

REQUEST FOR PROPOSALS
TO PROVIDE AUDIT SERVICES TO THE
TOBACCO SETTLEMENT FINANCING CORPORATION

Date Issued: June 3, 2022

Responses Due by: 11:00 A.M. E.S.T. on
June 24, 2022

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TRENTON, NJ 08625

**Request for Proposal
To Provide Audit Services to the
TOBACCO SETTLEMENT FINANCING CORPORATION**

The Tobacco Settlement Financing Corporation (the "Corporation"), created pursuant to P.L. 2002, c. 32, N.J.S.A. 52:18B-1 et seq., is seeking proposals for accounting services in connection with the preparation of its annual audit.

I. SCOPE OF SERVICES

This Request for Proposals ("RFP") is soliciting proposals from independent certified public accounting firms to perform the services described below (the "Services") which are intended to fulfill the Corporation's responsibilities under Executive Order No. 122 (McGreevey 2004) ("Executive Order 122"). Executive Order 122 is available at the following website: www.state.nj.us/infobank/circular/eom122.htm.

A. Audit

The selected firm (the "Independent Auditor") must directly provide professional personnel to conduct an audit of the comprehensive annual financial statements of the Corporation. The audit shall be conducted in compliance with the generally accepted government auditing standards ("GAGAS"), issued by the Comptroller General of the United States, as may be periodically revised, and in accordance with all applicable federal rules, regulations and circulars. The Independent Auditor will be expected to audit the financial statements for the Corporation for five (5) fiscal years (each, a "Fiscal Year"). The first fiscal year is July 1, 2021 to June 30, 2022 ("Fiscal Year 2022"). Each successive fiscal year begins on July 1 and ends on June 30.

Each audit must include a review of and a report on the financial statements of the Corporation and must produce an audit opinion. The Independent Auditor must meet, when necessary, with the Corporation's management to discuss audit progress and related accounting policy issues. The Independent Auditor's responsible partner and/or manager must attend these meetings. The Independent Auditor shall report directly to the Corporation's Audit Committee or Corporation's Board. At no time shall the Independent Auditor report to any staff member of the Corporation. At least twice each year, the Corporation's Audit Committee may hold a private meeting with the Independent Auditor. One of these meetings will be held prior to commencement of the annual audit and the other upon the issuance of the final audit report. Additional meetings may be held upon the request of a member of the Corporation's Audit Committee, a Board member, or the Independent Auditor, and may include such staff members as the Corporation's Audit Committee or the Board determines necessary.

B. Management Letters

The Independent Auditor must provide a management letter for each Fiscal Year. Such letters should deal with substantive issues and provide constructive management comments that require attention by the Corporation's management.

II. MINIMUM QUALIFICATIONS

In order to be considered, the firm submitting a proposal must be a firm of certified public accountants that:

1. Is licensed to conduct business in the State of New Jersey (the "State");
2. Has performed audits and related services for a minimum of ten (10) years;
3. Has experience within the last ten (10) years auditing the revenues, expenditures and programs of municipalities' special purpose entities established in connection with securitizations with at least \$20 million of debt outstanding; and
4. Complies with the terms, conditions and other provisions of this RFP.

III. REQUIRED COMPONENTS OF THE PROPOSAL

To be considered for this engagement, the proposal shall contain the following:

1. A brief summary of how your firm intends to provide the Services described in this RFP and a discussion as to why your firm is better qualified than its competitors to provide such Services.
2. A brief, but specific explanation of your firm's technical approach to providing the Services with specific reference to the following:
 - A description of the work plan and methodology your firm would expect to use;
 - A detailed implementation schedule indicating tasks, task completion dates and the deliverables due at the completion of each task; and
 - A statement describing the efforts your firm will undertake to ensure that a partner-level member of your firm will be available and readily accessible to the Corporation.
3. Information evidencing your firm's qualifications and ability to perform the required Services and illustrating your firm's volume of business and market share in relation to the solicited business. Such information should include, but need not be limited to, the following:
 - A listing and brief description of tobacco securitization transactions on which you have provided similar accounting services to those outlined in this RFP;

- Resumes and relevant work experience of principal members of your firm's staff who will be assigned to the Corporation's account (senior personnel who will be assigned must be specifically identified); and
 - Names, addresses and telephone numbers of at least three verifiable references where a contract of similar scope and complexity was handled by the senior professionals of your firm who will be responsible for the Corporation's account.
4. Location of your firm's headquarters and offices in the State, if any.
 5. Proof of valid business registration with the Division of Revenue of the New Jersey Department of the Treasury.
 6. Describe any pending, concluded or threatened litigation, administrative proceedings or federal or state investigations or audits, subpoenas or other information requests of or involving your firm or the owners, principals or employees thereof during the period beginning January 1, 2015 to the present.

Describe the nature and status of the matter and the resolution, if any. List any sanctions or penalties brought against your firm or any of its personnel (including suspension or disbarment) imposed on your firm or any of its personnel by any regulatory or licensing agencies. Include a description of the reasons for the sanction or penalties and whether such sanctions or penalties are subject to appeal. Please describe any existing or potential conflict of interest that may affect your service to the Corporation.

IV. FEES

Please provide a fee proposal for the following (Please Note: The Corporation will not reimburse the Independent Auditor for out-of-pocket expenses.):

1. Fees for the audit services, audit opinion and management letter preparation described in Section I.A. and I.B. above.

V. SUBMISSION OF THE PROPOSAL

All respondents are required to limit their proposals to twelve (12) pages or less (exclusive of appendices) at no smaller than 12 point type. Excess pages and extraneous materials or appendices will detract from the overall quality of the response. A single page cover letter may be submitted with the proposal at the discretion of the respondent firm and will not count toward the page limit. Information contained in a cover letter will not be used to grade a response.

A copy of your proposal must be emailed no later than 11 AM EST on June 23, 2022 to: Anthony M. Longo, Deputy Director, Office of Public Finance, State of New Jersey, at the following three email addresses: anthonyv.longo@treas.nj.gov; betsv.davis@treas.nj.gov; and uwrfq.Responses@treas.nj.gov

Proposals received after the time and date listed above will not be considered. Physical proposals will not be accepted or reviewed.

All documents and information submitted in response to this RFP generally shall be available to the general public as required by applicable law, including the New Jersey Open Public Records Act, N.J.S.A. 47:1A-1 to -13 and applicable law.

Communications with representatives of the State or the Corporation concerning this RFP, by your firm or on your firm's behalf, are **NOT** permitted during the submission and evaluation process (except as specified below). No telephone inquiries will be accepted. If you have questions or require clarification on any aspect of this RFP, please forward the request via email to uwrfq.Responses@treas.nj.gov . **Failure to adhere to these communication restrictions will result in the immediate rejection of your firm's proposal.** Questions must be submitted by noon prevailing Eastern Time on June 13, 2022. The Corporation will post answers to all questions on the New Jersey Office of Public Finance's website at: http://www.state.nj.us/treasury/public_finance/index.shtml.

The Corporation will not be responsible for any expenses in the preparation and/or presentation of the proposals and oral interviews, if any, or for the disclosure of any information or material received in connection with the solicitation, whether by negligence or otherwise.

The Corporation reserves the right to request additional information or clarification if necessary, or to request an interview with firm(s), or to reject any and all proposals with or without cause, and waive any irregularities or informalities in the proposals submitted. The Corporation further reserves the right to make such investigations as it deems necessary as to the qualifications of any and all firms submitting proposals. In the event that all proposals are rejected, the Corporation reserves the right to resolicit proposals.

Responding firms may withdraw their proposal at anytime prior to the filing date and time by written notification signed by an authorized agent of the firm. The proposal may thereafter be resubmitted, but only up to the final filing date and time.

The responding firm assumes sole responsibility for the complete effort required in this RFP. No special consideration shall be given after proposals are opened because of a firm's failure to be knowledgeable about all the requirements of this RFP. By submitting a proposal in response to this RFP, the firm represents that it has satisfied itself, from its own investigation, of all the requirements of this RFP.

VI. SELECTION PROCESS

1. All proposals will be reviewed to determine responsiveness. Non-responsive proposals will be rejected without evaluation. Responsive proposals will be evaluated by an evaluation committee pursuant to the criteria specified below. The Corporation reserves the right to request clarifying information subsequent to submission of the proposal if necessary.

2 An evaluation committee will review and score each proposal received that meets the **MINIMUM QUALIFICATIONS** set forth above, pursuant to the criteria specified below in Section VI.3.

3 The criteria used to evaluate responsive proposals shall include, but not be limited to, expertise, capacity, experience and personnel in accordance with Executive Order 122 and may include the following evaluation criteria categories, separate or combined, in some manner and not necessarily in order of significance:

- i. proposed fee for services;
- ii. quality of response to RFP package;
- iii. demonstrated ability and qualifications to conduct governmental audits;
- iv. quality of relevant service to governmental entities in previous transactions; and
- v. familiarity with federal laws, rules and regulations relevant to governmental audits.

Interviews may be conducted, at the option of the evaluation committee, with any or all of the firms submitting a proposal. If interviews are to be held, firms will be notified.

The engagement will be awarded to the responsible bidder whose proposal, conforming to the RFP, will be the most advantageous to the Corporation, price and other factors considered. The Corporation reserves the right to negotiate price.

VII. STATUTORY REQUIREMENTS

A. These additional terms and conditions are required by law as indicated herein. The following documents must be completed, included and submitted with the bid proposal. All forms listed below can be downloaded from the Department of the Treasury website at: www.state.nj.us/treasury/purchase/forms.shtml.

- Standard Terms and Conditions dated December 13, 2021;
- Waivered Contract Supplement to the State of New Jersey Standard Terms and Conditions dated January 14, 2022;
- New Jersey Business Registration;
- Ownership Disclosure;
- Disclosure of Investigations and Actions Involving Bidder;
- MacBride Principles;
- Affirmative Action Employee Information Report;
- Notice of Set Off for State Tax;
- Source Disclosure Certification Form;
- Disclosure of Investment Activities in Iran;
- Disclosure of Investment Activities in Russia or Belarus;

- Contractor Certification and Disclosure of Political Contributions (N.J.S.A. 19:44A-20.13 et seq.); and
- Vendor Certification (P.L. 2005, c. 271) (The form listed below can be downloaded from the Department of the Treasury website at:
<http://www.state.nj.us/treasury/purchase/forms/CertandDisc2706.pdf>.)

NOTE: A copy of a valid New Jersey business registration must be submitted. If not already registered with the New Jersey Division of Revenue, registration can be complete on-line at the Division of Revenue website: <https://www.state.nj.us/treasury/revenue/busregcert.shtml>.

B. Specific Statutory Requirements. All firms must also comply with the following statutory requirements:

7.1 Chapter 51 and Executive Order No. 117 (Corzine 2008). In order to safeguard the integrity of State government procurement by imposing restrictions to insulate the negotiation and award of State contracts from political contributions that pose the risk of improper influence, purchase of access, or the appearance thereof, the Legislature enacted L. 2005, c. 51 (codified at N.J.S.A. 19:44A-20.13-25) (“Chapter 51”), on March 22, 2005, effective retroactive to October 15, 2004, superseding the terms of Executive Order No. 134 (McGreevey 2004). In addition, on September 24, 2008, Governor Corzine issued Executive Order No. 117, effective on November 15, 2008 (“EO 117”) setting forth additional limitations on the ability of executive branch departments, agencies, authorities or independent State authorities to contract with a business entity which has made or solicited certain contributions.

To obtain the necessary forms and information on how to comply with Chapter 51 and EO 117, prospective bidders should access:

<http://www.state.nj.us/treasury/purchase/forms/eo134/Chapter51.pdf>

Under Chapter 51 and EO 117, the State is not permitted, and will not enter into a Bond Purchase Agreement with a firm that is not in compliance with Chapter 51 and EO 117. The State will verify with the Division of Purchase and Property of the New Jersey Department of the Treasury as to whether the prospective bidders are compliant with Chapter 51 and EO 117. By submission of a bid, the winning bidder shall be deemed to have agreed to maintain its compliance with Chapter 51 and EO 117 during the term of the engagement. Failure to do so would constitute a default by the winning bidder.

7.2 Chapter 271. Pursuant to L. 2005, c. 271 (“Chapter 271”), your firm is required to disclose its (and its principals’) political contributions within the immediately preceding twelve (12) month period prior to entering into a contract. No prospective firm will be precluded from entering a contract with the State by virtue of the information provided in the Chapter 271 disclosure provided the form is fully and accurately completed. Prior to award of this engagement, the firm selected pursuant to this RFQ shall be required to submit Chapter 271 disclosures. Please refer to <http://www.state.nj.us/treasury/purchase/forms/CertandDisc2706.pdf> for a copy of the Chapter 271 disclosure form. It is not required to be completed in connection with the submission of your proposal.

If selected pursuant to this RFQ, please also be advised of your firm's responsibility to file an annual disclosure statement on political contributions with the NJ Election Law Enforcement Commission (ELEC) pursuant to N.J.S.A. 19:44A-20.13 (L. 2005, c. 271, section 3) if your firm receives contracts in excess of \$50,000 from a public entity during a calendar year. It is your firm's responsibility to determine if filing is necessary. Failure to so file can result in the imposition of financial penalties by ELEC. Additional information about this requirement is available from ELEC at (888)313-3532 or www.elec.state.nj.us

7.3. Chapter 92. In accordance with L. 2005, c. 92 (codified at N.J.S.A. 52:34-13.2), all services performed pursuant to this contract shall be performed within the United States.

7.4. Certification of Non-Involvement in Prohibited Activities in Iran. Pursuant to N.J.S.A. 52:32-58, the bidder must certify that neither the bidder, nor any of its parents, subsidiaries, and/or affiliates (as defined in N.J.S.A. 52:32 – 56(e) (3)), is listed on the Department of the Treasury's List of Persons or Entities Engaging in Prohibited Investment Activities in Iran and that neither is involved in any of the investment activities set forth in N.J.S.A. 52:32 – 56(f). If the bidder is unable to so certify, the bidder shall provide a detailed and precise description of such activities.

7.5 Certification with respect to Engagement in Prohibited Activities in Russia or Belarus. Pursuant to N.J.S.A. 52:32-60.1, the "person or entity" (as defined in N.J.S.A. 52:32-60.1(1)(e)) seeking to enter into or renew a contract for the provision of goods or services or the purchase of bonds or other obligations shall certify that it is not "engaging in prohibited activities in Russia or Belarus" (as such term is defined in N.J.S.A. 52:32-60.1(1)(e)). If the person or entity is unable to certify, the person or entity shall provide a detailed and precise description of such activities. The N.J.S.A. 52:32-60.1 certification form to be delivered in connection with any response by a bidder to this RFP is attached hereto.

7.6 Diane B. Allen Equal Pay Act. The Diane B. Allen Equal Pay Act, L. 2018, c. 9, requires State contractors providing professional services to the State or a State entity to file information about its employee pay practices with the New Jersey Department of Labor and Workforce Development. Information about the Act and the reporting requirement is available at: <https://nj.gov/labor/equalpay/equalpay.html>.