award the contract to the offeror who is next in line, or call for new proposals, if it is deemed to be in the best interests of the ERS.

### **1.18 Commencement of Work after Contract Execution**

The successful offeror must begin substantive actions on the project immediately upon receipt of notice to proceed, which will be given upon the execution of the contract. The contractor will be in default if delays occur in the commencement of substantive work. If default occurs, ERS reserves the right to cancel the contract, and award the contract to another contractor.

### **1.19 Requirements for Doing Business in the State of Hawaii**

Section 3-122-112, Hawaii Administrative Rules (HAR), requires that, before award of the contract may be made, the successful offeror must provide proof of compliance with the requirements of the following chapters of the Hawaii Revised Statutes (HRS):

- 1) Chapter 237, Tax clearance
- 2) Chapter 383, Unemployment insurance
- 3) Chapter 386, Workers' compensation
- 4) Chapter 392, Temporary disability insurance
- 5) Chapter 393, Prepaid health care

And one of the following:

- 1) Be registered and incorporated or organized under the laws of the State, or
- 2) Be registered to do business in the State.

Reference Responsibility of Offerors in S3-122-112, HAR. Offerors shall provide documents to the Procurement Officer to demonstrate compliance with this section.

### **HRS Chapter 237 tax clearance requirement for award and final payment.**

Pursuant to S103D-328, HRS, the successful offeror shall be required to submit a tax clearance certificate issued by the Hawaii State Department of Taxation (DOTAX) and the Internal Revenue Service (IRS). The certificate is valid for six (6) months from the most recent approval stamp date on the certificate and must be valid on the date it is received by the purchasing agency.

The tax clearance certificate shall be obtained on the State of Hawaii, DOTAX TAX CLEARANCE APPLICATION Form Z-6 (Rev.2003) which is available at the DOTAX and IRS offices in the State of Hawaii or the DOTAX website, and by mail or fax:

DOTAX Website (Forms & Information): <http://www.state.hi.us/tax/alphalist.thml>

DOTAX Forms by Fax/Mail: (808) 587-7572

1-800-222-7572

Completed tax clearance applications may be mailed, faxed, or submitted in person to the Department of Taxation, Taxpayer Services Branch, to the address listed on the application. Facsimile numbers are:

DOTAX: (808) 587-1488

IRS: (808) 539-1573

The application for the clearance is the responsibility of the offeror, and must be submitted directly to the DOTAX or IRS and not to the purchasing agency.

The contractor is also required to submit a tax clearance certificate for final payment on the contract. A tax clearance certificate, not over two (2) months old, with an original green certified copy stamp, must accompany the invoice for final payment on the contract.

In addition to a tax clearance certificate, an original "Certification of Compliance for Final Payment" (SPO Form 22), attached, will be required for final payment. A copy of the form is also available at [www.spo.hawaii.gov](http://www.spo.hawaii.gov).

**HRS Chapters 383 (Unemployment Insurance), 386 (Workers' Compensation), 392 (Temporary Disability Insurance), and 393 (Prepaid Health Care) requirements for award.**

Pursuant to S 103D-310 (c), HRS, successful offeror shall be required to submit an approved certificate of compliance issued by the Hawaii State Department of Labor and Industrial Relations (DLIR). The certificate is valid for six (6) months from the date of the issue and must be valid on the date it is received by the purchasing agency.



The application for certificate of compliance (Form LIR #27) can be obtained from the DLIR website:

<http://www.dlir.state.hi.us/forms/ApplicationforCertificateofCompliance.pdf>

or from:

DLIR Administrative Services Office  
830 Punchbowl St., Room 309  
Honolulu, HI 96813  
Phone: (808) 586-8888  
Fax: (808) 586-8899

The DLIR will return the form to the offeror who in turn shall submit it to the purchasing agency. The application for the Certificate is the responsibility of the offeror, and must be submitted directly to the DLIR and not to the purchasing agency.

### **Business Registration**

Hawaii business. A business entity referred to as a “Hawaii business” is registered and incorporated or organized under the laws of the State of Hawaii. As evidence of compliance, offeror shall submit a CERTIFICATE OF GOOD STANDING issued by the Department of Commerce and Consumer Affairs Business Registration Division (BREG).

Compliant non-Hawaii business. A business entity referred to as a “compliant non-Hawaii business,” is not incorporated or organized under the laws of the State of Hawaii, but is registered to do business in the State. As evidence of compliance, offeror shall submit a CERTIFICATE OF GOOD STANDING.

To obtain a CERTIFICATE OF GOOD STANDING go online to [www.businessregistrations.com](http://www.businessregistrations.com) and follow the instructions. To register or to obtain a “Certificate of Good Standing” by phone, call (808) 586-2727 (M-F 7:45 a.m. to 4:30 p.m., HST). The “Certificate of Good Standing” is valid for six (6) months from date of issue and offerors are advised that there are costs associated with registering and obtaining a “Certificate of Good Standing” from the DCCA.

The above certificates should be applied for and submitted to the purchasing agency as soon as possible. If a valid certificate is not submitted on a timely basis for award of the contract, an offer otherwise responsive and responsible may not receive the award.

## **Hawaii Compliance Express**

Alternately, instead of separately applying for these paper certificates at the various state agencies, applicants may choose to use the Hawaii Compliance Express (HCE), which allows businesses to register online through a simple wizard interface at <http://vendors.ehawaii.gov> to acquire a "Certificate of Vendor Compliance." The HCE provides current compliance status as of issuance date. The "Certificate of Vendor Compliance" indicating that applicant's status is compliant with the requirements of HRS Chapter 103D-310(c), shall be accepted for both contracting purposes and final payment. Applicants that elect to use the new HCE services will be required to pay an annual fee of \$15 to the Hawaii Information Consortium, LLC (HIC). Applicants choosing not to participate in the HCE program will be required to provide the paper certificates as instructed in the prior sections.

## **Timely Submission of all Certificates**

The above certificates should be applied for and submitted to the ERS as soon as possible. The above certificates should be provided to the ERS no later than the last scheduled date for presentations by Priority-Listed Offerors. If valid certificates are not submitted on a timely basis for award of the contract, an offer otherwise responsive and responsible may not receive the award.

## **SECTION 2 SCOPE OF WORK**

### **2.1. INTRODUCTION**

Historically, the ERS has not had an internal audit function. Therefore, it is seeking a qualified consultant to assist the ERS with establishing an internal audit function. The scope of services will include operational, compliance and information system reviews to assess the adequacy and effectiveness of ERS' internal control systems.

### **2.2 GENERAL REQUIREMENTS**

#### **2.2.1 AGREEMENT PERIOD**

The term of the agreement may commence on or around February 1, 2013, and expire on January 31, 2016. The term of this contract may be extended, at ERS' option, for an additional one (1) year at the same rates and terms as the original agreement.

Funds are not presently available for performance under this contract beyond the current fiscal year. The ERS' obligation for performance of the contract beyond the fiscal year is contingent upon the availability of funds from which payment for contract purposes can be made. No legal liability on the part of the ERS for any payment may arise for performance under the contract beyond the current fiscal year until funds are made available for performance of the contract.

## **2.2.2 SCOPE OF WORK**

The CONTRACTOR shall provide the following services.

1. Objectives. The contractor understands that the objectives of the work to be performed under this Contract are:

- a. To determine whether internal controls over financial and operating data are adequate and effective to provide reasonable assurance that the financial and operating information is accurate and reliable.
- b. To determine whether internal controls over compliance with laws, regulations, contracts, grants, policies and procedures are adequate and effective to ensure that proper compliance actually occurs.
- c. To determine whether internal controls over assets provide ERS reasonable assurance that assets exist and are safeguarded against loss or theft.
- d. To determine whether controls over ERS operations provide reasonable assurance that ERS resources are used efficiently and economically.
- e. To determine whether controls over operations and programs are adequate and effective to provide reasonable assurance that the operations and programs are being carried out as planned and that the results of operations are consistent with goals and objectives.

2. Scope of Work. The CONTRACTOR shall:

- a. Implement ERS' Internal Audit Work Plan (Attachment C) to assess the adequacy and effectiveness of ERS' internal control systems through operational, compliance and information system reviews.

- b. Perform operational reviews of key business processes to identify deficiencies and weaknesses and make appropriate recommendations for improvements.
- c. Perform compliance reviews to determine if established policies and procedures are being adhered to for purposes of maintaining a positive internal control environment. This would include, but not be limited to, a review of the security and controls surrounding the Company's V3 system and subsystems currently feeding the system.
- d. Provide recommendations based upon existing "best practice" in instances where policies, procedures and processes do not exist and/or could be improved upon.
- e. Develop work programs to carry out the above work.
- f. Issue a report identifying deficiencies and weaknesses in internal controls and recommendations for corrective action and/or improvements to overcome any deficiencies and weaknesses.
- g. Based upon the work performed, issue a report to identify and outline the necessary best practices procedures, processes, and policies that an internal audit function within the ERS should possess. This would include, but not be limited to, establishing goals and objectives of an internal audit function, a risk assessment framework, and responsibilities with respect to annual planning and administrative activities.

## **SECTION 3 PROPOSAL FORMAT**

### **3.1 Introduction**

The offeror shall prepare a written proposal that will fully describe the qualifications and availability of the offeror to provide the services requested and the compensation the offeror proposes in response to this RFP. The proposal shall include, without limitation, the following:

- Cover letter
- Internal Audit Practice - Qualifications and Expertise
- Project Team
- Internal Audit Methodology
- Proposed Timeline
- Tools and Technology
- References
- Proposed Fee

### **3.2 Confidential or Proprietary Information**

Offeror shall designate those portions of the proposal that contain trade secrets or other proprietary data/information that should remain confidential. This information must be clearly marked and readily separable to facilitate public inspection of the non-confidential portions. Any request for public inspection is subject to the requirements of Chapter 92F, Hawaii Revised Statutes. The fee proposal cannot be considered confidential. The entire response CANNOT be considered confidential.

### **3.3 Cover Letter**

The RFP response must include a cover letter addressed to the Procurement Officer. The letter, which will be considered an integral part of the Proposal, must contain the following:

#### **Offeror's Vital Information**

The cover letter shall include the offeror's name, address, telephone/fax numbers, and e-mail address.

#### **Terms and Conditions of RFP**

A statement that the offeror fully understands and will comply with all terms and conditions contained in the RFP.

The offeror must include written acknowledgement of receipt of any and all amendments or addenda made to this RFP.

#### **Legal Entity**

A statement indicating that the offeror is an individual, a partnership, a limited liability company or a corporation. If the offeror is a corporation, a partnership, a limited liability company or other legal entity, include a statement indicating the jurisdiction where the offeror is organized.

#### **Authorized Signature**

The cover letter must be signed by an individual or individuals authorized to legally bind the offeror. If the offeror is a corporation, evidence in the form of a certified copy of a corporate resolution or certified copy of articles of incorporation or bylaws shall be submitted showing the individual's authority to bind the corporation. If the offeror is a partnership, the proposal must be signed

by all the partners or evidence in the form of a certified copy of the partnership agreement shall be submitted showing the individual's authority to bind the partnership. Similar evidence must be submitted for an individual signing the proposal letter on behalf of any other kind of entity.

**Federal Tax ID No.**

The cover letter shall include the offeror's federal tax identification number.

**Hawaii General Excise Tax ID No.**

A Hawaii General Excise Tax (GET) ID must be provided or a representation that a Hawaii General Excise Tax ID will be obtained prior to commencement of the work.

**Current Licenses and Registration**

A statement that the offeror maintains the current licenses necessary to provide the services required. In addition, an offeror must provide evidence that the offeror is registered to do business in the State of Hawaii. True and accurate copies of the offeror's license(s) and certificates must be provided.

**Subcontracting of Services**

A statement by the offeror indicating that the work described in the RFP will not be subcontracted or assigned without the prior written approval of the ERS.

**Non-discrimination**

A statement of affirmative action that the offeror does not discriminate in employment and practices with regard to race, color, religion, age (except as provided by law), sex, marital status, political affiliation, national origin, handicap or disability.

**ERS Approval of Offeror's Recommendations**

A statement that the offeror understands that the ERS reserves the right to disapprove offeror recommendations without penalty when they conflict with the policy or fiscal interests of the ERS, as determined by the ERS.

**Terms and Conditions of Contract**

Briefly affirm that the provisions of the sample contract in Attachment A are acceptable or state any proposed modifications. ERS reserves the right to

decline or classify as “unresponsive” any substantive changes, modifications, or revisions to the provisions of the sample contract.

In addition to the Cover Letter described above, the Proposal should be responsive to the questions provided below.

### **3.4 Internal Audit Practice - Qualifications and Expertise**

1. Provide an overview of your internal audit practice, capabilities, experience and range of services provided.
2. Provide a description of how your firm would bring value to our business.
3. Describe how your firm’s internal audit approach leverages leading practices, proven approaches and tools.
4. Describe how your firm identifies and evaluates risk and the process used to address such risk while reducing the overall cost of compliance.
5. Describe similar projects completed by your firm within the past three (3) years.

### **3.5 Project Team**

Describe the team assigned to work on this project. Include the resumes of each team member, describing their education, training, and qualifications. Identify each individual’s proposed responsibilities on the account and unique skills they bring to the engagement.

### **3.6 Internal Audit Methodology**

1. Describe your internal audit methodology and differentiating factors that provide enhanced value to clients.
2. Describe the policies and practices your firm maintains in order to ensure accuracy, consistency and confidentiality in the work performed.
3. Describe your policies and practices with respect to ownership and retention of audit work papers and other material related to client work.

### **3.7 PROPOSED TIMELINE**

Provide a proposed timeline to implement ERS’ Internal Audit Work Plan and provide the proposed number of audit hours to complete each project in the work plan. The timeline must provide for completion of all projects by December 31, 2015. The

completion date may be extended if the term of the contract is extended, at ERS' option, for an additional one (1) year.

### **3.8 Tools and Technology**

1. Provide an overview of the technology platform and tools that you provide to your internal audit teams.
2. Provide an overview of any software tools and technologies you will use to perform an internal audit risk assessment process, develop and manage the audit plan, implement audit programs and document results, and track and report open audit issues. Would ERS audit resources have access to those tools?

### **3.9 References**

Provide the names of at least three (3) references, including the phone and address of the company or agency, and the name of the key contact.

### **3.10 Proposed Fees**

1. Provide a detailed fee proposal, including rate per hour by staff level. An estimate of out-of-pocket and administrative costs (excluding travel costs) should also be provided.
2. Describe internal audit services that are considered out of scope and the fee treatment for those services.

The fee proposal should include the optional extension term.



## **SECTION 4 PROPOSAL EVALUATION**

### **4.1 Introduction**

The evaluation of proposals received in response to this RFP will be conducted comprehensively, fairly, and impartially.

### **4.2 Evaluation Organization**

A Selection Committee will review and evaluate all proposals submitted by the deadline specified in this RFP.

### **4.3. Phases**

The evaluation will be conducted in three phases:

Phase 1 -- Evaluation of Mandatory Requirements: During this phase, each proposal will be evaluated to determine whether it is sufficiently responsive to the mandatory requirements described in Section 3 to permit a complete evaluation. To meet the mandatory requirements, the offeror must submit a proposal that includes all of the items described in Section 3, including responses to all of the questions in subsections 3.4 through 3.9. Only those proposals that meet the minimum mandatory requirements will be classified as “potentially acceptable or acceptable” and shall be considered in Phase 2 for the priority list.

Phase 2 – Establishment of Priority List of Offerors: All offerors who pass Phase 1 are eligible for the priority list. If there are more than three (3) acceptable or potentially acceptable offeror’s proposals, the evaluation committee shall evaluate and rank all the proposals for the priority list. Based on the numerical ranking order with number 1 being considered to be the highest-ranked proposal, at least three (3) but not more than five (5) offerors shall be considered as the Priority-Listed Offerors. If only two (2) acceptable offers are received, they shall be on the priority list.

Phase 3 – Discussions with Priority-Listed Offerors: The Selection Committee may conduct interviews of Priority-Listed Offerors in Honolulu during the period specified in the Procurement Timetable.

Phase 4 -- Evaluation of Proposals: The Selection Committee will evaluate the proposals of Priority-Listed Offerors in accordance with the criteria listed in subsection 4.4, below.

Phase 5 – Award: The Selection Committee will make the final selection by January 14, 2013.

#### **4.4 Evaluation Criteria**

The evaluation criteria listed below will be used to evaluate and rank offerors' proposals. The evaluation criteria are listed in the order of importance and priority.

<b>Criteria</b>	<b>Points</b>
Professional qualifications & expertise	30
Stability and relevant experience of the firm and the team proposed for the ERS	25
Methodology, process, soundness of approach and understanding the needs of the ERS	25
Fees	15
Client references	5
Total	100