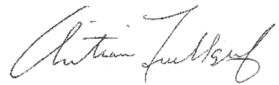


STATE OF NORTH CAROLINA Department of Administration Division of Purchase and Contract 	REQUEST FOR BEST AND FINAL OFFER NO. DPC-646236801-MT
Refer <u>ALL</u> inquiries regarding this BAFO to the procurement lead through the Events Message Board in the Sourcing Tool.	Offers will be received until: October 30, 2023, at 5:00 PM ET Issue Date: October 30, 2023
See page 2 for Submission Instructions	Commodity Number: 84111600 – Audit Services Description: Supplemental Internal Audit Services Using Agency: STATEWIDE Requisition No.: N/A

NOTICE TO VENDOR: Offers submitted in response to this Best and Final Offer (BAFO) for the furnishing and delivering the goods and services described herein, subject to the conditions made a part hereof, will be received through the Sourcing Tool until 5:00 PM Eastern Time on the day of opening. Refer to page two for submission instructions. Offers submitted in any other way in response to this BAFO will not be accepted. Offers are subject to rejection unless submitted on this form.

EXECUTION: In compliance with this Request for BAFO, along with the terms and conditions in the original solicitation, as maybe modified herein, the undersigned offers and agrees to furnish any or all goods and services which are offered, at the prices agreed upon and within the time specified herein. Pursuant to GS §143-54 and §143-59.2 and under penalty of perjury, the undersigned Vendor certifies that this offer has not been arrived at collusively or otherwise in violation of Federal or North Carolina law and this offer is made without prior understanding, agreement, or connection with any firm, corporation, or person submitting an offer for the same commodity, and is in all respects fair and without collusion or fraud.

Failure to execute/sign offer prior to submittal shall render offer invalid. Late offers will not be accepted.

VENDOR: Cherry Bekaert Advisory LLC	EMAIL: christian.fuellgraf@cbh.com	
STREET ADDRESS: 3800 Glenwood Avenue Suite 200	P.O. BOX: N/A	ZIP: 27612
CITY & STATE & ZIP: Raleigh, NC 27612	TELEPHONE NUMBER: 919.782.1040	TOLL FREE TEL. NO: N/A
TYPE OR PRINT NAME & TITLE OF PERSON SIGNING: Christian Fuellgraf, Partner	FAX NUMBER: 919.783.0976	
AUTHORIZED SIGNATURE: 	DATE: October 30, 2023	

Offer valid for ninety (90) calendar days from date of opening unless otherwise stated here: ____ days.

ACCEPTANCE OF OFFER: If the State accepts any or all parts of this offer, an authorized representative of the Agency shall affix his/her signature to the Vendor's response to this Request for BAFO. The acceptance shall include the response to this BAFO, any provisions and requirements of the original Solicitation which have not been superseded herein, and the North Carolina General Terms and Conditions. These documents shall then constitute the written agreement between the parties. A copy of this acceptance will be forwarded to the successful Vendor(s).

<u>FOR STATE USE ONLY:</u> Offer accept and Contract awarded this 1st day of November, 2023, as indicated on the attached certification, by <u>PandC - Melinda Tomlinson</u> (Authorized Representative of Division of Purchase and Contract)

SUBMISSION INSTRUCTIONS: Vendor shall submit its offer through the Sourcing Tool. Any files submitted shall not be password protected and shall be capable of being copied to other media.

REQUEST FOR BEST AND FINAL OFFER (BAFO):

This request is to solicit a best and final offer from Vendor for Supplemental Internal Audit, Assurance, Data Analytics, and Managerial Advisory Services. The offer should integrate the previous response to the Solicitation and any changes listed below. Any individual Vendor may receive a different number of BAFO requests than other Vendors.

NOTE: This Solicitation is still in the evaluation period. During this period and prior to award, possession of the BAFO, original bid response, and accompanying information is limited to personnel of the Issuing Agency and any agencies responsible for participating in the evaluation. Vendors who attempt to gain this privileged information, or to influence the evaluation process (i.e., assist in evaluation), will be in violation of purchasing rules and their offer will not be further evaluated or considered.

Specific requests begin on the next page. Vendor may copy requests onto additional pages, as needed, to provide sufficient space for its response.

October 30, 2023

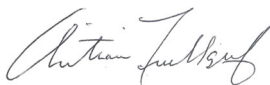
Melinda Y. Tomlinson, State Procurement Manager
116 W Jones St # 5106
Raleigh, NC 27603

Dear Ms. Tomlinson:

Thank you for the opportunity to provide our response to this Best and Final Offer (BAFO) for DPC-646236801-MT.

We acknowledge and accept the revised language and additional terms and conditions included. Our SOC 2 Type 2 Report for 2022 is included in this response; our 2023 audit is being finalized and a report will be available within a few weeks. In addition, we will provide our completed Vendor Readiness Assessment Report Non-State Hosted Solutions (VRAR) no later than Friday, November 3. Please contact us with any questions.

Thank you,



Christian Fuellgraf

Partner, Advisory Services

Government & Public Sector Practice Leader

M: 614.446.5438

E: christian.fuellgraf@cbh.com

Section 4.9 Cost Proposal

The following language, *“To continuously provide competitive salaries for our professionals and access to the top talent for the State, all rates will increase by 3.5% each year to account for annual cost of living increases”*, is removed and replaced with *“Rate increases can be requested annually. The request will be reviewed by the State and either approved, denied, or negotiated.”*

1.0 IT SECURITY SPECIFICATIONS

1.1 FOR SOLUTIONS HOSTED ON STATE INFRASTRUCTURE

For Vendors who only want to be considered for Agency solutions hosted on State Infrastructure, those Vendors shall provide a completed Vendor Readiness Assessment Report State Hosted Solutions ("VRAR") as soon as possible after receipt of this BAFO. This report is located at the following website:

<https://it.nc.gov/documents/vendor-readiness-assessment-report>

The Supplemental Internal Audit Services vendors will be required to receive and securely manage data that may be classified as high as Statewide Critical - High. Refer to the North Carolina Statewide Data Classification and Handling policy for more information regarding this data classification. The policy is located at the following website: <https://it.nc.gov/document/statewide-data-classification-and-handling-policy>

To comply with the State's Security Standards and Policies, State agencies are required to perform annual security/risk assessments on their information systems using NIST 800-53 controls.

1.2 FOR SOLUTIONS NOT HOSTED ON STATE INFRASTRUCTURE

For Vendors who want to be considered for Agency solutions hosted on State AND Vendor Infrastructure, those Vendors shall comply with the requirements of this section. Specifically, the Supplemental Internal Audit Services vendors will be required to receive and securely manage data that is classified as high as Statewide Critical - High. Refer to the North Carolina Statewide Data Classification and Handling policy for more information regarding data classification. The policy is located at the following website: <https://it.nc.gov/document/statewide-data-classification-and-handling-policy>.

To comply with the State's Security Standards and Policies, State agencies are required to perform annual security/risk assessments on their information systems using NIST 800-53 controls. This requirement additionally applies to all Vendor-provided, agency-managed Infrastructure as a Service (IaaS), Platform as a Service (PaaS), and Software as a Service (SaaS) solutions which will handle data classified as Medium Risk (Restricted) or High Risk (Highly Restricted) data.

(a) Vendors shall provide a completed Vendor Readiness Assessment Report Non-State Hosted Solutions ("VRAR") as soon as possible after receipt of this BAFO. This report is located at the following website: <https://it.nc.gov/documents/vendor-readiness-assessment-report>

(b) Vendors shall also provide, upon receipt of this BAFO, a current independent 3rd party assessment report in accordance with the following subparagraphs (i)-(iii). Contract award will be dependent upon approval of the report as defined in subparagraphs (i)-(iii).

(i) Federal Risk and Authorization Management Program (FedRAMP) certification, SOC 2 Type 2, ISO 27001, or HITRUST are the preferred assessment reports for any Vendor solutions which will handle data classified as Medium Risk (Restricted) or High Risk (Highly Restricted).

(ii) A Vendor that cannot provide a preferred independent 3rd party assessment report as described above may submit an alternative assessment, such as a SOC 2 Type 1 assessment report. The Vendor shall provide an explanation for submitting the alternative assessment report. If awarded this contract, a Vendor who submits an alternative assessment report shall submit one of the preferred assessment reports no later than 365 days of the Effective Date of the contract. Timely submission of this preferred assessment report shall be a material requirement of the contract.

(iii) An IaaS vendor cannot provide a certification or assessment report for a SaaS provider UNLESS permitted by the terms of a written agreement between the two vendors and the scope of the IaaS certification or assessment report clearly includes the SaaS solution.

(c) Additional Security Documentation. Prior to contract award, the State may in its discretion require the Vendor to provide additional security documentation, including but not limited to vulnerability assessment reports and penetration test reports. The awarded Vendor shall provide such additional security documentation upon request by the State during the term of the contract.

2.0 TERMS AND CONDITIONS APPLICABLE TO AUDITING SOLUTIONS NOT HOSTED ON STATE INFRASTRUCTURE

- a) All materials, including software, Data, information and documentation provided by the State to the Vendor (State Data) during the performance or provision of Services hereunder are the property of the State of North Carolina and must be kept secure and returned to the State. The Vendor will protect State Data in its hands from unauthorized disclosure, loss, damage, destruction by natural event, or other eventuality. Proprietary Vendor materials shall be identified to the State by Vendor prior to use or provision of Services hereunder and shall remain the property of the Vendor. Derivative works of any Vendor proprietary materials prepared or created during the performance or provision of Services hereunder shall be provided to the State as part of the Services. The Vendor shall not access State User accounts, or State Data, except (i) during data center operations, (ii) in response to service or technical issues, (iii) as required by the express terms of this contract, or (iv) at State's written request. The Vendor shall protect the confidentiality of all information, Data, instruments, studies, reports, records and other materials provided to it by the State or maintained or created in accordance with this Agreement. No such information, Data, instruments, studies, reports, records and other materials in the possession of Vendor shall be disclosed in any form without the prior written agreement with the State. The Vendor will have written policies governing access to and duplication and dissemination of all such information, Data, instruments, studies, reports, records and other materials.
- b) The Vendor shall not store or transfer non-public State data outside of the United States. This includes backup data and Disaster Recovery locations. The Service Provider will permit its personnel and contractors to access State of North Carolina data remotely only as required to provide technical support.
- c) Protection of personal privacy and sensitive data. The Vendor acknowledges its responsibility for securing any restricted or highly restricted data, as defined by the Statewide Data Classification and Handling Policy (<https://it.nc.gov/document/statewide-data-classification-and-handling-policy>) that is collected by the State and stored in any Vendor site or other Vendor housing systems including, but not limited to, computer systems, networks, servers, or databases, maintained by Vendor or its agents or subcontractors in connection with the provision of the Services. The Vendor warrants, at its sole cost and expense, that it shall implement processes and maintain the security of data classified as restricted or highly restricted; provide reasonable care and efforts to detect fraudulent activity involving the data; and promptly notify the State of any breaches of security within 24 hours of confirmation as required by N.C.G.S. § 143B-1379.
- d) The Vendor will provide and maintain secure backup of the State Data. The Vendor shall implement and maintain secure passwords for its online system providing the Services, as well as all appropriate administrative, physical, technical and procedural safeguards at all times during the term of this Agreement to secure such Data from Data Breach, protect the Data and the Services from loss, corruption, unauthorized disclosure, and the introduction of viruses, disabling devices, malware and other forms of malicious or inadvertent acts that can disrupt the State's access to its Data and the Services. The Vendor will allow periodic back-up of State Data by the State to the State's infrastructure as the State requires or as may be provided by law.
- e) The Vendor shall certify to the State:
 - i) The sufficiency of its security standards, tools, technologies and procedures in providing Services under this Agreement;
 - ii) That the system used to provide the Subscription Services under this Contract has and will maintain a valid 3rd party security certification not to exceed 1 year and is consistent with the data classification level and a security controls appropriate for low or moderate information system(s) per the National Institute of Standards and Technology NIST 800-53 revision 4. The State reserves the right to independently evaluate, audit, and verify such requirements.
 - iii) That the Services will comply with the following:
 - (1) Any DIT security policy regarding Cloud Computing, and the DIT Statewide Information Security Policy Manual; to include encryption requirements as defined below:
 - (a) The Vendor shall encrypt all non-public data in transit regardless of the transit mechanism.
 - (b) For engagements where the Vendor stores sensitive personally identifiable or otherwise confidential information, this data shall be encrypted at rest. Examples are social security number, date of birth, driver's license number, financial data, federal/state tax information, and hashed passwords. The Vendor's encryption shall be consistent with validated cryptography standards as specified in National Institute of Standards and Technology FIPS140-2, Security Requirements. The key location and other key management details will be discussed and negotiated by both parties. When the Service Provider cannot offer encryption at rest, it must maintain, for the duration of the contract, cyber security liability insurance coverage for any loss resulting from a data breach. Additionally, where encryption of data at rest is not possible, the Vendor must describe existing security measures that provide a similar level of protection;
 - (2) Privacy provisions of the Federal Privacy Act of 1974;
 - (3) The North Carolina Identity Theft Protection Act, N.C.G.S. Chapter 75, Article 2A (e.g., N.C.G.S. § 75-65 and -66);

- (4) The North Carolina Public Records Act, N.C.G.S. Chapter 132; and
 - (5) Applicable Federal, State and industry standards and guidelines including, but not limited to, relevant security provisions of the Payment Card Industry (PCI) Data Security Standard (PCIDSS) including the PCIDSS Cloud Computing Guidelines, Criminal Justice Information, The Family Educational Rights and Privacy Act (FERPA), Health Insurance Portability and Accountability Act (HIPAA);
 - (6) Any requirements implemented by the State under N.C.G.S. §§ 143B-1376 and -1377.
- f) Security Breach. "Security Breach" under the NC Identity Theft Protection Act (N.C.G.S. § 75-60ff) means (1) any circumstance pursuant to which applicable Law requires notification of such breach to be given to affected parties or other activity in response to such circumstance (e.g., N.C.G.S. § 75-65); or (2) any actual, attempted, suspected, threatened, or reasonably foreseeable circumstance that compromises, or could reasonably be expected to compromise, either Physical Security or Systems Security (as such terms are defined below) in a fashion that either does or could reasonably be expected to permit unauthorized Processing (as defined below), use, disclosure or acquisition of or access to any the State Data or state confidential information. "Physical Security" means physical security at any site or other location housing systems maintained by Vendor or its agents or subcontractors in connection with the Services. "Systems Security" means security of computer, electronic or telecommunications systems of any variety (including data bases, hardware, software, storage, switching and interconnection devices and mechanisms), and networks of which such systems are a part or communicate with, used directly or indirectly by Vendor or its agents or subcontractors in connection with the Services. "Processing" means any operation or set of operations performed upon the State Data or State confidential information, whether by automatic means, such as creating, collecting, procuring, obtaining, accessing, recording, organizing, storing, adapting, altering, retrieving, consulting, using, disclosing or destroying.
- g) Breach Notification. In the event Vendor becomes aware of any Security Breach due to Vendor acts or omissions other than in accordance with the terms of the Agreement, Vendor shall, at its own expense, (1) immediately notify the State's Agreement Administrator of such Security Breach and perform a root cause analysis thereon, (2) investigate such Security Breach, (3) provide a remediation plan, acceptable to the State, to address the Security Breach and prevent any further incidents, (4) conduct a forensic investigation to determine what systems, data and information have been affected by such event; and (5) cooperate with the State, and any law enforcement or regulatory officials, credit reporting companies, and credit card associations investigating such Security Breach. The State shall make the final decision on notifying the State's persons, entities, employees, service providers and/or the public of such Security Breach, and the implementation of the remediation plan. If a notification to a customer is required under any Law or pursuant to any of the State's privacy or security policies, then notifications to all persons and entities who are affected by the same event (as reasonably determined by the State) shall be considered legally required.
- h) Notification Related Costs. Vendor shall reimburse the State for all Notification Related Costs incurred by the State arising out of or in connection with any such Security Breach due to Vendor acts or omissions other than in accordance with the terms of the Agreement resulting in a requirement for legally required notifications. "Notification Related Costs" shall include the State's internal and external costs associated with addressing and responding to the Security Breach, including but not limited to: (1) preparation and mailing or other transmission of legally required notifications; (2) preparation and mailing or other transmission of such other communications to customers, agents or others as the State deems reasonably appropriate; (3) establishment of a call center or other communications procedures in response to such Security Breach (e.g., customer service FAQs, talking points and training); (4) public relations and other similar crisis management services; (5) legal and accounting fees and expenses associated with the State's investigation of and response to such event; and (6) costs for credit reporting services that are associated with legally required notifications or are advisable, in the State's opinion, under the circumstances. If the Vendor becomes aware of any Security Breach which is not due to Vendor acts or omissions other than in accordance with the terms of the Agreement, Vendor shall immediately notify the State of such Security Breach, and the parties shall reasonably cooperate regarding which of the foregoing or other activities may be appropriate under the circumstances, including any applicable Charges for the same.
- i) Vendor shall allow the State reasonable access to Services security logs, latency statistics, and other related Services security data that affect this Agreement and the State's Data, at no cost to the State.
- j) In the course of normal operations, it may become necessary for Vendor to copy or move Data to another storage destination on its online system, and delete the Data found in the original location. In any such event, the Vendor shall preserve and maintain the content and integrity of the Data, except by prior written notice to, and prior written approval by, the State.
- k) Remote access to Data from outside the continental United States, including, without limitation, remote access to Data by authorized Services support staff in identified support centers, is prohibited unless approved in advance by the State Chief Information Officer or the Using Agency.
- l) In the event of temporary loss of access to Services, Vendor shall promptly restore continuity of Services, restore Data in accordance with this Agreement and as may be set forth in an SLA, restore accessibility of Data and the Services to meet the

performance requirements stated herein or in an SLA. As a result, Service Level remedies will become available to the State as provided herein, in the SLA or other agreed and relevant documents. Failure to promptly remedy any such temporary loss of access may result in the State exercising its options for assessing damages under this Agreement.

- m) In the event of disaster or catastrophic failure that results in significant State Data loss or extended loss of access to Data or Services, Vendor shall notify the State by the fastest means available and in writing, with additional notification provided to the State Chief Information Officer or designee of the contracting agency. Vendor shall provide such notification within twenty-four (24) hours after Vendor reasonably believes there has been such a disaster or catastrophic failure. In the notification, Vendor shall inform the State of:
- (1) The scale and quantity of the State Data loss;
 - (2) What Vendor has done or will do to recover the State Data from backups and mitigate any deleterious effect of the State Data and Services loss; and
 - (3) What corrective action Vendor has taken or will take to prevent future State Data and Services loss.
 - (4) If Vendor fails to respond immediately and remedy the failure, the State may exercise its options for assessing damages or other remedies under this Agreement.

Vendor shall investigate the disaster or catastrophic failure and shall share the report of the investigation with the State. The State and/or its authorized agents shall have the right to lead (if required by law) or participate in the investigation. Vendor shall cooperate fully with the State, its agents and law enforcement.

- n) In the event of termination of this contract, cessation of business by the Vendor or other event preventing Vendor from continuing to provide the Services, Vendor shall not withhold the State Data or any other State confidential information or refuse for any reason, to promptly return to the State the State Data and any other State confidential information (including copies thereof) if requested to do so on such media as reasonably requested by the State, even if the State is then or is alleged to be in breach of the Agreement. As a part of Vendor's obligation to provide the State Data pursuant to this Paragraph 18) n), Vendor will also provide the State any data maps, documentation, software, or other materials necessary, including, without limitation, handwritten notes, materials, working papers or documentation, for the State to use, translate, interpret, extract and convert the State Data.
- o) Secure Data Disposal. When requested by the State, the Vendor shall destroy all requested data in all of its forms, for example: disk, CD/DVD, backup tape, and paper. Data shall be permanently deleted and shall not be recoverable, according to National Institute of Standards and Technology (NIST) approved methods and certificates of destruction shall be provided to the State.



Proposal for Supplemental Internal Audit Services, Assurance, Accounting,
Data Analytics, and Managerial Advisory Services

North Carolina Department of Administration

September 6, 2023 | DPC-646236801-MT

Denise Lippuner, CPA, CGFM, CRMP-FED
Managing Director, Cherry Bekaert Advisory LLC

State & Local Government Domain Leader

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Cover Letter

September 6, 2023

Melinda Y. Tomlinson, State Procurement Manager
116 W Jones St # 5106
Raleigh, NC 27603

Dear Ms. Tomlinson:

Cherry Bekaert ("Cherry Bekaert" or the "Firm") is pleased to submit this proposal for Supplemental Internal Audit, Assurance, Accounting, Data Analytics and Managerial Advisory Services to the North Carolina Department of Administration ("NC DOA"). As a current contract holder of State Term Contract 946C (STC946C), we are proud to have served 10+ State Agencies/Departments and Higher Education Entities through this contract vehicle since 2019 and will continue providing experienced professionals, local teams and quality service to support the State's risk advisory and consulting needs.

In a rapidly evolving digital environment, state and local government leaders and managers face ever more pressing challenges. Constituents expect diverse, equitable, efficient, high-quality services with transparency and accountability. Many government organizations in North Carolina are challenged with accelerated digitization of longstanding business processes, facilitation of remote work and reliance on more third-party providers than ever before. And with billions of dollars in Federal funding allocated and available through the American Rescue Plan Act (ARPA) and Infrastructure Investment and Jobs Act (IIJA), state/local governments have access to substantial resources to serve constituents, improve communities, respond to emergencies and achieve strategic objectives, but must ensure proper fiscal stewardship and protect against the risk of fraud, waste and abuse.

Evaluating the dynamic risk landscape across North Carolina and providing meaningful internal audit, accounting, compliance, financial and data analytics solutions requires the right balance of hands-on public sector experience, proven service methodologies and committed professionals dedicated to your success. Cherry Bekaert is a Raleigh-based, nationally recognized professional services and consulting firm with extensive experience providing the North Carolina public sector with a wide range of risk advisory, compliance, grant management, internal/external audit, IT and digital platform/data analytics services. We are one of the largest public sector assurance and advisory firms in North Carolina, with offices in Raleigh, Charlotte, Gastonia and Fayetteville.

To support the variety of internal audit, assurance, accounting/finance, data analytics, and managerial advisory needs that different state agencies, local governments and higher education organizations may have, we offer practical experience, a collaborative approach and the highest quality customer service at a competitive price. We help North Carolina organizations leverage their systems of internal control to better manage risk, enable growth and promote sustainable operations, starting with a true understanding of an organization's people, culture, stakeholders, inter/intra-department interactions and potential areas for improvement. We consider people, processes and technology to help assess risk and internal control at the entity and activity level and provide perspective and solutions that assist organizations with improving citizen and employee experiences and outcomes, while strengthening the public's trust in government services.

Several firms hold the STC946C contract and many more will seek to enroll via this solicitation. Our objective in submitting this proposal is to remain a key partner for North Carolina state agencies and local governments for their supplemental internal audit needs so they can serve the people of The Tar Heel State with the highest degree of integrity, trust, transparency and cost-efficiency. As a digitally enabled, public sector-focused professional services firm, Cherry Bekaert stands apart by offering:

- ▶ **Deep North Carolina Public Sector Experience:** We understand the areas of highest need and those that enable and improve the efficiency and effectiveness of digital government. Our Government & Public Sector (GPS) team has a deep understanding of the complex challenges North Carolina state and local governments, and public sector organizations face. As one of the largest providers of audit and accounting services to the state and local

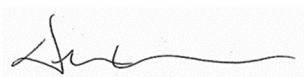
market, we have unique insight into the operations and business of governments. We have served more than 120 public sector entities across North Carolina since 2019 and delivered a substantial value of work under STC 946C since 2019, including risk assessments, internal auditing, operational and performance audits, internal controls assessments, IT auditing, cybersecurity/information assurance, grant compliance, investigative and external audit services. The experience gained through service arms us with insight into the issues and risks impacting the North Carolina public sector. By using a digital environment with data-driven practices, we increase engagement efficiency and enable government managers and leaders to better focus on their mission and delivering results to constituents.

- ▶ **Proven Expertise in Government Risk Advisory, Internal Control and Accounting/Reporting:** Our government professionals stay informed about market conditions and industry trends that may affect state and local governments. Through this commitment and dedication, we have a significant concentration of expertise and demonstrated reputation in this industry; we provide innovative, effective government auditing and advisory services to 150+ local governments, public authorities/boards, school districts, and state and local agencies, ranging in size from \$2 million to \$9 billion. We leverage our knowledge of government operations and missions, combined with cutting-edge technology solutions, to deliver value-added advisory services for our public sector clients, which include:
 - Conducting effective risk assessments over financial, operational, compliance and reporting risks.
 - Performing risk and control diagnostics designed to evaluate the maturity of internal controls over key risks.
 - Validating the sufficiency of internal control design and operating effectiveness.
 - Assuring the adequacy of governance, risk management and control processes.
 - Assisting management to embed risk management and internal control into an organization's culture.
 - Developing targeted, risk-based audit plans to make the best use of internal auditing resources.
 - Analyzing operations and determine opportunities to improve efficiency, effectiveness and adaptability.
 - Assisting with meeting the compliance requirements of state and federal funding while maximizing effective expenditure.
 - Reviewing and assessing unusual activity for potential fraud, waste or abuse.
 - Assessing the sufficiency of management control and security in place to protect an entity's information systems and maintain compliance with regulatory requirements.
 - Leveraging data analytics to provide insightful recommendations and identify trends or areas for improvement.
 - Addressing accounting and financial reporting needs, including year-end closing duties, ACFR preparation, regulatory compliance and reporting, technical accounting advisory and new standards implementation.
- ▶ **Unmatched Commitment to North Carolina's Success:** You will receive timely, quality service through a team of conscientious professionals dedicated to serving your needs. We will leverage this contract to assist State Departments, Agencies, Higher Education Entities and Other Eligible Entities with meeting their obligations under NCGS 143D and taking advantage of every opportunity to succeed. It is our business to add value to our clients, not just perform compliance and advisory services. We understand that bringing ideas, improvements and efficiencies contributes to your success. You can expect proactive communication, seasoned guidance, robust account management and a commitment to continuous improvement to ensure your expectations are exceeded. We offer the local bench strength and proven expertise needed to deliver engagements within North Carolina's high standards and expectations. The size and structure of our Firm ensures engagement continuity and significant leadership access for our public sector clients. We do not delegate projects down to lower staff levels. We achieve quality, efficiency and a forward-facing view of your internal audit needs through significant leadership involvement. Organizations who work with us through this contract can expect:
 - The top talent of our Firm, amplified by our commitment to prioritize your business and provide practical and timely support.

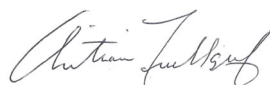
- A high level of senior leader involvement, attentiveness to your needs, continuity of service professionals, and expert consultation.
- A streamlined and cost-effective service approach
- Proactive guidance on issues you may not know to even ask about or don't have the time to focus on.

Our Firm's vision is to make a difference for our people and our clients. This begins with building strong relationships between our professionals and our clients based on trust, mutual respect, uncompromising integrity and a shared passion for excellence in all that we do. We make our **Client Promise** to build on our a mutually beneficial relationship and offer the experience and professional expertise of our top talent for your benefit.

Thank you for your consideration of our proposal. If you have any questions or would like additional information, please feel free to contact us directly.



Denise Lippuner, CPA, CGFM, CRMP-FED
Managing Director, Risk & Accounting Advisory
Services
State & Local Domain Leader
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Christian Fuellgraf
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Government & Public Sector Practice Leader
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Please Note: "Cherry Bekaert" is the brand name under which Cherry Bekaert LLP and Cherry Bekaert Advisory LLC, independently owned entities, provide professional services in an alternative practice structure in accordance with applicable professional standards. Cherry Bekaert LLP is a licensed CPA firm that provides attest services, and Cherry Bekaert Advisory LLC and its subsidiary entities provide business advisory and non-attest services. For more details, visit cbh.com/disclosure.

Execution of Proposal

Conditions to Discuss During Negotiation

As with any contractual relationship, Cherry Bekaert's desire to re-enter into a continuing contract is based on reaching a mutually positive negotiation of terms and conditions. After reviewing the RFP and General Terms & Conditions, we would like to offer alternative language for consideration and discussion:

North Carolina General Terms & Conditions

- ▶ 13. ACCESS TO PERSONS AND RECORDS - we request the following change: "...the State Auditor and any Purchasing Agency's internal auditors shall have access to persons and records related to the Contract to verify accounts and data affecting fees or performance under the Contract, as provided in G.S. 143-49(9), **upon reasonable advance written request.**"
- ▶ 16. GENERAL INDEMNITY - we request replacing Paragraph A with the following: "**Provided that the Vendor is notified in writing within 30 days of the date that the State has knowledge of applicable claim, Vendor agrees to indemnify, defend and hold harmless the State (including, without limitation, its officers, directors, shareholders, employees, agents, successors, and assigns) from and against any and all claims, debts, liabilities, damages, demands, obligations, costs, expenses (including, without limitation, reasonable attorneys' fees and court costs), actions and causes of action arising from (a) the breach of any of the terms of the contract by Vendor or any party acting by or through Vendor (including, without limitation, any of its representatives); (b) the violation of any applicable law or regulations; or (c) a claim asserted by any third-party based on the negligence of the Vendor in the performance of the contract. This paragraph shall survive the termination of the contract including any renewal or extension thereof; provided, however, that the maximum aggregate liability of Vendor with respect to the indemnification obligations of this Contract shall not exceed the sum of ten million dollars (\$10,000,000.00).**"
- ▶ 20. CARE OF STATE DATA AND PROPERTY - we request the following change: "The Vendor shall notify the State of any security breaches within **24-48** hours..."
- ▶ 28. FEDERAL FUNDS PROVISIONS, i) Access to Records, paragraph 1 - we request the following change: "**Upon reasonable advance, written notice,** The Vendor agrees to provide the Purchasing Agency, the Administrator of the federal agency providing funds hereunder, the Comptroller General of the United States, or any of their authorized representatives access to any books, documents, papers, and records of the Vendor which are directly pertinent to this Contract for the purposes of making audits, examinations, excerpts, and transcriptions."

Request for Proposal #: DPC-646236801-MT

- ▶ 4.10 ADDITIONAL REQUIREMENTS, d. Records Retention - we request the following change: "Record retention requirements shall be consistent with any pertinent regulatory or other requirements and records shall be maintained for a minimum of ~~ten~~ **eight** years."

The executed RFP DPC-646236801-MT and Addendum Acknowledgements begin on the following page.

STATE OF NORTH CAROLINA

Division of Purchasing & Contract

Refer <u>ALL</u> Inquiries regarding this RFP to the procurement lead through the Message Board in the Sourcing Tool. See section 2.6 for details.	Request for Proposal #: DPC-646236801-MT
	Proposals will be publicly opened: August 22, 2023, @2:00 PM EST
Using Agency: STATEWIDE	Commodity No. and Description: 84111600 – Audit Services
Requisition No.: STC# 8411A	

EXECUTION

In compliance with this Request for Proposals (RFP), and subject to all the conditions herein, the undersigned Vendor offers and agrees to furnish and deliver any or all items upon which prices are bid, at the prices set opposite each item within the time specified herein.

By executing this proposal, the undersigned Vendor understands that false certification is a Class I felony and certifies that:

- this proposal is submitted competitively and without collusion (G.S. 143-54),
- none of its officers, directors, or owners of an unincorporated business entity has been convicted of any violations of Chapter 78A of the General Statutes, the Securities Act of 1933, or the Securities Exchange Act of 1934 (G.S. 143-59.2), and
- it is not an ineligible Vendor as set forth in G.S. 143-59.1.

Furthermore, by executing this proposal, the undersigned certifies to the best of Vendor's knowledge and belief, that:

- it and its principals are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from covered transactions by any Federal or State department or agency.

As required by G.S. 143-48.5, the undersigned Vendor certifies that it, and each of its sub-Contractors for any Contract awarded as a result of this RFP, complies with the requirements of Article 2 of Chapter 64 of the NC General Statutes, including the requirement for each employer with more than 25 employees in North Carolina to verify the work authorization of its employees through the federal E-Verify system.

As required by Executive Order 24 (2017), the undersigned vendor certifies will comply with all Federal and State requirements concerning fair employment and that it does not and will not discriminate, harass, or retaliate against any employee in connection with performance of any Contract arising from this solicitation.

G.S. 133-32 and Executive Order 24 (2009) prohibit the offer to, or acceptance by, any State Employee associated with the preparing plans, specifications, estimates for public contracts; or awarding or administering public contracts; or inspecting or supervising delivery of the public contract of any gift from anyone with a contract with the State, or from any person seeking to do business with the State. By execution of this response to the RFP, the undersigned certifies, for Vendor's entire organization and its employees or agents, that Vendor is not aware that any such gift has been offered, accepted, or promised by any employees of your organization.

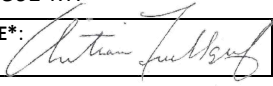
By executing this bid, Vendor certifies that it has read and agreed to the **INSTRUCTION TO VENDORS** and the **NORTH CAROLINA GENERAL TERMS AND CONDITIONS incorporated herein**. These documents can be accessed from the Ariba Sourcing Tool.

Failure to execute/sign proposal prior to submittal may render proposal invalid and it MAY BE REJECTED. Late proposals shall not be accepted.

COMPLETE/FORMAL NAME OF VENDOR: Cherry Bekaert Advisory LLC		
STREET ADDRESS: 3800 Glenwood Avenue Suite 200	P.O. BOX: N/A	ZIP: 27612
CITY & STATE & ZIP: Raleigh, NC 27612	TELEPHONE NUMBER: 919.782.1040	TOLL FREE TEL. NO: N/A
PRINCIPAL PLACE OF BUSINESS ADDRESS IF DIFFERENT FROM ABOVE (SEE INSTRUCTIONS TO VENDORS ITEM #21): Same as above		
PRINT NAME & TITLE OF PERSON SIGNING ON BEHALF OF VENDOR: Christian Fuellgraf, Partner	FAX NUMBER: 919.783.0976	

Proposal Number: DPC-646236801-MT

Vendor: Cherry Bekaert Advisory LLC

VENDOR'S AUTHORIZED SIGNATURE*: 	DATE: 9/6/23	EMAIL: christian.fuellgraf@cbh.com
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VALIDITY PERIOD

Offer shall be valid for at least 120 days from date of bid opening, unless otherwise stated here: _____ days, or if extended by mutual agreement of the parties in writing. Any withdrawal of this offer shall be made in writing, effective upon receipt by the agency issuing this RFP.

ACCEPTANCE OF PROPOSAL

If your proposal is accepted, all provisions of this RFP, along with the written results of any negotiations, shall constitute the written agreement between the parties ("Contract"). The NORTH CAROLINA GENERAL TERMS AND CONDITIONS are incorporated herein and shall apply. Depending upon the Services being offered, other terms and conditions may apply, as mutually agreed.

FOR STATE USE ONLY: Offer accepted and Contract awarded this _____ day of _____, 20____, as indicated on

The attached certification, by _____.

(Authorized Representative of Division of Purchase and Contract)

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1.0 PURPOSE AND BACKGROUND

1.1 PURPOSE

The Department of Administration (DOA) serves as the business manager for North Carolina state government and provides leadership to state government for the effective, efficient, economical, and equitable delivery of services to the public. The department also aids and services many advocacy programs that serve diverse segments of the state's population that have traditionally been underserved. The Division of Purchase and Contract (P&C) is the strategic force behind providing the State's entities with a catalog of Statewide Term Contracts (STC) that provide for an encompassing organized and efficient manner to pool resources to provide goods and services.

The State, through the DOA P&C, is seeking proposals from qualified Vendors, to establish a STC to provide for the State's need of pre-qualified Vendors for supplemental internal auditing assurance, accounting and managerial advisory services through subsequently issued Statements of Work (SOW) to be further competed to awarded qualified vendors, on an "**As-Needed**" basis, if and when requested by State Departments, Agencies, Higher Education Entities, and Other Eligible Entities during the contract period. The intent of this Request for Proposals (hereinafter, "RFP") is to receive pricing from Vendors who will offer savings to the State and who confirm, through Vendors' submission of proposals, an ability to meet the State's needs.

The Contract resulting from this RFP is **mandatory** for State Departments, most State Agencies, and State Higher Education Institutions (except under the conditions specified in G.S. 115D-58.14(a) and G.S. 116-13). The Contract may also be utilized by non-mandatory State Agencies and Other Eligible Entities.

Proposals shall be submitted in accordance with the terms and conditions of this RFP and any addenda issued hereto.

1.2 BACKGROUND

The NC General Assembly passed Session Law 2007-424 creating the Council of Internal Auditing (Council) and requiring most State agencies and universities to establish an internal audit function. There are forty-seven (47) State agencies and Universities with mandated internal audit functions. The Council identified staffing shortages in many State agency and university internal audit functions. Further, pursuant to NCGS 143D, the State Governmental Accountability and Internal Control Act, mandates that all state agencies continually improve their internal controls and agency procedures to ensure the agency's governing body, management, and other personnel, have designed their operations and systems to provide reasonable assurance regarding the achievement of objectives related to the effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations. To comply with the above statutory mandates, agencies on a periodic basis will need to secure professional services of auditors, accountants, data analyst and managerial advisors who assist in the performance of these critical business functions.

The State is soliciting Vendors under this RFP to address staffing shortages. State agency and university locations are listed in Exhibit 1 attached.

1.3 CONTRACT TERM

The Contract shall have a term of *five (5)* years, beginning on final Contract execution. The State reserves the right to extend a contract term after the last active term.

Proposals shall be submitted in accordance with the terms and conditions of this RFP and any addenda issued hereto.

1.4 ESTIMATED SPEND

Based on the historical usage of the STC, the estimated annual spend is \$2,500,000.00. The inclusion of accounting, finance, managerial advisory and data analytic services, will likely increase annual spend significantly.

This amount is not guaranteed and could be more or less than the estimated spend during the contract period. No maximum or minimum quantities are guaranteed.

2.0 GENERAL INFORMATION

2.1 REQUEST FOR PROPOSAL DOCUMENT

This RFP is comprised of the base RFP document, any attachments, and any addenda released before Contract award, which are incorporated herein by reference.

2.2 E-PROCUREMENT FEE

ATTENTION: This is an NC eProcurement solicitation facilitated by the Ariba Network. Pursuant to current state law, no e-procurement fees will be imposed upon approved vendors who provide services associated with this solicitation.

General information on the E-Procurement Services can be found at: <http://eprocurement.nc.gov/>.

What is the Ariba Network?

The Ariba Network is a web-based platform that serves as a connection point for buyers and vendors. Vendors can log in to the Ariba Network to view purchase orders, respond to electronic requests for quotes, participate in Sourcing Events, and collaborate with buyers on contract documents.

For training on how to use the Sourcing Tool to view solicitations, submit questions, develop responses, upload documents, and submit offers to the State, Vendors should go to the following site:

<http://eprocurement.nc.gov/training/vendor-training>.

2.3 NOTICE TO VENDORS REGARDING RFP TERMS AND CONDITIONS

It shall be the Vendor's responsibility to read the Instructions to Vendors, the North Carolina General Terms and Conditions, all relevant exhibits and attachments, and any other components made a part of this RFP and comply with all requirements and specifications herein. Vendors are also responsible for obtaining and complying with all Addenda and other changes that may be issued in connection with this RFP.

If Vendors have questions, issues, regarding any component of this RFP, those must be submitted as questions in accordance with the instructions in the PROPOSAL QUESTIONS Section. If the State determines that any changes will be made as a result of the questions asked, then such decisions will be communicated in the form of an RFP addendum. The State may also elect to leave open the possibility for later negotiation of specific provisions of the Contract that have been addressed during the question-and-answer period, prior to contract award.

Other than through the process of negotiation under 01 NCAC 05B.0503, the State rejects and will not be required to evaluate or consider any additional or modified terms and conditions submitted with Vendor's proposal or otherwise. This applies to any language appearing in or attached to the document as part of the Vendor's proposal that purports to vary any terms and conditions or Vendors' instructions herein or to render the proposal non-binding or subject to further negotiation. Vendor's proposal shall constitute a firm offer that shall be held open for the period required herein ("Validity Period" above).

The State may exercise in its discretion to consider Vendor proposed modifications. By execution and delivery of this RFP Response, the Vendor agrees that any additional or modified terms and conditions, whether submitted purposely or inadvertently, shall have no force or effect, and will be disregarded unless expressly agreed upon through negotiations and incorporated by way of a Best and Final Offer (BAFO). Noncompliance with, or any attempt to alter or delete, this paragraph shall constitute sufficient grounds to reject Vendor's proposal as nonresponsive.

2.4 RFP SCHEDULE

The table below shows the *intended* schedule for this RFP. The State will make every effort to adhere to this schedule.

Event	Responsibility	Date and Time
Issue RFP	State	July 14, 2023
Urged & Cautioned Pre-Proposal Conference	State	July 27, 2023 @ 2:00 PM EST
Submit Written Questions	Vendor	August 2, 2023 @ 5:00 PM EST
Provide Response to Questions	State	August 8, 2023
Submit Proposals	Vendor	August 22, 2023 @ 2:00 PM EST Microsoft Teams meeting Join on your computer, mobile app or room device Click here to join the meeting Meeting ID: 258 653 933 303 Passcode: 5booFX Join with a video conferencing device ncgov@m.webex.com Video Conference ID: 117 730 666 7 Alternate VTC instructions Or call in (audio only) +1 984-204-1487,,184281593# United States, Raleigh Phone Conference ID: 184 281 593#
Contract Award	State	TBD
Contract Effective Date	State	TBD

2.5 URGED AND CAUTIONED PRE-PROPOSAL CONFERENCE

Date: July 27, 2023
 Time: 2:00 PM Eastern Time
 Location: **Microsoft Teams Meeting**
Join on your computer, mobile app or room device
[Click here to join the meeting](#)
 Meeting ID: 212 589 357 587
 Passcode: tztzDQ
Join with a video conferencing device
ncgov@m.webex.com
 Video Conference ID: 116 055 337 0
[Alternate VTC instructions](#)
Or call in (audio only)
[+1 984-204-1487,,895953297#](#) United States, Raleigh
 Phone Conference ID: 895 953 297#

Contact #: Melinda Tomlinson
 984-236-0238
Melinda.tomlinson@doa.nc.gov

Instructions: Vendor representatives are URGED and CAUTIONED to attend the pre-proposal conference and apprise themselves of the conditions and requirements which will affect the performance of the work called for by this RFP. A non-mandatory pre-proposal conference is scheduled for this RFP. Submission of a proposal shall constitute sufficient evidence of this compliance and no allowance will be made for unreported conditions which a prudent Vendor would recognize as affecting the performance of the work called for in this RFP.

Vendor is cautioned that any information released to attendees during the pre-proposal conference, other than that involving the physical aspects of the facility referenced above, and which conflicts with, supersedes, or adds to requirements in this RFP, must be confirmed by written addendum before it can be considered to be a part of this RFP and any resulting contract.

2.6 PROPOSAL QUESTIONS

Upon review of the RFP documents, Vendors may have questions to clarify or interpret the RFP in order to submit the best proposal possible. To accommodate the Proposal Questions process, Vendors shall submit any such questions by the "Submit Written Questions" date and time provided in the RFP SCHEDULE Section above, unless modified by Addendum.

Questions related to the content of the solicitation, or the procurement process should be directed to the person on the title page of this document via the Sourcing Tool's message board by the date and time specified in the RFP SCHEDULE Section of this RFP. Vendors will enter "RFP # DPC-646236801-MT – Questions" as the subject of the message. Question submittals should include a reference to the applicable RFP section. This is the only manner in which questions will be received.

Questions or issues related to using the Sourcing Tool itself can be directed to the North Carolina eProcurement Help Desk at 888-211-7440, Option 2. Help Desk representatives are available Monday through Friday from 7:30 AM ET to 5:00 PM ET.

Questions received prior to the submission deadline date, the State's response, and any additional terms deemed necessary by the State will be posted in the Sourcing Tool in the form of an addendum and shall become an Addendum to this RFP. No information, instruction or advice provided orally or informally by any State personnel, whether made in response to a question or otherwise in connection with this RFP, shall be considered authoritative or binding. Vendors shall rely *only* on written material contained in the RFP and an addendum to this RFP.

2.7 PROPOSAL SUBMITTAL

IMPORTANT NOTE: This is an absolute requirement. Late bids, regardless of cause, will not be opened or considered, and will be automatically disqualified from further consideration. Vendor shall bear the sole risk of late submission due to unintended or unanticipated delay. It is the Vendor's sole responsibility to ensure its proposal has been received as described in this RFP by the specified time and date of opening. Failure to submit a proposal in strict accordance with instructions provided shall constitute sufficient cause to reject a Vendor's proposal(s). Solicitation responses are subject to Sealed Bidding requirements.

Vendor's proposals for this procurement must be submitted through the Sourcing Tool. For training on how to use the Sourcing Tool to view solicitations, submit questions, develop responses, upload documents, and submit offers to the State, Vendors should go to the following site: <https://eprocurement.nc.gov/training/vendor-training>

Questions or issues related to using the Sourcing Tool itself can be directed to the North Carolina eProcurement Help Desk at 888-211-7440, Option 2. Help Desk representatives are available Monday through Friday from 7:30 AM EST to 5:00 PM EST.

Tips for Using the Sourcing Tool

1. Vendors should review available training and confirm that they are able to access the Sourcing Event, enter responses, and upload files well in advance of the date and time response are due to allow sufficient time to seek assistance from the North Carolina eProcurement Help Desk.
2. Vendors may submit their responses early to make sure there are no issues, and then submit a revised response any time prior to the response due date and time. The State will only review the most recent response.
3. Vendors should respond to all relevant sections of the Sourcing Event. Certain questions or items are required in order to submit a response and are denoted with an asterisk. The Sourcing Tool will not allow a response to be submitted unless

all required items are completed. The Sourcing Tool will provide error messages to help identify any required information that is missing when response is submitted.

4. Simply saving your response in the Sourcing Tool is not the same as submitting your response to the State. Vendors should make sure they complete the submission process and receive a message that their response was successfully submitted.

P&C recommends the following naming conventions when uploading files:

- **Solicitation Number-Proposal Response-Vendor Name**
- **Solicitation Number-Proposal Response-Vendor Name-Pricing Catalog**
- **Solicitation Number-Proposal Response-Vendor Name-Attachment**

Example:

- **DPC-467952775-BJ -Office Supplies-Response-Xyz Corporation**
- **DPC-467952775-BJ -Office Supplies-Response-Xyz Corporation-Pricing Catalog**
- **DPC-467952775-BJ -Office Supplies-Response-Xyz Corporation-Attachment D**

If confidential and proprietary information is included in the proposal, also submit one (1) signed, REDACTED copy of the proposal. Such information may include trade secrets defined by N.C. Gen. Stat. § 66-152 and other information exempted from the Public Records Act pursuant to N.C. Gen. Stat. §132- 1.2. Vendor may designate information, Products, Services or appropriate portions of its response as confidential, consistent with and to the extent permitted under the statutes and rules set forth above. By so redacting any page, or portion of a page, the Vendor warrants that it has formed a good faith opinion, having received such necessary or proper review by counsel and other knowledgeable advisors, that the portions determined to be confidential and proprietary and redacted as such, meet the requirements of the Rules and Statutes set forth above. However, under no circumstances shall price information be designated as confidential.

If the Vendor does not provide a redacted version of the proposal with its proposal submission, the Department may release an unredacted version if a record request is received.

2.8 PROPOSAL CONTENTS

Vendors shall provide responses to all questions and complete all attachments for this RFP that require the Vendor to provide information and upload them to the Sourcing Event in the Sourcing Tool. Vendor may not be able to submit its response in the Sourcing Tool unless all required items are addressed. Vendors shall provide authorized signatures where requested. Failure to provide all required items, or Vendor's submission of incomplete items, may result in the State rejecting Vendor's proposal, in the State's sole discretion.

Vendor shall include the following items and attachments in the Sourcing Tool:

- a) Title Page: Include the company name, address, phone number and authorized representative along with the Proposal Number.
- b) Completed and signed version of all EXECUTION PAGES, along with the body of the RFP.
- c) Signed receipt pages of any addenda released in conjunction with this RFP, if required to be returned.
- d) Vendor's Proposal addressing all Specifications of this RFP: 4.4, 4.5, 4.6, 4.7, 4.8, 4.9, 5.4, 5.5, 6.1
- e) Completed version of ATTACHMENT A: COST PROPOSAL
- f) Completed and signed version of ATTACHMENT D: HUB SUPPLEMENTAL VENDOR INFORMATION
- g) Completed and signed version of ATTACHMENT E: CUSTOMER REFERENCE FORM
- h) Completed and signed version of ATTACHMENT F: LOCATION OF WORKERS UTILIZED BY VENDOR
- i) Completed and signed version of CERTIFICATION FOR CONTRACTS, GRANTS, LOANS, AND COOPERATIVE AGREEMENTS and OMB STANDARD FORM LLL
- j) Vendor's Response and Documentation for:
 - a. Legal Right to practice in the State of North Carolina
 - b. External Review and Regulatory Action

c. Financial Statements

2.9 ALTERNATE PROPOSALS

Unless provided otherwise in this RFP, Vendors may submit alternate proposals for comparable services, various methods or levels of Service(s), or that propose different options. Alternate proposals must specifically identify the RFP requirements and advantage(s) addressed by the alternate proposal. Each proposal must be for a specific set of Services and must include specific pricing. Each proposal must be complete and independent of other proposals offered. If a Vendor chooses to respond with various offerings, Vendor shall follow the specific instructions for uploading Alternate Proposals in the Sourcing Tool.

2.10 DEFINITIONS, ACRONYMS, AND ABBREVIATIONS

Relevant definitions for this RFP are provided in 01 NCAC 05A .0112 and in the Instructions to Vendors found in the Sourcing Tool, which are incorporated herein by this reference.

The following definitions, acronyms, and abbreviations are also relevant to this RFP:

- a) **COBIT:** Control Objectives for Information and Related Technology (COBIT) issued by the Information Systems Audit and Control Association
- b) **GAGAS:** Generally Accepted Government Auditing Standards issued by the United States General Comptroller.
- c) **IIA:** International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditor's.
- d) **ISO Standards:** Issued by the International Organization for Standardization.
- e) **GAAP** – Generally Accepted Accounting Principles issued by the Financial Accounting Standards Board.

3.0 METHOD OF AWARD AND PROPOSAL EVALUATION PROCESS

3.1 METHOD OF AWARD

North Carolina G.S. 143-52 provides a general list of criteria the State shall use to award contracts, as supplemented by the additional criteria herein. The Services being procured shall dictate the application and order of criteria; however, all award decisions shall be in the State's best interest. All qualified proposals will be evaluated, and awards will be made to the Vendor(s) meeting the specific RFP Specifications and achieving the best final evaluation, based on the criteria described below.

While the intent of this RFP is to award a Contract(s) to multiple Vendors, the State reserves the right to make separate awards to different Vendors for one or more line-items, to not award one or more line-items or to cancel this RFP in its entirety without awarding a Contract, if it is considered to be most advantageous to the State to do so.

The State reserves the right to waive any minor informality or technicality in proposals received.

3.2 CONFIDENTIALITY AND PROHIBITED COMMUNICATIONS DURING EVALUATION

While this RFP is under evaluation, the responding Vendor, including any subcontractors and suppliers, is prohibited from engaging in conversations intended to influence the outcome of the evaluation. See Paragraph 29 of the Instructions to Vendors entitled COMMUNICATIONS BY VENDORS.

Each Vendor submitting a proposal to this RFP, including its employees, agents, subcontractors, suppliers, subsidiaries and affiliates, is prohibited from having any communications with any person inside or outside the using agency; issuing agency; other government agency office or body (including the purchaser named above, any department secretary, agency head, members of the General Assembly and Governor's office); or private entity, if the communication refers to the content of Vendor's proposal or qualifications, the content of another Vendor's proposal, another Vendor's qualifications or ability to perform a resulting contract, and/or the transmittal of any other communication of information that could be reasonably considered to have the effect of directly or indirectly influencing the evaluation of proposals, the award of a contract, or both.

Any Vendor not in compliance with this provision shall be disqualified from evaluation and award. A Vendor's proposal may be disqualified if its subcontractor and/or supplier engage in any of the foregoing communications during the time that the

procurement is active (*i.e.*, the issuance date of the procurement until the date of contract award or cancellation of the procurement). Only those discussions, communications or transmittals of information authorized or initiated by the issuing agency for this RFP or inquiries directed to the purchaser named in this RFP regarding requirements of the RFP (prior to proposal submission) or the status of the award (after submission) are excepted from this provision.

3.3 PROPOSAL EVALUATION PROCESS

Only responsive submissions will be evaluated.

The State will conduct a One-Step evaluation of Proposals:

Proposals will be received according to the method stated in the Proposal Submittal Section above.

All proposals must be received by the Division of Purchase and Contract not later than the date and time specified in the RFP SCHEDULE Section above, unless modified by Addendum. Vendors are cautioned that this is a request for offers, not an offer or request to contract, and the State reserves the unqualified right to reject any and all offers at any time if such rejection is deemed to be in the best interest of the State.

At the date and time provided in the RFP SCHEDULE Section above, unless modified by Addendum, the proposal from each responding Vendor will be opened publicly and all offers (except those that have been previously withdrawn, or voided bids) will be tabulated. The tabulation shall be made public at the time it is created. When negotiations after receipt of bids are authorized pursuant to G.S. 143-49 and 01 NCAC 05B.0503, only the names of offerors and the Services offered shall be tabulated at the time of opening. If negotiation is anticipated, cost and price shall become available for public inspection at the time of the award. Interested parties are cautioned that these costs and their components are subject to further evaluation for completeness and correctness and therefore may not be an exact indicator of a Vendor's pricing position.

At their option, the evaluators may request oral presentations or discussions with any or all Vendors for clarification or to amplify the materials presented in any part of the proposal. Vendors are cautioned, however, that the evaluators are not required to request presentations or other clarification—and often do not. Therefore, all proposals should be complete and reflect the most favorable terms available from the Vendor.

If negotiation is anticipated under 01 NCAC 05B.0503, pricing may not be public until award.

Upon completion of the evaluation process, the State will make award(s) based on the evaluation and post the award(s) to the electronic Vendor Portal (eVP), <https://evp.nc.gov> under the RFP number for this solicitation. Award of a Contract to one Vendor does not mean that the other proposals lacked merit, but that, all factors considered, the selected proposal was deemed most advantageous and represented the best value to the State.

The State reserves the right to negotiate with one or more vendors, or to reject all original offers and negotiate with one or more sources of supply that may be capable of satisfying the requirement, and in either case to require Vendor to submit a Best and Final Offer (BAFO) based on discussions and negotiations with the State.

3.4 EVALUATION CRITERIA

In addition to the general criteria in G.S. 143-52 which may or may not be relevant to this RFP, all qualified proposals will be evaluated, and award made based on considering the following criteria, to result in an award most advantageous to the State. Note that absolute requirements of verified documentation are required for further evaluation, to include:

1. Legal Right to practice in the State of North Carolina
2. External Review and Regulatory Action

Evaluation Criteria	RFP Section	Points
Vendor's Relevant Background and Experience	4.4, 4.5	300
Financial Statements	4.8	200
Personnel	4.11	350
Cost Proposal	4.9, Attachment A	150
TOTAL	700 required for award	1000
NC License to Practice	4.6	Pass/Fail
External Review/Regulatory Action	4.7	Pass/Fail

3.5 PERFORMANCE OUTSIDE THE UNITED STATES

Vendor shall complete ATTACHMENT F: LOCATION OF WORKERS UTILIZED BY VENDOR. In addition to any other evaluation criteria identified in this RFP, the State may also consider, for purposes of evaluating proposed or actual contract performance outside of the United States, how that performance may affect the following factors to ensure that any award will be in the best interest of the State:

- a) Total cost to the State
- b) Level of quality provided by the Vendor
- c) Process and performance capability across multiple jurisdictions
- d) Protection of the State's information and intellectual property
- e) Availability of pertinent skills
- f) Ability to understand the State's business requirements and internal operational culture
- g) Particular risk factors such as the security of the State's information technology
- h) Relations with citizens and employees
- i) Contract enforcement jurisdictional issues

3.6 INTERPRETATION OF TERMS AND PHRASES

This RFP serves two functions: (1) to advise potential Vendors of the parameters of the solution being sought by the State; and (2) to provide (together with other specified documents) the terms of the Contract resulting from this procurement. The use of phrases such as "shall," "must," and "requirements" are intended to create enforceable contract conditions. In determining whether proposals should be evaluated or rejected, the State will take into consideration the degree to which Vendors have proposed or failed to propose solutions that will satisfy the State's needs as described in the RFP. Except as specifically stated in the RFP, no one requirement shall automatically disqualify a Vendor from consideration. However, failure to comply with any single requirement may result in the State exercising its discretion to reject a proposal in its entirety.

4.0 REQUIREMENTS

This Section lists the requirements related to this RFP. By submitting a proposal, the Vendor agrees to meet all stated requirements in this Section as well as any other specifications, requirements, and terms and conditions stated in this RFP. If a Vendor is unclear about a requirement or specification or believes a change to a requirement would allow for the State to receive a better proposal, the Vendor is urged to submit these items in the form of a question during the question-and-answer period in accordance with the Proposal Questions Section above.

4.1 PRICING

Proposal price shall constitute the total cost to the State for complete performance in accordance with the requirements and specifications herein, including all applicable charges for handling, transportation, administrative and other similar fees. Complete ATTACHMENT A: PRICING FORM and upload in the Sourcing Tool. The pricing provided in ATTACHMENT A, or resulting from any negotiations, is incorporated herein and shall become part of any resulting Contract.

4.2 INVOICES

Vendor shall invoice the Soliciting Agency. The standard format for invoicing shall be single invoices meaning that the Vendor shall provide the Purchasing Agency with an invoice for each order. Invoices shall include detailed information to allow the Soliciting Agency to verify pricing at point of receipt matches the correct price from the original date of order. The following fields shall be included on all invoices, as relevant:

Vendor's Billing Address, Customer Account Number, NC Contract Number, Order Date, Buyer's Order Number, Item Descriptions, Price, Quantity, and Unit of Measure.

INVOICES MAY NOT BE PAID UNTIL SERVICES ACCEPTED BY THE AGENCY'S DESIGNATED CONTRACT MANAGER.

4.3 HUB PARTICIPATION

Pursuant to North Carolina General Statute G.S. 143-48, it is State policy to encourage and promote the use of small, minority, physically handicapped, and women contractors in purchasing Goods and Services. As such, this RFP will serve to identify those Vendors that are minority owned or have a strategic plan to support the State's Historically Underutilized Business program by meeting or exceeding the goal of 10% utilization of diverse firms as 1st or 2nd tier subcontractors. Vendor shall complete ATTACHMENT D: HUB SUPPLEMENTAL VENDOR INFORMATION.

4.4 VENDOR EXPERIENCE

In its Proposal, Vendor shall demonstrate experience with public and/or private sector clients with similar or greater size and complexity to the State. Vendor shall provide information as to the qualifications and experience of all executive, managerial, legal, and professional personnel that were assigned to similar projects.

- a) In its proposal response the Vendor shall include background information on its company and should give details of experience with similar projects that would substantiate the Vendor's qualifications and capabilities to perform the services described in Section 5.2 Audit, Accounting, Data Analytic and Managerial Advisory Service category.

4.5 REFERENCES

Vendor shall provide a list of at least five (5) contracts for which Vendor has performed services of a similar nature and scope, as identified in Section 5.2, within the last five (5) years. This list shall identify the client and a description of the services performed, for use as references (including names and telephone numbers of contact persons who are familiar with the work performed). The evaluators will randomly select and contact at least three (3) of these references, but the evaluators reserve the right to contact all the references listed, if information from the three references contacted warrant further inquiry.

The evaluators may check all public sources to determine whether a Vendor has listed all contracts for similar work within the designated period. If the evaluators determine that references for other public contracts for similar work were not listed, the evaluators may contact the public entities to make inquiry into the Vendor's performance of those contracts and the information obtained may be considered in evaluating Vendor's proposal. It is highly recommended the Vendor list all services provided to any North Carolina State agencies and/or the University of North Carolina including all campuses no matter the procurement method used to obtain these services.

4.6 LEGAL RIGHT TO PRACTICE IN NORTH CAROLINA

Proposal may be rejected solely on the basis of this information

In its proposal response, Vendor must demonstrate that it is legally authorized to practice in North Carolina. This may include but is not limited to:

1. Articles of Incorporation
2. DBA filed with NC Counties
3. Licensee information from the NC State Board of CPA Examiners
4. Other associated documents that provide evidence the vendor is authorized to practice and provide services in North Carolina

4.7 EXTERNAL REVIEWS AND REGULATORY ACTION

Proposal may be rejected solely on the basis of this information

- a. In its proposal response, Vendor shall provide a copy of its most recent external peer/quality assurance review report and any letter of comments or similar correspondence describing deficiencies noted in the peer review. Vendor must have received an unqualified opinion on its system of quality control and the peer review must have been performed within the last three (3) years. The Vendor's failure to provide an external peer/quality assurance review report and any letter of comments or similar correspondence describing deficiencies will result in the rejection of the Vendor's proposal. Vendors are encouraged to explain any deficiencies described in the above-mentioned documents and to provide documentation supporting those explanations.
- b. Vendors not subject to the American Institute of Certified Public Accountants external review requirements must provide detailed information regarding all aspects of the Vendor's formal internal quality control program/process. This should include but is not limited to: quality control policies and procedures; any independent evaluation or self-assessment of the quality control program; summary results of client surveys; or any other data supporting the success of the quality control process.
- c. In its proposal response, Vendor shall include a statement asserting whether or not any regulatory sanctions have been levied against it or any of its partners, officers, directors, employees, or agents by any state or federal regulatory agencies within the last three (3) years. As used herein, the term "regulatory sanctions" includes the revocation or suspension of any license or certification, the levying of any monetary penalties or fines, and the issuance of any written warnings. If any such action has been taken, the Vendor shall include a complete description of the action and the circumstances that resulted in the action.
- d. In its proposal response, The Vendor shall include a statement asserting whether or not any regulatory investigations are pending against the vendor or any of their officers, directors, employees, and agents by state or federal regulatory agencies. If any such investigations are pending, the vendor shall include a complete description of the pending investigation.
- e. In its proposal response, Vendors shall include a statement certifying it has no outstanding liabilities to the Internal Revenue Service, other government entities or unpaid final judgments for which it remains liable.

4.8 FINANCIAL STATEMENT

- a. For Vendors required by law to have financial statement audits provide the following information in the proposal response:
 1. Recent audited or reviewed financial statements prepared by an independent certified public accountant (CPA) that shall include, at a minimum, a balance sheet, income statement (i.e., profit/loss statement) and cash flow statement **and**, if the audited or reviewed financial statements were prepared more than six (6) months prior to the issuance of this RFP, the vendor shall submit its most recent internal financial statements (balance sheet, income statement and cash flow statement or budget with entries reflecting revenues and expenditures from the date of the audited or reviewed financial statements to the end of the most recent financial reporting period (i.e., the quarter or month preceding the issuance date of this RFP); or
 2. Recent compiled financial statements prepared by an independent CPA that shall include, at a minimum, a balance sheet, income statement (i.e., profit/loss statement) and cash flow statement **and**, if the compiled financial statements were prepared more than three (3) months prior to the issuance of this RFP, the Vendor shall submit its most recent internal financial statements (balance sheet, income statement and cash flow statement or budget with entries reflecting revenues and expenditures to date), and other evidence of financial stability such as most recently filed income tax return, evidence of a line of credit/loans/other type of financing with statement of amount in use/outstanding balance (e.g., a complete copy commitment letter, loan agreement, billing statement reflecting the line of credit or statement from lender acknowledging the commitment to fund the vendor's stated financing), performance bond, personal guaranty with copies of personal income tax filing and statement of net worth or such other evidence that is accurate, reliable and trustworthy regarding the

vendor's financial stability.

- b. For Vendors not required by law to have a financial statement audit, provide the following information in the proposal response:
1. Most recent internal financial statements: a balance sheet, income statement (i.e. profit/loss statement), and cash flow statement from the most recent financial reporting period and to the end of the most recent financial reporting period (i.e., the quarter or month preceding the issuance date of this RFP), and other evidence of financial stability such as most recently filed income tax return, evidence of a line of credit/loans/other type of financing with statement of amount in use/outstanding balance (e.g., a complete copy commitment letter, loan agreement, billing statement reflecting the line of credit or statement from lender acknowledging the commitment to fund the vendor's stated financing), performance bond, personal guaranty with copies of personal income tax filing and statement of net worth or such other evidence that is accurate, reliable and trustworthy regarding the Vendor's financial stability.

Note: Recent shall be defined as financial statements that were prepared within the 12 months preceding the issuance date of this RFP.

Consolidated financial statements of the Vendor's parent or related corporation/business entity shall not be considered, unless: (1) the Vendor's actual financial performance for the designated period is separately identified in and/or attached to the consolidated statements; (2) the parent or related corporation/business entity provides the State with a document wherein the parent or related corporation/business entity will be financially responsible for the Vendor's performance of the contract and the consolidated statement demonstrates the parent or related corporation's/business entity's financial ability to perform the contract, financial stability and/or such other financial considerations identified in the evaluation criteria; and/or (3) Vendor provides its own internally prepared financial statements and such other evidence of its own financial stability identified above.

The Vendor's failure to provide any of the above-referenced financial statements or failure to submit all the requested financial statements may result in the rejection of the Vendor's proposal. Vendors are also encouraged to explain any negative financial information in its financial statements and are encouraged to provide documentation supporting those explanations.

All financial information, statements and/or documents provided in response to this proposal requirement may be kept confidential, **IF THE VENDOR COMPLIES WITH SECTION VI PARAGRAPH 28 BID SUBMISSION IN THE INSTRUCTIONS TO VENDORS ON SUBMITTING PROPOSALS BY MARKING THE FINANCIAL INFORMATION, STATEMENTS AND/OR DOCUMENTS CONFIDENTIAL.**

4.9 COST PROPOSAL

Vendors that are awarded contracts by agencies will provide skilled audit professionals (skilled with documented expertise and experience) qualified in one (1) or more of the service categories described within Section 5.2 of this RFP.

Vendors shall indicate the service categories in which they wish to be considered by submitting base or upper rates for staff, supervisor, and executive hourly rate ranges for each on the pricing schedule (Attachment A). Vendors may provide rates for one (1) or more service categories but may not necessarily receive approval for all categories submitted.

For each service category, the Vendor shall provide the following:

Assurance Services (audits)

a. Auditor

1. **Base Rate:** The rate that the Vendor will provide an auditor that meets the minimum qualifications. Base rates quoted as a result of the RFP proposal do not preclude any Vendor from offering a rate lower than the established base rate in response to an agency's SOW request for services.
2. **Upper Rate:** The maximum rate that the Vendor will provide an auditor with expert qualifications that demonstrated success. Upper Rates as quoted in this RFP will preclude any Vendor from offering a rate for an auditor higher than the established upper rate in response to a soliciting agency's request for services.

Examples of base and upper qualifications are listed in Attached Exhibit 2.

b. Audit Supervisor

The audit supervisor may be responsible for planning and conducting the audit, directing a team of highly skilled and/or lower-level auditors, and assuring the audit engagement is completed timely. Vendors should provide an hourly rate for staff with these skill sets. Typically has 10 years of experience.

c. Audit Executive

The audit executive has the overall responsibilities to ensure compliance with standards, staff is competent and adequately trained, and audit clients are satisfied with completed work.

Accounting Services**a. Accounting Staff**

1. Base Rate: The rate that the Vendor will provide an associate accountant that meets the minimum qualifications. Base rates quoted as a result of the RFP proposal do not preclude any Vendor from offering a rate lower than the established base rate in response to an agency's SOW request for services.
2. Upper Rate: The rate that the Vendor will provide an staff accountant that meets the minimum qualifications. Base rates quoted as a result of the RFP proposal do not preclude any Vendor from offering a rate lower than the established base rate in response to an agency's SOW request for services.

Examples of base and upper qualifications are listed in Attached Exhibit 2.

b. Supervisor

The accounting supervisor is responsible for directing a team of highly skilled and/or lower-level accountants, and assuring the work is completed in a timely manner. Typically has 10 years of experience. Vendors should provide an hourly rate for staff with these skill sets.

Executive The accounting firm's partner or senior director who may be a Certified Public Accountant (CPA) and has the overall responsibilities to ensure compliance with standards, staff is competent and adequately trained, and clients are satisfied with completed work.

Managerial Advisory Services**a. Advisory Staff**

1. Base Rate: The rate that the Vendor will provide an advisor/analyst that meets the minimum qualifications. Base rates quoted as a result of the RFP proposal do not preclude any Vendor from offering a rate lower than the established base rate in response to an agency's SOW request for services.
2. Upper Rate: The maximum rate that the Vendor will provide an advisor/analyst with expert qualifications that demonstrated success. Upper Rates as quoted in this RFP will preclude any Vendor from offering a rate for an auditor higher than the established upper rate in response to a soliciting agency's request for services.

Examples of base and upper qualifications are listed in Attached Exhibit 2.

b. Supervisor

The supervisor may be responsible for planning and conducting the advisory service, directing a team of highly skilled and/or lower-level advisors/analysts, and assuring the engagement is completed timely. Vendors should provide an hourly rate for staff with these skill sets. Typically has 10 years of experience.

c. Executive

Partner or senior director level has the overall responsibilities to ensure compliance with standards, staff is competent and adequately trained, and audit clients are satisfied with completed work.

Data Analytics Service**a. Data Analytic Staff**

1. **Base Rate:** The rate that the Vendor will provide a data analyst that meets the minimum qualifications. Base rates quoted as a result of the RFP proposal do not preclude any Vendor from offering a rate lower than the established base rate in response to an agency's SOW request for services.
2. **Upper Rate:** The maximum rate that the Vendor will provide an data analyst with expert qualifications that demonstrated success. Upper Rates as quoted in this RFP will preclude any Vendor from offering a rate for an auditor higher than the established upper rate in response to a soliciting agency's request for services.

Examples of base and upper qualifications are listed in Attached Exhibit 2.

b. Supervisor

The supervisor may be responsible for planning and conducting the data analytic service, directing a team of highly skilled and/or lower-level data analysts, and assuring the engagement is completed in a timely manner. Vendors should provide an hourly rate for staff with these skill sets. Typically has 10 years of experience.

c. Executive

Partner or senior director level has the overall responsibilities to ensure compliance with standards, staff is competent and adequately trained, and audit clients are satisfied with completed work.

- d. Other professional staff** – At their discretion, responding firms may include hourly rates for additional professional advisory staff experienced in organizational operations, business administration, economic or revenue analysis and related managerial advisory tasks and functions.

4.10 ADDITIONAL REQUIREMENTS**a. Work Papers**

Any and all work papers, documents, and reports (hereinafter referred to as work papers) created or obtained under the agreement between the soliciting agencies and Vendor are the property of the soliciting agency. All work papers shall be provided to the agency and the Vendor shall not retain copies of any of the work papers unless the Vendor is required to comply with quality assurance review auditing standards and when the soliciting agencies agrees, in writing, to waive this requirement.

b. Personnel Matters

1. **Professionalism** - The Vendor's personnel shall adhere to the same professional and ethical standards of conduct required of State personnel. Vendor personnel shall not:
 - i. Discuss with unauthorized persons any information obtained in the performance of work under any agency's solicitation document.
 - ii. Use agency data for company or personal business other than work related to the solicitation document,
 - iii. Conduct business not directly related to the solicitation document on the agency premises,
 - iv. Use computer system, equipment and/or other agency facilities for company or personal business other than work related to the solicitation document, and
 - v. Recruit on agency premises or otherwise act to disrupt agency business.
2. **Training** - The Vendor shall provide fully trained and experienced personnel required for performance of any solicitation document. This includes training necessary for keeping personnel abreast of industry advances and maintaining proficiency with auditing standards.
3. **Authority** - Vendor personnel shall not hold themselves out to be agents or representatives, in any capacity, of the State. In all communications with third parties, vendor personnel shall identify themselves as such and specify the name of the Vendor.
4. **Vendor Staff Turnover** - After the procurement process has concluded and Vendors have been selected by the state, approved Vendors selected by soliciting agencies who are working on agency audit engagements or related audit, accounting and managerial advisory services may experience Vendor staff turnover. The Vendor must provide equally qualified personnel to replace departing personnel resources who were previously working on the

engagement. The soliciting agency reserves the right to pre-screen or not approve of replacement personnel to engage in the same audit activities as the original departing personnel.

5. **Vendor Staff Background Checks** - After the procurement process has concluded and Vendors have been selected by the state, approved Vendors selected by soliciting agencies who are working on agency audit engagements may by the nature of the soliciting agency (e.g., law enforcement investigative agency) have access to agency files, records and information that involve criminal investigations or related sensitive matters. Soliciting agencies using state selected audit service Vendors, reserve the right to require that a satisfactory criminal or financial background check be completed for any or all Vendor audit, accounting and managerial advisory personnel assigned to the audit engagement. These background checks may be required as part of the agency solicitation document review process. The costs associated with these background checks may be paid by the soliciting agency or by the state approved services Vendor, at the election of the soliciting agency. The soliciting agency will keep all background check results confidential and will provide copies to the state approved audit service Vendor if the results serve as a basis to refuse Vendor services or Vendor employee participation in the audit engagement.

c. **Confidentiality**

Any information, data, instruments, documents, studies or reports given to or prepared or assembled by the Vendor under this agreement shall be kept as confidential and not divulged or made available to any individual or organization without the prior written approval of the soliciting Agency. The only exceptions are disclosure required by law, legal process or applicable professional audit standards.

d. **Records Retention**

The policy set forth by the North Carolina Council of Internal Auditing shall be followed for record retention. The policy for record retention requirements covers internal audit reports, other reports, working papers and any other documents that support any reports observations, conclusions, findings or results. Record retention requirements shall be consistent with any pertinent regulatory or other requirements and records shall be maintained for a minimum of ten years.

e. **Travel**

The state will not pay travel costs to and from the designated workplace for Vendor's personnel. In the event that Vendor personnel are required by the State to travel away from the regularly assigned work location to perform related tasks, the State will, upon preapproval, reimburse the Vendor in accordance with the North Carolina state travel guidelines in Chapter 5 of the North Carolina Budget Manual, which can be found at: <https://www.osbm.nc.gov/budget/budget-manual>

4.11 PERSONNEL

In its proposal the Vendor shall provide information as to the qualifications and experience of current audit, accounting, managerial advisors, and data analytics personnel that may be assigned to each of the service categories for which the Vendor submits a proposal. Personnel qualifications may include documentation citing educational background, experience with similar projects and related certification, as well as the number of years of experience with each type of service category, as identified in the Section 5 Scope of Works, Audit Service Categories.

Vendor warrants that qualified personnel shall provide Services under this Contract in a professional manner. "Professional manner" means that the personnel performing the Services will possess the skill and competence consistent with the prevailing business standards in the industry. Vendor will serve as the prime contractor under this Contract and shall be responsible for the performance and payment of all subcontractor(s) that may be approved by the State. Names of any third-party Vendors or subcontractors of Vendor may appear for purposes of convenience in Contract documents; and shall not limit Vendor's obligations hereunder. Vendor will retain executive representation for functional and technical expertise as needed in order to incorporate any work by third party subcontractor(s).

Should the Vendor's proposal result in an award, the Vendor shall be required to agree that it will not substitute key personnel assigned to the performance of the Contract without prior written approval by the Contract Lead. Vendor shall further agree that it will notify the Contract Lead of any desired substitution, including the name(s) and references of Vendor's recommended

substitute personnel. The State will approve or disapprove the requested substitution in a timely manner. The State may, in its sole discretion, terminate the Services of any person providing Services under this Contract. Upon such termination, the State may request acceptable substitute personnel or terminate the contract Services provided by such personnel.

4.12 VENDOR'S REPRESENTATIONS

If Vendor's Proposal results in an award, Vendor agrees that it will not enter any agreement with a third party that may abridge any rights of the State under the Contract. If any Services, deliverables, functions, or responsibilities not specifically described in this solicitation are required for Vendor's proper performance, provision and delivery of the Service and deliverables under a resulting Contract, or are an inherent part of or necessary sub-task included within such Service, they will be deemed to be implied by and included within the scope of the Contract to the same extent and in the same manner as if specifically described in the Contract. Unless otherwise expressly provided herein, Vendor will furnish all of its own necessary management, supervision, labor, facilities, furniture, computer and telecommunications equipment, software, supplies and materials necessary for the Vendor to provide and deliver the Services and/or other Deliverables.

Vendor warrants that it has the financial capacity to perform its obligations under the contract; that Vendor has no constructive or actual knowledge of an actual or potential legal proceeding being brought against Vendor that could materially adversely affect performance of The Contract; and that entering into a Contract is not prohibited by any contract, or an order by any court of competent jurisdiction.

4.12 AGENCY INSURANCE REQUIREMENTS

Default Insurance Coverage from the General Terms and Conditions applicable to this Solicitation:

- ☐ Small Purchases
- ☐ Contract value in excess of the Small Purchase threshold, but up to \$1,000,000.00
- ☒ Contract value in excess of \$1,000,000.00

5.0 SCOPE OF WORK

5.1 GENERAL

Audits, accounting, data analytics or managerial services are performed to either ascertain the validity and reliability of information; to provide an assessment of a system's internal controls or operations; to recommend improvements in efficiency and effectiveness of operations; adherence to laws and regulations, fill an unmet staffing needs, or provide forecasting .

Any agency may identify a need for internal audit assurance, accounting, data analytics or managerial advisory service short term staff through the issuance of a Scope of Work (SOW). The hiring agency's staffing needs may vary in terms of resources required, dates of service and length of assignment.

5.2 INTERNAL AUDIT ASSURANCE , ACCOUNTING & ADVISORY SERVICE CATEGORIES

The Vendors shall provide qualified, experienced staff to conduct or participate as a team member on one (1) or more of the following types of Services.

a. **Operational/Performance Audit**

An operational audit is a systematic and independent evaluation of organizational activities. Financial data maybe used, but the primary sources of evidence are the operational policies and achievements related to organizational objectives. Internal controls and efficiencies may be evaluated during this type of review.

An operational audit tests an agency's internal systems and procedures for efficiency and effectiveness. These audits test operations for efficiency and effectiveness. Operational audits are usually a deeper review of an agency's operations than a financial audit, which is conducted in an after-the-fact audit process. Benefits from operational audits include objective opinions, improved workflow or cost allocation processes and quicker turnaround times.

An operational audit usually uncovers inefficient use of resources or wasted capital. Administrative departments may also be reviewed during the operational audit process. Administrative business processes may increase costs by employing too

many individuals or having an improper workflow. Slow internal business processes can delay critical operations. Auditors often test cost allocation processes during operational audits to determine the strengths and weaknesses of this system.

b. Investigative Audit

An investigative audit is an audit that takes place as a result of an allegation of unusual or suspicious activity on the part of an individual or agency. It is usually focused on specific aspects of the work of the individual or agency.

In an investigative audit, allegations must be investigated and evidence gathered pertaining to complaints, allegations, and tips of suspected fraud. Data must be sorted, analyzed, and compared to support the opinion of whether an allegation is substantiated or unsubstantiated.

Some specialization in forensic analytics, which is the analysis of electronic data to reconstruct, detect, or otherwise support a claim of fraud, may be required. The main steps in forensic analytics are (a) data collection, (b) data preparation, (c) data analysis, and (d) reporting. For example, forensic analytics may be used to review an employee's purchasing card activity to assess whether any of the purchases were diverted for personal use. Forensic analytics might be used to review the invoicing activity for a Vendor to identify fictitious vendors.

c. Compliance Audit

Audits limited to meeting the Federal Single Audit requirements are not within the scope of this RFP.

A compliance audit is a comprehensive review of specific activities in order to determine whether performance conforms to predetermined contractual, regulatory, or statutory requirements. It may also include adherence to internal policies and procedures prescribed by the agency. Compliance audits may include examination of the agency's vendors to ensure conformance with contract agreements or an agency's sub-recipients to ensure adherence to grant requirements.

d. Information Systems Audits

Audits limited to an assessment of network vulnerabilities are not within the scope of this RFP." (see GS 143B-1341 in SL 2015-241, requiring agencies to get State CIO approval).

An information systems audit, or information technology audit, is an examination of the management controls within an information technology infrastructure. The evaluation of obtained evidence determines if the information systems are safeguarding assets, maintaining data integrity, and operating effectively to achieve the organization's goals or objectives.

1. General Controls Review - A review of the controls which govern the development, operation, maintenance, and security of application systems in a particular environment. This type of audit might involve reviewing a data center, an operating system, a security software tool, or processes and procedures (such as the procedure for controlling production program changes), etc.
2. Systems and Applications - An audit to verify that systems and applications are appropriate, efficient, and adequately controlled to ensure valid, reliable, timely, and secure input, processing, and output at all levels of a system's activity. This would involve an examination of the controls over the input, processing, and output of system data. Data communications issues, program and data security, system change control, and data quality issues are also considered.
3. System Development - An audit to verify that systems under development meet the objectives of the organization and to ensure that the systems are developed in accordance with generally accepted standards for systems development and State information technology requirements. This involves an evaluation of the development process as well as the product. Consideration is also given to the general controls over a new application, particularly if a new operating environment or technical platform will be used.
4. Client/Server - Telecommunications, Intranets, and Extranets. An audit to verify that telecommunication controls are in place on the client (computer receiving services) server, and on the network connecting the clients and servers.

e. Data Analytics/Continuous Monitoring

Data analytics is a process by which insights are extracted from operational, financial, and other forms of electronic data internal or external to the organization. These insights can be historical, real-time, or predictive and can also be risk-focused (e.g., controls effectiveness, fraud, waste, abuse, policy/regulatory noncompliance) or performance-focused. Types of data analytic projects include but are not limited to the following.

1. Descriptive analytics - Examination of data or content, usually manually performed, to answer the question "What happened?" (or What is happening?), characterized by traditional business intelligence (BI) and visualizations such as pie charts, bar charts, line graphs, tables, or generated narratives.
2. Diagnostic analytics - A form of advanced analytics that examines data or content to answer the question, "Why did it happen?" It is characterized by techniques such as drill-down, data discovery, data mining and correlations.
3. Predictive analytics - Describes any approach to data mining with four attributes:
 - i. An emphasis on prediction (rather than description, classification or clustering)
 - ii. Rapid analysis measured in hours or days (rather than the stereotypical months of traditional data mining)
 - iii. An emphasis on the business relevance of the resulting insights (no ivory tower analyses)
 - iv. (increasingly) An emphasis on ease of use, thus making the tools accessible to business users.
4. Prescriptive analytics - A form of advanced analytics which examines data or content to answer the question "What should be done?" or "What can we do to make _____ happen?", and is characterized by techniques such as graph analysis, simulation, complex event processing, neural networks, recommendation engines, heuristics, and machine learning.

f. Risk Assessment and Audit Plan Development

The scope and objective of this assessment is to allocate limited internal audit resources to areas of the organization that are most critical to the success of the organization in reaching its goals. A well-developed risk assessment model will provide an efficient and systematic procedure to: determine the auditable areas of an entity; measure the risk of each unit and identify activities exposed to high risk; rank the units by risk; determine the time necessary to complete audits; distribute available resources in the most efficient manner; and develop an annual and/or long-term audit plans.

g. Financial Audit

Independent financial statement audits to attest to the fairness and accuracy of financial statements are not within the scope of this RFP.

A financial audit includes the verification of the financial statements, or a component of the financial statement, of a legal entity with a view to express an audit opinion. The audit opinion is intended to provide reasonable assurance that the financial statements are presented fairly, in all material respects, and/or give a true and fair view in accordance with the financial reporting framework. The purpose of an audit is to enhance the degree of confidence of intended users in the financial statements.

1. Financial audits exist to add credibility to the implied assertion by an organization's management that its financial statements fairly represent the organization's position and performance to stakeholders. The audit is designed to increase the possibility that a material misstatement is detected by audit procedures. A misstatement is defined as false or missing information, whether caused by fraud (including deliberate misstatement) or error.
2. Other types of financial audits entail various scopes of work, including: (1) obtaining sufficient, appropriate evidence to form an opinion on single financial statements, specified elements, accounts, or items of a financial statement; (2) issuing letters for underwriters and certain other requesting parties; and (3) auditing compliance with applicable compliance requirements relating to one or more government programs.

This type of audit must be performed in accordance with generally accepted auditing standards and requires verification and substantiation procedures. These procedures may include direct correspondence with creditors or debtors to verify details of amounts owed, physical inspection of inventories or investment securities, inspection of minutes and contracts, and other similar steps. The audit requires gaining an understanding of the entity's system of internal controls.

h. Accounting, & Financial Services

These services include but are not limited to operational accounting, assisting full time agency finance staff with month end financial closings, annual preparation and support of the Annual Comprehensive Financial Report (ACFR), trial balance preparation, Governmental Accounting Standards Board (GASB) implementation efforts, general ledger accounting transactions, cash management and related operational accounting functions.

i. Managerial Advisory Services

These services include, but are not limited to, organizational efficiencies, cost reductions, budget and revenue forecasting, economic forecasting, research, analysis of unmet demand for public services, strategic planning, project implementation, and front line public customer facing improvements to further a public agency's statutory mandates and directives.

5.3 VENDOR RESPONSIBILITIES

Soliciting Agencies shall complete a Statement of Work form (Exhibit 3 attached) and submit the form to at least one (1) qualified vendors in the requested category. The process is as follows:

1. The Soliciting Agency identifies their service needs and prepares a SOW that describes the requirements for audit, accounting, data analytic and managerial advisory services, including location and travel.
2. The Soliciting Agency will work with their agency's procurement office to develop and issue the SOW to the qualified vendors identified in the Statewide Term Contract under the desired category. Requests shall be submitted via email giving the vendors a minimum of ten (10) days to respond. If all requests are received prior to the minimum period, award of SOW may proceed.
3. The vendors, if they choose to respond, will prepare a response to the solicitation document and submit the response to the Soliciting Agency in the format structure required by the agency, as described in the SOW document. A vendor is not required to respond to all SOWs.
4. After evaluating the vendors' responses, the Soliciting Agency then prepares the award recommendation and makes the award. The Soliciting Agency must clearly document its internal business selection process. The documentation must include a written description of the selection process that describes how the vendor was selected, the number of alternative vendors considered, or the specific business reasons or criteria as to why the vendor was selected.
5. The Soliciting Agency will issue the SOW award and notify the awarded vendor. The Soliciting Agency must encumber the funds in accordance with its agency's policies and procedures. The using agency will manage all public record requests involved in the procurement process in accordance with this contract and the agency's retention policy.

5.4 PROJECT STAFFING

In its proposal the Vendor shall provide information as to the qualifications and experience of audit, accounting, data analytics and managerial advisory personnel to be assigned to each of the service categories for which the Vendor submits a proposal. Personnel qualifications should include resumes citing educational background, experience with similar services and related certification, as well as the number of years of experience with each type of service, as identified in the Section 5 Scope of Works, Service Categories. Project Staffing should align with the intended staff categories identified in Section 4.9 of this RFP.

5.5 TECHNICAL APPROACH

Vendor's proposal shall include, in narrative, outline, and/or graph form the Vendor's approach to accomplishing the tasks outlined in the Scope of Work section of this RFP. A description of each task and deliverable and the schedule for accomplishing each shall be included.

Key Personnel qualifications – Education/Background, experience

In its proposal response, Vendor must demonstrate how it performs services in accordance with any or all of the following professional standards.

1. Generally Accepted Government Auditing Standards (GAGAS) issued by the United States General Comptroller
2. International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditor's (IIA)
3. ISO Standards issued by the International Organization for Standardization

4. Control Objectives for Information and Related Technology (COBIT) issued by the Information Systems Audit and Control Association
5. Generally Accepted Accounting Principles issued by the Financial Accounting Standards Boards.

6.0 CONTRACT ADMINISTRATION

All Contract Administration requirements are conditioned on an award resulting from this solicitation. This information is provided for the Vendor's planning purposes.

State Contract Administrator: Melinda Tomlinson (Melinda.tomlinson@doa.nc.gov)

State Contract Manager: Kayla Glenn, (Kayla.glenn@doa.nc.gov)

Note: In the event the State's Contract Administrator or Contract Manager changes, notification will be sent to the Vendor's Contract Manager and the Contract Synopsis on the DOA P&C website will be updated.

6.1 CONTRACT MANAGER AND CUSTOMER SERVICE

The Vendor shall be required to designate and make available to the State a contract manager. The contract manager shall be the State's point of contact for Contract related issues and issues concerning performance, progress review, scheduling, and service.

Contract Manager Point of Contact	
Name:	
Office Phone #:	
Mobile Phone #:	
Email:	

The Vendor shall be required to designate and make available to the State for customer service. The customer service point of contact shall be the State's point of contact for customer service-related issues.

Customer Service Point of Contact	
Name:	
Office Phone #:	
Mobile Phone #:	
Email:	

The assigned individual(s) must be responsible to all agency Statements of Work (SOW). Vendors must respond to a Soliciting Agency's SOW within the time frame stated on the individual SOW in order to be considered.

6.2 POST AWARD PROJECT REVIEW MEETINGS

The Vendor, at the request of the State, shall be required to meet periodically annually with the State for Project Review meetings. The purpose of these meetings will be to review project progress reports, discuss Vendor and State performance, address outstanding issues, review problem resolution, provide direction, evaluate continuous improvement and cost saving ideas, and discuss any other pertinent topics.

6.3 CONTINUOUS IMPROVEMENT

The State encourages the Vendor to identify opportunities to reduce the total cost the State. A continuous improvement effort consists of various ways to enhance business efficiencies as performance progresses.

6.4 ANNUAL MANAGEMENT REPORTS

The Vendor shall be required to provide annual Sales Management Reports, in the format of an Excel spreadsheet, to the designated Contract Manager. Additional Ad Hoc reports will be required as requested. The Annual Sales Management Report shall include, at a minimum: ***Sales Report (total cost) by state entity, to include agencies, community colleges, universities, school systems, local government entities. Sales Report (Detail) to include: Category, Item Description, Quantity, Unit of Measure, Contract Price, Ordering Entity, Order Date, and Delivery Date for finalized accepted audit.*** Annual Management Reports shall be sent to PCReports@doa.nc.gov with the Contract Manager copied at the following e-mail address kayla.glenn@doa.nc.gov. Vendor shall include all issues identified by Vendor related to Vendor performance or to the State's usage of the Contract. Vendor shall submit the Annual Sales Management Reports by the 15th of the month following the end of the year. The Annual Management Report delivery schedule is included below:

By September 15, 2024: Year 1 Annual Management Report for September 1, 2023 – August 31, 2024

By September 15, 2025: Year 2 Annual Management Report for September 1, 2024 – August 31, 2025

By September 15, 2026: Year 3 Annual Management Report for September 1, 2025 – August 31, 2026

By September 15, 2027: Year 4 Annual Management Report for September 1, 2026 – August 31, 2027

By September 15, 2028: Year 5 Annual Management Report for September 1, 2027 – August 31, 2028

This schedule aligns with the State's fiscal year. If the Contract start date does not align with the start of a quarter, the initial Quarterly Management Report shall be for the period from the Contract start date to the end of the existing calendar quarter. Timely submission of all reports shall be a material term of this Contract and failure to do so shall constitute a default.

Additional related sales information and/or details on user purchases may be required by the State and must be supplied within thirty (30) days of any such request. A template for any such reports may be provided by the State, at its discretion.

Within thirty (30) business days of the award of the Contract the Vendor shall submit a sample report to the designated Contract Manager for approval.

6.5 BUSINESS REVIEW MEETINGS

Business Review meetings shall be scheduled on an annual basis (or as requested) and shall be presented by the Vendor and be inclusive of the following:

1. Spend Overview (State Agency Spend) FY Comparison
2. Challenges
3. Improvement Ideas
4. Tier 2 HUB Efforts and Spend

6.6 DISPUTE RESOLUTION

During the performance of the Contract, the parties agree that it is in their mutual interest to resolve disputes informally. Any claims by the Vendor shall be submitted in writing to the State's Contract Manager for resolution. Any claims by the State shall be submitted in writing to the Vendor's Project Manager for resolution. The Parties shall agree to negotiate in good faith and use all reasonable efforts to resolve such dispute(s).

During the time the Parties are attempting to resolve any dispute, each shall proceed diligently to perform their respective duties and responsibilities under this Contract. The Parties will agree on a reasonable amount of time to resolve a dispute. If a dispute cannot be resolved between the Parties within the agreed upon period, either Party may elect to exercise any other remedies available under the Contract, or at law. This provision, when agreed in the Contract, shall not constitute an agreement by either party to mediate or arbitrate any dispute.

6.7 ELECTRONIC CATALOG

Ordering Instructions Solution

The State will allow for 'Ordering Instructions'. Vendor will be required to provide the sales representative's contact information at the time of award. If selected for contract award, the State will work with awarded vendors and the E-Procurement team to create catalogs that meet the requirements for ordering instructions depending on the complexity of the awarded contract and the number of items available.

6.8 CONTRACT CHANGES

Contract changes, if any, over the life of the Contract shall be implemented by contract amendments agreed to in writing by the State and Vendor. Amendments to the contract can only be through the contract administrator.

6.9 ATTACHMENTS

All attachments to this RFP are the copies found within the Ariba Sourcing Tool, and are incorporated herein, and shall be submitted by responding in the Sourcing Tool.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

EXHIBIT 1: STATE AGENCY AND UNIVERSITY LOCATIONS

- Administrative Office of the Courts, Cary and Clerks of Court in 100 counties
- Commissioner of Banks, Raleigh
- Community College System Office, Raleigh and 58 Community Colleges throughout North Carolina
- Department of Administration, Raleigh and several offices throughout North Carolina
- Department of Adult Corrections, Raleigh
- Department of Commerce, Raleigh and other locations
- Department of Natural and Cultural Resources, Raleigh and seven museums and twenty-seven historical sites throughout North Carolina
- Department of Environmental Quality, Raleigh and seven regional offices across North Carolina
- Department of Health and Human Services, Raleigh and facilities throughout North Carolina
- Department of Information Technology
- Department of Insurance, Raleigh
- Department of Justice, Raleigh
- Department of Labor, Raleigh
- Department of Military and Veteran Affairs
- Department of Public Instruction, Raleigh and public schools across North Carolina
- Department of Public Safety, Raleigh and presence in every county
- Department of Revenue, Raleigh and eleven service centers across North Carolina
- Department of the Secretary of State, Raleigh
- Department of State Treasurer, Raleigh
- Department of Transportation, Raleigh and 14 division offices across North Carolina
- North Carolina Education Lottery, Raleigh
- North Carolina Housing Finance, Raleigh
- North Carolina Industrial Commission, Raleigh
- Office of the Governor, Raleigh
- Office of the State Auditor, Raleigh and four regional offices across North Carolina
- Office of the State Controller, Raleigh
- Office of State Budget and Management, Raleigh
- Office of State Human Resources, Raleigh
- Wildlife Resource Commission, Raleigh, and four educational centers across North Carolina

UNIVERSITY OF NORTH CAROLINA

- University of North Carolina – System Office, Raleigh

Campuses

- Appalachian State University, Boone
- East Carolina University, Greenville
- Elizabeth City State University, Elizabeth City
- Fayetteville State University, Fayetteville
- North Carolina Agricultural and Technical State University, Greensboro
- North Carolina Central University, Durham
- North Carolina State University, Raleigh
- University of North Carolina – Asheville, Asheville
- University of North Carolina – Chapel Hill, Chapel Hill
- University of North Carolina – Charlotte, Charlotte
- University of North Carolina – Greensboro, Greensboro
- University of North Carolina – Pembroke, Pembroke
- University of North Carolina – Wilmington, Wilmington
- University of North Carolina – School of the Arts, Winston-Salem
- Western Carolina University, Cullowhee
- Winston-Salem State University, Winston-Salem
- NC School of Science and Mathematics, Durham
- North Carolina State University and North Carolina Agricultural and Technical State University's Cooperative Extension Centers, in one hundred counties and the Eastern Band of Cherokee Indians

EXHIBIT 2: EXAMPLE OF AUDITOR'S PROFESSIONAL QUALIFICATIONS

Service Category	Example of Base Rate Qualifications	Example of Upper Rate Qualifications
Operational/ Performance Audit	• Four-year degree in accounting, business administration, or finance • Three years operational/ performance audit experience • General understanding of IIA and GAO Standards	• Four-year degree in accounting, business administration • An accounting or business related Master's degree • Over ten years operational/performance audit experience • Certified Internal Auditor, Certified Government Auditing Professional or Certified Public Accountant • Expert understanding of IIA and GAO Standards
Investigative Audit	• Four-year degree in accounting, business administration, or finance • Three years investigative audit experience • General understanding of IIA and GAO Standards	• Four-year degree in accounting, business administration • An accounting or business related Master's degree • Over ten years investigative audit experience • Certified Fraud Examiner, Certified Public Accountant or Certified Internal Auditor • Expert understanding of IIA and GAO Standards
Compliance Audit	• Four-year degree in accounting, business administration, or finance • Three years compliance audit experience • General understanding of IIA and GAO Standards	• Four-year degree in accounting, business administration • An accounting or business related Master's degree • Over ten years compliance audit experience • Certified Public Accountant, Certified Internal Auditor, Certified Fraud Examiner or Certified Internal Control Auditor • Expert understanding of IIA and GAO Standards
Information Systems Audit	• Four-year degree in accounting, business administration, information technology • Three years information system audit experience • General understanding of COBIT, IIA and GAO Standards	• Four-year degree in accounting, business administration, information technology • An information technology related Master degree • Over ten years information system audit experience • Certified Information Systems Auditor or Certified Information Security Manager • Expert understanding of COBIT, IIA and GAO Standards
Data Analytics Services	• Four-year degree in data analytics, data science, statistics, computer science or related degree. • Two years data analytics experience. • General understanding of statistics and statistical coding language or statistical programs.	• Four-year degree in degree in data analytics, data science statistics, computer science or related degree. • A data analytic, data science or related Master's degree • Over ten years data analytic experience • Expert understanding of statistics and statistical coding language or statistical programs. • Certifications related to data analytic
Construction Audit	• Four-year degree in accounting, business administration, or finance • Three years construction audit experience • General understanding of IIA and GAO Standards	• Four-year degree in accounting, business administration • An accounting or business related Master's degree • Over ten years construction audit experience • Certified Public Accountant or Certified Internal Auditor • Expert understanding of IIA and GAO Standards

Risk Assessment and Audit Plan Development	• Four-year degree in accounting, business administration, finance or risk management • Three years risk assessment/audit planning experience • General understanding of IIA Standards	• Four-year degree in accounting, business administration, finance or risk management • An accounting, business or risk management related Master's degree • Over ten years risk assessment experience • Certified Public Accountant or Certified Internal Auditor; Certified Risk Management Assurance Auditor • Expert understanding of IIA Standards
Financial Audit	• Four-year degree in accounting, business administration, or finance • Three years financial audit experience • General understanding of IIA and GAO Standards	• Four-year degree in accounting, business administration • An accounting or business related Master's degree • Over ten years financial audit experience. • Certified Public Accountant, or Certified Internal Auditor • Expert understanding of IIA and GAO Standards
Accounting Services	• Four-year degree in accounting, business administration, or finance • Three years operational accounting, fund accounting and related experience • General understanding of GAAP, GASB or other related professional standards	• Four-year degree in accounting, business administration • An accounting, business, law or other related master's degree • Over ten years operational, accounting, or financial services experience • Certified Internal Auditor, Certified Government Auditing Professional or Certified Public Accountant • Expert understanding of GAAP, GASB, IIA and GAO Standards
Managerial Advisory Services	• Four-year degree in accounting, business administration, economics, mathematics, law or other related fields • Three years operations improvement, cost reduction, strategy planning, project implementation, research or forecasting • General understanding of IIA, or other related standards	• Four-year degree in accounting, business administration, economics, or mathematics, law or other related fields • A business, economic accounting, mathematics or other professional master's degree. • Over ten years operations improvement, cost reduction, strategy planning, project implementation, research or forecasting • Certified Internal Auditor, Certified Risk Management assurance auditor, Certified Public Accountant Chartered Financial Analyst, Project Management Professional • Expert understanding of IIA, or other related standards

EXHIBIT 3: EXAMPLE OF STATEMENT OF WORK

NOTE: Items highlighted in yellow are for agency completion, remove highlighting and () on issued documents.

STATE OF NORTH CAROLINA**REQUEST FOR QUOTES****SCOPE STATEMENT NUMBER – STC#8411A**

Enter Agency Name, Request #Enter Agency Contract Number

TITLE:	Short Term Internal Audit, accounting, data analytic and managerial advisory Services Contract Number RFP# DPC-646236801-MT
ISSUE DATE:	(Date of Agency Issue)
NAME:	Scope Statement Number STC#8411A Agency Name # enter agency contract number (Agency Add Audit Assurance, Accounting data analytic and Advisory Services Required)
DUE DATE:	(Date of Opening)
USING AGENCY:	Agency Name
ISSUING AGENCY:	Agency Name Individual Name Individual Phone # Individual email address Agency Street address City, NC zip code

NOTICE TO OFFERORS

Emailed offers, subject to the conditions made a part hereof, will be received at Individual email address until 2:00 PM on Enter Date, for delivering of the audit service as described herein.

Offers are subject to rejection unless submitted on this form.

EXECUTION

In compliance with this Scope Statement, and subject to all the conditions herein, the undersigned Vendor offers and agrees to furnish and deliver any or all items upon which prices are bid, at the prices set opposite each item within the time specified herein. By executing this Scope Statement, the undersigned Vendor certifies that this proposal is submitted competitively and without collusion (G.S. 143-54), that none of its officers, directors, or owners of an unincorporated business entity has been convicted of any violations of Chapter 78A of the General Statutes, the Securities Act of 1933, or the Securities Exchange Act of 1934 (G.S. 143-59.2), and that it is not an ineligible Vendor as set forth in G.S. 143-59.1. False certification is a Class I felony. Furthermore, by executing this proposal, the undersigned certifies to the best of Vendor's knowledge and belief, that it and its principals are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from covered transactions by any Federal or State department or agency. As required by G.S. 143-48.5, the undersigned Vendor certifies that it, and each of its sub-Contractors for any Contract awarded as a result of this Scope Statement, complies with the requirements of Article 2 of Chapter 64 of the NC General Statutes. G.S. 133-32 and Executive Order 24 (2009) prohibit the offer to, or acceptance by, any State Employee associated with the preparing plans, specifications, estimates for public Contract; or awarding or administering public Contracts; or inspecting or supervising delivery of the public Contract of any gift from anyone with a Contract with the State, or from any person seeking to do business with the State. By execution of this response to the Scope Statement, the undersigned certifies, for Vendor's entire organization and its employees or agents, that Vendor is not aware that any such gift has been offered, accepted, or promised by any employees or agents of Vendor's organization.

Failure to execute/sign offer prior to submittal shall render the Scope Statement invalid.

VENDOR:		
STREET ADDRESS:	P.O. BOX:	ZIP:
CITY & STATE & ZIP:	TELEPHONE NUMBER:	TOLL FREE TEL. NO (800)
PRINT NAME & TITLE OF PERSON SIGNING:		FAX NUMBER:
AUTHORIZED SIGNATURE:	DATE:	E-MAIL:

Offer valid for ninety (90) days from **insert date**.

ACCEPTANCE OF SCOPE STATEMENT

If any or all parts of this Scope Statement are accepted by the State of North Carolina, an authorized representative of the **Agency name** shall affix their signature hereto and this document, special terms and conditions specific to this Scope Statement, the specifications, and in accordance with contract DPC-646236801-MT awarded **Month XX, 202X**. A copy of this acceptance will be forwarded to the successful Vendor(s).

FOR STATE USE ONLY

Offer accepted and contract awarded this ____ day of _____, 20____, as indicated on attached certification,
by _____
(Authorized representative of the Office of State Human Resources)

SUBMISSION INSTRUCTIONS:

Emailed offers to **Individual email address** by 2:00 PM on **(insert date)**.

LATE SUBMISSIONS: Regardless of cause, late submissions will not be accepted and will automatically be disqualified from further consideration. It shall be the Vendor's sole risk to ensure delivery to **Individual email address** by the designated time.

BASIS FOR REJECTION: Pursuant to **01 NCAC 05B .0501**, the State reserves the right to reject any and all offers, in whole or in part; by deeming the offer unsatisfactory as to quality or quantity, delivery, price or service offered; non-compliance with the requirements or intent of this solicitation; lack of competitiveness; error(s) in specifications or indications that revision would be advantageous to the State; cancellation or other changes in the intended project, or other determination that the proposed requirement is no longer needed; limitation or lack of available funds; circumstances that prevent determination of the lowest responsible or most advantageous offer; or any other determination that rejection would be in the best interest of the State.

TRAVEL: Per Statewide Term Contract 8114A, the state will not pay travel costs to and from the designated workplace for Vendor's personnel. In the event that Vendor personnel are required by the state to travel away from the regularly assigned work location to perform related tasks, the state will, upon preapproval, reimburse the Vendor in accordance with the North Carolina state travel guidelines in Chapter 5 of the North Carolina Budget Manual, which can be found at: <https://www.osbm.nc.gov/state-budget-manual>.

SECTION 1: SCOPE STATEMENT SCHEDULE**Scope Statement Questions****Due Date:** XX/XX/20XX**Time:** 2:00 p.m. Eastern Time**Address:** **Individual email address**

Instructions: Written questions will be received at **Individual email address** until date and time specified above. Please enter "Questions, Scope Statement # **Agency contact number**" as the subject for the email. Vendor will reference the scope statement section when submitting questions. Only written answers to submitted questions will constitute an official answer. The State will prepare responses to all written questions submitted as an addendum and shall provide via email to all Vendors on the eligibility list. Oral answers are not binding on the State.

Vendor contact regarding this Scope Statement with anyone other than **Agency contact person name** may be grounds for rejection of said Vendor's offer. Agency contact regarding this Scope Statement with any Vendor may be grounds for cancellation of this Scope Statement.

Scope Statement Submittal**Due Date:** XX/XX/20XX**Time:** 2:00 p.m. Eastern Time**Email Address:** **Individual email address**

Instructions: The Vendor, by making an offer, expressly represents that the specifications herein have been read and understood, and that the offer complies with all aspects. Any change that is received after the due date and time, and that is not specifically solicited by the State, shall be rejected.

Firm Offer: Prices and any other entry made hereon by the Vendor shall be considered firm and not subject to change.

SECTION 2: PURPOSE AND BACKGROUND

[Give brief description of the purpose/ objective of the contract and requested services and describe how the services fit into the using agency's function or new initiatives that necessitate these services, issues needing to be resolved, other solutions tried in the past, etc. This section should allow potential Vendors to judge whether they are interested in this RFP.

Further describe the services required using narrative or outline as appropriate. Include, as appropriate, high-level information on tasks, schedule, deliverables, milestones, environmental or regulatory constraints, state interfaces, etc.].

SECTION 3: CONTRACT TERM

The contract shall have a term of **Enter the months, years, etc.**, or until completion and acceptance by the State of all scope of work requirement, beginning on the date of contract award (the "Effective Date") **[this may be added but in no event not longer than enter the months, years, if applicable. Or you can add renewal option is needed].**

SECTION 4: POSSESSION AND REVIEW

During the evaluation period and prior to award, possession of the Scope Statements and accompanying information is limited to personnel of the issuing agency, and to the committee responsible for participating in the evaluation. Vendors who attempt to gain this privileged information, or to influence the evaluation process (i.e., assist in evaluation) will be in violation of purchasing rules and their offer will not be further evaluated or considered.

After award, the complete Scope Statement file will be available to any interested persons with the exception of trade secrets, test information or similar proprietary information as provided by statute and rule. Any proprietary or confidential information, which conforms to NC General Statute, 132-1.2 **must be clearly marked as such in the offer when submitted.**

SECTION 5: METHOD OF AWARD

Contract will be awarded based on best value (this statement should be deleted when developing your quote: agency may change this if desired, but it is recommended to use best value since this is a quote for services). Prospective Vendors shall not be discriminated against on the basis of any prohibited grounds as defined by Federal and State law.

Offers will be evaluated, and award made, based on the below factors listed in descending order of importance:

(This statement should be deleted when developing your quote: agency may change the evaluation criteria listed below if desired)

- Methodology for Completion of Work
- Auditor Qualifications and Experience
- Cost

While the intent of this Scope Statement is to award a Contract(s) to a single Vendor, the State reserves the right to make separate awards to different Vendors, to not award one or more-line items or to cancel this Scope Statement in its entirety without awarding a Contract, if it is considered to be most advantageous to the State to do so.

The status of a Vendor's e-Procurement Services account(s) shall be considered a relevant factor in determining whether to approve the award of a contract under this Scope Statement. Any Vendor with an E-Procurement Services account that is in arrears by 91 days or more at the time of proposal opening may, at the State's discretion, be disqualified from further evaluation or consideration.

The State reserves the right to waive any minor informality or technicality in proposals received.

SECTION 6: SCOPE STATEMENT EVALUATION PROCESS

All qualified proposals will be evaluated, and award will be made to the Vendor(s) determined by Agency name sole discretion to be the best value.

At their option, the evaluators may request oral presentations or discussion with any or all Vendors for the purpose of clarification or to amplify the materials presented in any part of the proposal. Vendors are cautioned, however, that the evaluators are not required to request presentations or other clarification—and often do not; therefore, all Scope Statement responses should be complete and reflect the most favorable terms available from the Vendor.

Vendors are cautioned that this is a request for offers, not an offer or request to contract, and the State reserves the unqualified right to reject any and all offers at any time if such rejection is deemed to be in the best interest of the State.

The State reserves the right to reject all original offers and request one or more of the Vendors submitting proposals to submit a best and final offer (BAFO), based on discussions and negotiations with the State, if the State determines in its sole discretion this is in their best interest.

SECTION 7: TECHNICAL SPECIFICATIONS

a. Outsourcing an entire audit project: Yes ___ No ____

b. Service Category: Enter appropriate category as identify in STC #8411A

c. Location of Work: Enter address or define if some of the work can be performed remotely.

d. Invoicing:

Invoices will be submitted no more then monthly and must included the individual's name, job title, hourly rate, number of hours worked and total amount per person. The Vendor may submit an invoice the combines all hours by title (see section 11) but must provide other documents that support the combine hours, and this document

must have the individual's name, associated hours and title as identify in Section 11. **Agency name** will withhold 10% of the contract to be paid upon final completions and acceptance of Vendors work.

e. Scope of Work:

Define the work to be performed and any deliverables required, be specific and provide enough information to allow the Vendors to fully understand the services you are needing.

SECTION 8: VENDOR CONTRACT ADMINISTRATORS

The Contract Administrators are the persons to whom all required notices shall be given and to whom all matters relating to the administration or interpretation of this Scope Statement shall be addressed. The Vendor shall designate a Primary Contract Administrator, who shall be the Vendor's primary contact with the Agency for all issues regarding this Contract and an Alternate Contract Administrator.

- a. Vendor Primary Contract:
 - i. Name and Title:
 - ii. Telephone Number, office:
 - iii. Address:
 - iv. Email Address:
- b. Vendor Secondary Contract Alternate Contact:
 - i. Name and Title:
 - ii. Telephone Number, office:
 - iii. Address:
 - iv. Email Address:
 - v.

SECTION 9: METHODOLOGY FOR COMPLETION OF WORK

The Vendor should describe the approach and how the Vendor will accomplish the scope of work detailed above in Section 7.e. The vendor can use graphs or narratives to describe their approach and should include proposed timeline, milestones, or delivery dates for completion of services.

SECTION 10: AUDITOR, ACCOUNTING, DATA ANALYTIC AND MANAGERIAL ADVISORY QUALIFICATIONS AND EXPERIENCE

Vendor shall provide the names and qualifications of all personnel being submitted to meet the requirements of this Scope Statement, including their roles during the audit engagement. Resumes may be provided to meet this requirement. Any staff changes must be approved by the soliciting agency.

Demonstrate your experience with at least three (3) public and/or private sector clients, providing similar service as requested in this solicitation. The narrative must thoroughly describe the expertise and audit, accounting and managerial advisory services provided and the outcome identify to resolve the client need.

Provide the name, address, phone number and email address of three (3) prior clients that may be contacted.

SECTION 11: COST (AND PROJECT HOURS)

Vendor must complete the information below. Failure to provide will result in rejection of Scope Statement.

Vendor shall offer a firm fixed price, all inclusive of labor, materials, general and administrative overhead, and profit. The total amount to be paid by **Agency name** under this Contract shall not exceed the amount as stated in the table below. The State does not guarantee a minimum or maximum number of hours.

(enter type of service)				
Position	Hourly Rate	Number of Staff (full time equivalent)	Number of Hours	Total (\$) Amount (Rate x Staff x Hours)
Staff	\$			
Supervisor	\$			
Executive	\$			
TOTAL Estimated Not-to-Exceed				\$

For multiple type of services, copy the table above for each type of service category with the scope of work.



SOLICITATION ADDENDUM

Issuing Agency:	Division of Purchase and Contract
Solicitation Number:	DPC-646236801-MT
Solicitation Description:	Supplemental Internal Audit Services
Solicitation Opening Date and Time:	August 29, 2023 @2:00 PM
Addendum Number:	01
Addendum Date:	August 1, 2023
Purchasing Agent:	Melinda Tomlinson

The RFP schedule is hereby modified as follows:

2.4 RFP SCHEDULE (REVISED)

The table below shows the *intended* schedule for this RFP. The State will make every effort to adhere to this schedule.

Event	Responsibility	Date and Time
Issue RFP	State	July 14, 2023
Urged & Cautioned Pre-Proposal Conference	State	July 27, 2023 @ 2:00 PM EST
Submit Written Questions	Vendor	August 9, 2023 @ 5:00 PM EST
Provide Response to Questions	State	August 16, 2023
Submit Proposals	Vendor	August 29, 2023 @ 2:00 PM EST Microsoft Teams meeting Join on your computer, mobile app or room device Click here to join the meeting Meeting ID: 258 653 933 303 Passcode: 5booFX Join with a video conferencing device ncgov@m.webex.com Video Conference ID: 117 730 666 7 Alternate VTC instructions Or call in (audio only) +1 984-204-1487 , 184281593# United States, Raleigh Phone Conference ID: 184 281 593#
Contract Award	State	TBD
Contract Effective Date	State	TBD

For assistance with the Ariba Sourcing or NC eVP, please contact the NC E-Procurement Helpdesk:

Call: 888-211-7440 (select option 2)

Email: vendor@nc.gov

NC+DOA
Department of Administrative
Purchase & Contract

**State of North Carolina
Supplemental Internal Audit Services
DPC-646236801-MT
Pre-Bid Conference**

Date: July 27, 2023
Procurement Lead: Melinda Tomlinson

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Overview of Procurement

- Establish a new mandatory Statewide Term Contract to provide for the State's need for pre-qualified Vendors for *Supplemental Internal Audit, Assurance, Accounting, Data Analytics, and Managerial Advisory Services*
- Services will be provided through issued Statements of Work to be further completed to awarded vendors on an as-needed basis.
- The contract will be used by State Departments, Agencies, Higher Education Entities, and Other Eligible Entities during the contract period

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RFP Schedule

Event	Responsibility	Date and Time
Issue RFP	State	July 14, 2023
Urged & Cautioned Pre-Proposal Conference	State	July 27, 2023 @ 2:00 PM EST
Submit Written Questions	Vendor	August 2, 2023 @ 5:00 PM EST
Provide Response to Questions	State	August 8, 2023 (subject to change)
Bid Due/Bid Opening Date (M5 Teams)	Vendor	August 22, 2023 @ 2:00 PM EST (subject to change)
Contract Award	State	TBD
Contract Effective Date	State	TBD

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Solicitation Highlights

Bid Validity

- 120 days from the bid opening date

Alternate Bids

- Must be complete and independent of other proposals offered with pricing and attachments included

Service Categories:

- Operational/ Performance Audits
- Investigative Audits
- Compliance Audits
- Informational Systems Audits
- Data Analytics/Continuous Monitoring
- Risk Assessment and Audit Plan Development
- Financial Audits
- Accounting and Financial Services
- Managerial Advisory Services

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Proposal Submission Highlights

Section 4.4
Vendor Experience

Section 4.5
References

Section 4.6
Legal Right to Practice in NC

Section 4.7
External Reviews & Regulatory Action

Section 4.8
Financial Statement

Section 4.9
(Attachment A)
Cost Proposal

Section 5.4
Project Staffing

Section 5.5
Technical Approach

Section 6.1
Contract Manager & Customer Service

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Submission Requirements: Pricing Form(Attachment A)

ATTACHMENT A: PRICING FORM

Cost Schedule

Vendor shall provide its best hourly rates in the form of base rate and upper rate for an auditor, audit supervisor and audit executive in the appropriate columns provided below or a duplicate of this form. For staff, supervisor, and executive descriptions, see Section 4.9 of the RFP.

This table captures audit staff compensation rates only and does not include travel or related business expenses. All travel and business expenses, if any, will be subject to North Carolina state travel guidelines and requirements and are required to be presented as part of the issuance of a specific SOW, after approved Vendors have been selected. Chapter 5 of the North Carolina Budget Manual provides primary guidance on state travel guidelines and restrictions and can be found at: <https://www.ncslm.nc.gov/budget/budget-manual>

Services Category	Staff Base Rate	Staff Upper Rate	Supervisor	Executive
Operational/Performance Audit				
Investigative Audit				

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Submission Requirements: Vendor Responsibilities

Review the entire RFP, including attachments

Complete & Sign the RFP

Submit the completed proposal by the proposal due date

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Failure to execute/sign bid prior to submittal may render bid invalid and it MAY BE REJECTED. Late bids cannot be accepted.

COMPLETE/FORMAL NAME OF VENDOR:		
STREET ADDRESS:	P.O. BOX:	ZIP:
CITY & STATE & ZIP:	TELEPHONE NUMBER:	TOLL FREE TEL. NO.:
PRINCIPAL PLACE OF BUSINESS ADDRESS IF DIFFERENT FROM ABOVE (SEE INSTRUCTIONS TO VENDORS ITEM #21):		
PRINT NAME & TITLE OF PERSON SIGNING ON BEHALF OF VENDOR:		FAX NUMBER:
VENDOR'S AUTHORIZED SIGNATURE:	DATE:	E-MAIL:

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QUESTIONS?

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FINAL REMINDERS

Please note that the responses from the state today are not legally binding. To confirm any information, vendors must submit their questions in writing.

The official response from the State will be added to the sourcing tool as an addendum.

Proposals are due August 22, 2023, @ 2:00 PM EST (*Date is subject to change*)

Late proposals will not be accepted!!!

Ensure all attachments are uploaded to the sourcing tool

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RESOURCES

Vendor Training

• www.eprocurement.nc.gov/training/vendor-training

NC eProcurement
Helpdesk

• Call: 888-211-7440, select option 2
• Email: vendor@nc.gov

Additional Resources

• <https://ncadmin.nc.gov/vendor-forms>

Historically Underutilized
Business (HUB)

• <https://ncadmin.nc.gov/businesses/historically-underutilized-businesses-hub>
• Call: 984-236-0130
• Email: huboffice.doa@doa.nc.gov

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THANK YOU FOR JOINING US
TODAY!!!



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SOLCITATION ADDENDUM

Issuing Agency:	Division of Purchase and Contract
Solicitation Number:	DPC-646236801-MT
Solicitation Description:	Supplemental Internal Audit Services
Solicitation Opening Date and Time:	August 29, 2023 @ 2:00 PM ET
Addendum Number:	02
Addendum Date:	August 17, 2023
Purchasing Agent:	Melinda Tomlinson

Due to the volume and complexity of questions received, the State requires additional time to provide responses. Any updates or modifications will be posted as an addendum in the Sourcing Event.



SOLICITATION ADDENDUM

Issuing Agency:	Division of Purchase and Contract
Solicitation Number:	DPC-646236801-MT
Solicitation Description:	Supplemental Internal Audit Services
Solicitation Opening Date and Time:	September 6, 2023 @ 2:00 PM ET
Addendum Number:	03
Addendum Date:	August 22, 2023
Purchasing Agent:	Melinda Tomlinson

FAILURE TO RETURN THIS ADDENDUM MAY SUBJECT YOUR RESPONSE TO REJECTION.

- 1. The Solicitation is hereby modified as follows (begin on page 2):**

SOLICITATION NUMBER: DPC-646236801-MT
ADDENDUM NUMBER: 3

Modifi- cation #	Solicitation Section	Current Solicitation Language	Updated Solicitation Language
1	2.8 Proposal Contents	Vendors shall provide responses to all questions and complete all attachments for this RFP that require the Vendor to provide information and upload them to the Sourcing Event in the Sourcing Tool. Vendor may not be able to submit its response in the Sourcing Tool unless all required items are addressed. Vendors shall provide authorized signatures where requested. Failure to provide all required items, or Vendor's submission of incomplete items, may result in the State rejecting Vendor's proposal, in the State's sole discretion. Vendor shall include the following items and attachments in the Sourcing Tool: d) Vendor's Proposal addressing all Specifications of this RFP: 4.4, 4.5, 4.6, 4.7, 4.8, 4.9, 5.4, 5.5, 6.1 e) Completed version of ATTACHMENT A: COST PROPOSAL f) Completed and signed version of ATTACHMENT D: HUB SUPPLEMENTAL VENDOR INFORMATION g) Completed and signed version of ATTACHMENT E: CUSTOMER REFERENCE FORM h) Completed and signed version of ATTACHMENT F: LOCATION OF WORKERS UTILIZED BY VENDOR i) Completed and signed version of CERTIFICATION FOR CONTRACTS, GRANTS, LOANS, AND COOPERATIVE AGREEMENTS and OMB STANDARD FORM LLL	Vendors shall provide responses to all questions and complete all attachments for this RFP that require the Vendor to provide information and upload them to the Sourcing Event in the Sourcing Tool. Vendor may not be able to submit its response in the Sourcing Tool unless all required items are addressed. Vendors shall provide authorized signatures where requested. Failure to provide all required items, or Vendor's submission of incomplete items, may result in the State rejecting Vendor's proposal, in the State's sole discretion. Vendor shall include the following items and attachments in the Sourcing Tool: d) Vendor's Proposal addressing all Specifications of this RFP: 4.4, 4.5, 4.6, 4.7, 4.8, 4.9, 5.4, 5.5, 6.1 e) Completed version of ATTACHMENT A: COST PROPOSAL f) Completed and signed version of ATTACHMENT D: HUB SUPPLEMENTAL VENDOR INFORMATION g) Completed and signed version of ATTACHMENT E: CUSTOMER REFERENCE FORM h) Completed and signed version of ATTACHMENT F: LOCATION OF WORKERS UTILIZED BY VENDOR. i) Completed and signed version of ATTACHMENT G: CERTIFICATION OF FINANCIAL CONDITION. j) Completed and signed version of CERTIFICATION FOR CONTRACTS, GRANTS, LOANS, AND COOPERATIVE AGREEMENTS and OMB STANDARD FORM LLL
2	Section 4.11 Personnel	In its proposal the Vendor shall provide information as to the qualifications and experience of current audit, accounting, managerial advisors, and data analytics personnel that may be assigned to each of the service categories for which the Vendor submits a proposal. Personnel qualifications may include documentation citing educational background, experience with similar projects and related certification, as well as the number of years of experience with each type of service category, as identified in the Section 5 Scope of Works, Audit Service	Section 4.11 has been removed from the solicitation. It has now been incorporated into the RFQ. See revised Exhibit 3.

SOLICITATION NUMBER: DPC-646236801-MT
ADDENDUM NUMBER: 3

Modification #	Solicitation Section	Current Solicitation Language	Updated Solicitation Language																																																			
		Categories. Vendor warrants that qualified personnel shall provide Services under this Contract in a professional manner. “Professional manner” means that the personnel performing the Services will possess the skill and competence consistent with the prevailing business standards in the industry. Vendor will serve as the prime contractor under this Contract and shall be responsible for the performance and payment of all subcontractor(s) that may be approved by the State. Names of any third-party Vendors or subcontractors of Vendor may appear for purposes of convenience in Contract documents; and shall not limit Vendor’s obligations hereunder. Vendor will retain executive representation for functional and technical expertise as needed in order to incorporate any work by third party subcontractor(s).																																																				
3	Section 5.3 Vendor Responsibilities	Soliciting Agencies shall complete a Statement of Work form (Exhibit 3 attached) and submit the form to at least one (1) qualified vendors in the requested category.	Soliciting Agencies shall complete a Statement of Work form (Exhibit 3 attached) and submit the form to at least two (2) qualified vendors in the requested category.																																																			
4	Section 3.4 Evaluation Criteria - Original RFP Evaluation Criteria <table><tr><th>Evaluation Criteria</th><th>RFP Section</th><th>Points</th></tr><tr><td>Vendor’s Relevant Background and Experience</td><td>4.4, 4.5</td><td>300</td></tr><tr><td>Financial Statements</td><td>4.8</td><td>200</td></tr><tr><td>Personnel</td><td>4.11</td><td>350</td></tr><tr><td>Cost Proposal</td><td>4.9, Attachment A</td><td>150</td></tr><tr><td>TOTAL</td><td>700 required for the award</td><td>1000</td></tr><tr><td>NC License to Practice</td><td>4.6</td><td>Pass/Fail</td></tr><tr><td>External Review/Regulatory Action</td><td>4.7</td><td>Pass/Fail</td></tr></table> Modified RFP Evaluation Criteria <table><tr><th>Evaluation Criteria</th><th>RFP Section</th><th>Points</th></tr><tr><td>Vendor’s Relevant Background and Experience</td><td>4.4, 4.5</td><td>275</td></tr><tr><td>Financial Statements</td><td>4.8</td><td>150</td></tr><tr><td>Project Staffing</td><td>5.4</td><td>250</td></tr><tr><td>Technical Approach</td><td>5.5</td><td>200</td></tr><tr><td>Cost Proposal</td><td>4.9, Attachment A</td><td>125</td></tr><tr><td>TOTAL</td><td>700 required for award</td><td>1000</td></tr><tr><td>NC License to Practice</td><td>4.6</td><td>Pass/Fail</td></tr><tr><td>External Review/Regulatory Action</td><td>4.7</td><td>Pass/Fail</td></tr></table>			Evaluation Criteria	RFP Section	Points	Vendor’s Relevant Background and Experience	4.4, 4.5	300	Financial Statements	4.8	200	Personnel	4.11	350	Cost Proposal	4.9, Attachment A	150	TOTAL	700 required for the award	1000	NC License to Practice	4.6	Pass/Fail	External Review/Regulatory Action	4.7	Pass/Fail	Evaluation Criteria	RFP Section	Points	Vendor’s Relevant Background and Experience	4.4, 4.5	275	Financial Statements	4.8	150	Project Staffing	5.4	250	Technical Approach	5.5	200	Cost Proposal	4.9, Attachment A	125	TOTAL	700 required for award	1000	NC License to Practice	4.6	Pass/Fail	External Review/Regulatory Action	4.7	Pass/Fail
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5	Attachment A: Cost Proposal	See Current Attachment A	See Updated Attachment A – to provide for optional additional labor categories.																																																			

SOLICITATION NUMBER: DPC-646236801-MT
ADDENDUM NUMBER: 3

Modification #	Solicitation Section	Current Solicitation Language	Updated Solicitation Language
6	Section 5.1 General	Audits, accounting, data analytics or managerial services are performed to either ascertain the validity and reliability of information; to provide an assessment of a system's internal controls or operations; to recommend improvements in efficiency and effectiveness of operations; adherence to laws and regulations, fill an unmet staffing needs, or provide forecasting. Any agency may identify a need for internal audit assurance, accounting, data analytics or managerial advisory service short term staff through the issuance of a Scope of Work (SOW). The hiring agency's staffing needs may vary in terms of resources required, dates of service and length of assignment.	Audits, accounting, data analytics or managerial services are performed to either ascertain the validity and reliability of information; to provide an assessment of a system's internal controls or operations; to recommend improvements in efficiency and effectiveness of operations; adherence to laws and regulations, or provide forecasting. Any agency may identify a need for internal audit assurance, accounting, data analytics or through the issuance of a Scope of Work (SOW).

2. The following are questions received about the Solicitation and the State's response to those questions:

Question #	Document Section	Vendor Question	State's Response
1.	Att. B	Is Attachment B: North Carolina Instructions to Vendors considered part of the body of RFP and required to be returned with response?	Attachment B: North Carolina Instructions to Vendors should be read in its entirety; however, it is not required to return it with your vendor response. Refer to section 2.8 Proposal Contents for the items that are required to be included in your vendor response.
2.	Att. C	Is Attachment C: North Carolina General Terms and Conditions considered part of the body of RFP and required to be returned with response?	Attachment C: North Carolina General Terms and Conditions should be read in its entirety; however, it is not required to return it with your vendor response. Refer to section 2.8 Proposal Contents for the items that are required to be included in your vendor response.
3.	Section 2.8 Proposal Contents	RFP p. 11, Section 2.8 Proposal Contents does not list Attachment G: Certification of Financial Condition as required, however, this form is issued in the Ariba Sourcing portal. Should this form be provided as part of the offeror's response to Section 2.8.j.c?	Vendors shall complete the Attachment G: Certification of Financial Condition provided in section 6.5 of the Ariba Sourcing Event. See solicitation modification #1 in previous section of this Addendum 2.

SOLICITATION NUMBER: DPC-646236801-MT
ADDENDUM NUMBER: 3

Question #	Document Section	Vendor Question	State's Response
4.	Section 2.8 Proposal Contents	RFP p. 11, section 2.8 Proposal Contents lists items 2.8.a Title Page, 2.8.c Signed Addenda, 2.8.d Vendor's Proposal, and 2.8.j Response and Documentation. There are not specific line items in the Sourcing Tool portal for vendors to upload these items. Will the State consider adding specific sections in the Sourcing Tool portal for vendors to upload each of these items?	The State has assigned specific sections for vendors to submit the completed RFP attachments. Any additional required documents should be uploaded in section 6.1 labeled " <i>Return Solicitation Document</i> " within the Ariba Sourcing Event, unless specified otherwise.
5.	Sections 4.1 Pricing & 4.9 Cost Proposal	RFP Sections 4.1 Pricing and 4.9 Cost Proposal include no guidance on how the State will consider labor rate escalation over the period of performance of the STC. Will the State allow vendors to propose a process for labor rate escalation over the period of performance of the STC as part of their response to RFP Section 4.9?	Please refer to section 6.8 Contract Changes, for information regarding how to make changes over the life of the contract.
6.	Section 4.5 References	RFP p. 13, Section 4.5 References states, "Vendor shall provide a list of at least five (5) contracts for which Vendor has performed services of a similar nature and scope, as identified in Section 5.2, within the last five (5) years." Are vendors to provide at least 5 contracts for each Section 5.2 type of service area that vendors are responding to (e.g., 5 contracts for Section 5.2.a, 5 contracts for Section 5.2.b, 5 contracts for Section 5.2.c, and so on) or provide a total of at least 5 contracts regardless of how many Section 5.2 services vendors are responding to?	Vendors should provide a total of at least five (5) references within the last five (5) years for which Vendor has performed services of a similar nature and scope, as identified in Section 5.2.

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ADDENDUM NUMBER: 3

Question #	Document Section	Vendor Question	State's Response
7.	Section 4.7 External Reviews and Regulatory Action	RFP Section 4.7 External Reviews and Regulatory Action outlines a set of mandatory response and disclosure requirements. Subsection 4.7.a appears to specifically apply to vendors responding to the Compliance Audit (RFP Section 5.2.c), Financial Audit (5.2.g) and Accounting & Financial Services (5.2.h) service categories. Further, Subsection 4.7.b seems to clarify that Subsection 4.7.a does not apply to vendors responding to service categories that do not cover services subject to the "American Institute of Certified Public Accountants external review requirements." Could that State confirm that it agrees with this interpretation and that Subsection 4.7.a only applies to vendors responding to service categories 5.2c, 5.2.g, and 5.2.h?	No, the type of services a Vendor responds to has no impact on this requirement. Section 4.7a applies to Vendors that are required by the American Institute of Certified Public Accountant or a State's governing body to have a peer review.
8.	Sections 4.9 Cost Proposal and 5.2 Internal Audit Assurance...	RFP Sections 4.9 and 5.2 as well as Exhibit 2 and Attachment A are inconsistent in their representation of service categories. Can the State confirm that Section 5.2 represents the authoritative list of service categories for vendors to respond to?	Yes, Section 5.2 represents the list of service categories to which Vendors should respond.
9.	Section 4.9 Cost Proposal	RFP p. 17, Section 4.9 Cost Proposal states, "For each service category, the Vendor shall provide the following:". Should this language state, "For each service category that the vendor is proposing for, the Vendor shall provide the following:"?	Vendors should refer to the previous sentence in section 4.9 for clarity, which states, <i>Vendors may provide rates for one (1) or more service categories but may not necessarily receive approval for all categories submitted.</i>
10.	Section 4.9 Cost Proposal	RFP Section 4.9 Cost Proposal includes a paragraph allowing for the inclusion of additional labor categories under "d. Other professional staff...". The RFP apparently lists "d." as a subsection under the Data Analytics Services service category. However, the phrasing of the "Other professional staff" definition suggests that this might apply to other service categories as well, not just the Data Analytics Service category. Could that State confirm that vendors can propose additional labor categories, per the "Other professional staff" guidance, across all service categories?	Yes, "Other professional staff" may be applied across all service categories.

SOLICITATION NUMBER: DPC-646236801-MT
ADDENDUM NUMBER: 3

Question #	Document Section	Vendor Question	State's Response
11.	Section 4.11 Personnel	RFP Section 4.11 Personnel appears to represent a proposal requirement. It is also an explicit evaluation factor under RFP Section 3.4. However, it is not included in RFP Section 2.8.d. Can the State confirm that vendors should include a response to RFP Section 4.11 in their respective proposal sections addressing RFP Section 2.8?	Vendors shall provide in their proposal the requirements requested in Section 4.11 Personnel.
12.		RFP Sections 4.11, 5.4, and 5.5 all speak to personnel and staffing requirements, but don't clearly define which personnel the State would consider to be Key Personnel (who would be subject to the substitution rules under 4.11). In our estimation it would be appropriate for vendors to propose a State Term Contract Manager and Service Category Leaders as Key Personnel at this time, but to defer naming all other Key Personnel to the order level. All other personnel highlighted in the proposal response would be W-2 employees of the vendor but would not be explicitly labeled as 'Key Personnel'. Would this be acceptable to the State?	Yes, the State is agreeable to Key Personnel being defined for: 1. Contract Manager 2. Service Category Leaders (as defined in Section 4.9 of RFP. Enough staff qualifications should be provided to support each service category that are included in a Vendor's proposal. Key personnel are individuals that have the responsibility for ensuring milestones, deadlines and/or accomplishment of project objectives are achieved. See Modification Section 1, #2. See updated Exhibit 3 for RFQ Process.
13.	Section 5.5 Technical Approach	RFP Section 5.5 Technical Approach is a required proposal response section under Section 2.8 Proposal Contents, but it is not part of the evaluation criteria under Section 3.4. Since (1) the responses to RFP Sections 4.4, 4.5 (technical capabilities) and 4.11 (Personnel qualifications) should comprehensively cover the vendor's ability to meet potential future order requirements under this Term Contract and since (2) there is no specific task order scope included in this RFP that vendors could respond to with an 'approach', would the State consider removing the first two paragraphs from RFP Section 5.5? Paragraph 1: "Vendor's proposal shall..." (redundant with Sections 4.4 and 4.5); Paragraph 2: "Key Personnel qualifications..." (to be addressed in Section 5.4)	No. Response to (1) - See Section 1, Modification #4 for updated Evaluation Criteria. See Section 1, Modification #2 for update to Section 4.11. Response to (2) – Sections 5.4 and 5.5 are relative to the Scope of Section 5, in its entirety. Vendors should provide Approach and Project Staffing approach based on the provided Scope of Work in Sections 5.1 – 5.3.
14.	Section 5.5 Technical Approach	For vendors proposing on service categories not commonly subject to the professional standards listed in RFP Section 5.5, would the government accept a brief narrative response outlining why the specific professional standard(a) does not apply to the vendor as a compliant response?	Yes. Vendors should provide a response to Sections 5.4 Project Staffing and 5.5 Technical Approach. for services that are commonly subject to the list of professional standards.

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Question #	Document Section	Vendor Question	State's Response
15.	Section 1.3 Contract Term and Section 4.1 Pricing.	Since this new State Convenience Contract for services is for a 5-year period, how many instances will the State allow rates to be increased to match market fluctuations during the term of the contract?	The State is unable to provide a specific number of instances that would allow for rate increases during the contract. Vendors are advised to review section 6.8 Contract Changes to understand the State's policy on contract modifications throughout the duration of the agreement.
16.	RFP Section 2.4 RFP Schedule	<i>Submit Proposals section. Also referenced on Solicitation Addendum 1 with new due date for submission 8/29/23 at 2 pm.</i> What is the purpose for this Teams meeting? What information will the State of North Carolina's Division of Purchase and Contract discuss or disclose during the meeting?	The public bid opening is scheduled for August 29, 2023, at 2:00 PM. At the time of the bid opening, vendor's names and pricing that is not subject to negotiation or two-step opening shall be announced. This includes all timely bids received, including those that may later be deemed non-responsive.
17.	4.10 Additional Requirements	<u>4.10(a) Work Papers:</u> Would the State agree to language clarifying that this section is not intended to impact the ownership rights of our existing intellectual property or administrative records, or any intellectual property developed outside of the scope of our services? <u>4.10(d) Records Retention:</u> Would the State agree to a modification to the records retention requirement to address typical issues associated with information stored electronically and for compliance with applicable professional standards?	This section is intended to impact work papers created within the scope of this agreement. This is not intended to impact the ownership of intellectual property developed outside the scope of the agreement. Administrative records applicable to the completion of audit services are included. The State intends to adhere to the records retention requirement as outlined in the policy set forth by the North Carolina Council of Internal Audition.
18.	Att. C NC General Terms and Conditions	2. Default and Termination: Will the State consider industry standard modifications for the services contemplated such as language disclaiming further responsibility for work product delivered which is designated as incomplete as of the date of termination and that the State's remedy against Vendor for any default shall be the return of any fees paid to Vendor for such nonconforming deliverables or services? Additionally, would the State accept additional language providing that the Vendor may terminate the Agreement upon written notice to the State, if the Vendor determines continued performance would result in a violation of law, regulatory requirements, applicable professional or ethical standards, or Vendor's client acceptance or retention standards?	The State reserves the right to negotiate this term of the contract prior to contract award.

SOLICITATION NUMBER: DPC-646236801-MT
ADDENDUM NUMBER: 3

Question #	Document Section	Vendor Question	State's Response
19.	Att. C NC General Terms and Conditions	13. Access to Persons and Records: Would the State accept language clarifying that these rights are limited solely to our time, billing and reimbursable expense records for services performed under the Agreement?	The State reserves the right to negotiate this term of the contract prior to contract award.
20.	Att. C NC General Terms and Conditions	16. General Indemnity: 16(a): Will the State consider industry standard modification to this provision to limit our obligations to claims brought by third parties that arise from the gross negligence or willful acts or omissions by Vendor during the performance of its services? Additionally, would the State accept the addition of language providing that our total liability, except for our indemnification obligations, be limited to an amount equal to the fees we receive under the Agreement, and exclude indirect, consequential, exemplary or similar such damages?	The State reserves the right to negotiate this term of the contract prior to contract award.
21.	Att. C NC General Terms and Conditions	20. Care of State Data and Property: <u>Paragraph 2, Sentence 2</u> : Will the State consider adding the following language to the beginning of the second sentence in the second paragraph "Subject to the limitations of liability in the Agreement,..."?	The State reserves the right to negotiate this term of the contract prior to contract award.
22.	Att. C NC General Terms and Conditions	28. Federal Funds Provisions: <u>28(d)(2) and (3)</u> : Would the State accept our request to delete the liquidated damages provision, or substantive modifications to address failures to deliver which are outside of the Vendor's reasonable control? <u>28(i) Access to Records</u> : Please see our Question in 13. <i>Access to Persons and Records</i> . <u>28(k) Records Retention</u> : Please see our Question in 20. <i>Care of State Data and Property</i> .	The State reserves the right to negotiate this term of the contract prior to contract award.
23.	Section 4.3 HUB Participation	Do vendors need to meet 10% utilization of HUBs on this RFP? How does one become certified as WBE and Minority owned in North Carolina?	No. The 10% utilization applies to State agency's goal to spend at least 10% of their total expenditures with certified HUB vendors. For information about becoming a certified HUB vendor, please visit: https://ncad-min.nc.gov/divisions/historically-underutilized-businesses-hub/certifications

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Question #	Document Section	Vendor Question	State's Response
24.	Section 5.5 Technical Approach	Can you provide more clarity and detail on the requirements for Section 5.5 "Technical Approach"? If possible, can you provide an example?	The proposal from the Vendor must describe their plan for completing the tasks specified in the Scope of Work section of this RFP, using narrative, outlines, and/or graphs. The proposal must include details about each task and deliverable, as well as a schedule for completing each one. The State is unable to provide an example.
25.	5.0 Scope of Work (5.2.d)	Historically, how many audits and/or how many hours of the audit plan have been dedicated to Information Systems Audits for the in-scope agencies and campuses?	Last year for agency and universities information system audits completed were just under 20,000 hours. Not captured are 58 community colleges, 115 local education agencies and several regulatory boards that may use the new state term contract.
26.	5.0 Scope of Work (5.2.d)	Are there any information systems audits that are required to be performed annually as a part of compliance/regulatory requirements? a) Are those annual audits performed for all in-scope agency and campus locations? b) Are there pre-defined state audit programs to execute or is the provider responsible for developing the scope and approach for each audit?	Yes. There is only one(1) mandated information system audit requirement which is not within the scope of this RFP as identified in Section 5.2d.
27.	5.0 Scope of Work (5.2.d)	Has the state performed IT-specific risk assessments as part of this initiative? When were those last performed?	No IT-specific risk assessment was performed for this initiative.
28.	5.0 Scope of Work (5.2.d)	Is there a centralized IT department or IT Manager at the State that manages the scope and coordination of the IT audits?	The State has a centralized IT department however, that department has no responsibilities for overseeing or managing information system audits performed at state agencies or universities.
29.	5.0 Scope of Work (5.2.d)	According to the NCOSA website, the Information Systems Audit reports are not public, but what entity (in addition to the entity being audited) receives the results of the Information Systems Audit Reports? a) Will the vendor present at NCOSA Board/Audit Committee meetings? Or prepare materials for such meetings?	There is no NCOSA Board or Audit Committee. NCOSA has no responsibility for the governance of work performed under this state term contract. The soliciting agency is responsible for receiving and disseminating the results of any work completed by a Vendor. There is a mandate that requires all executive branch internal audit functions to submit reports to the council of internal auditing; however, reports with confidential information must be redacted prior to submission.
30.	5.0 Scope of Work (5.2.d)	Who determines the frequency of Information Systems Audits?	The soliciting agency requesting the audit.

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31.	5.0 Scope of Work (5.2.d)	Does the state have any requirements for in-person execution or can the audits be performed remotely with in-person visits, as appropriate?	The execution of the audits will be determined by the soliciting agency requesting the audit services and be specified in the Request for Quote (RFQ). Refer to Exhibit 3 of the RFP.
32.	5.2.f. Risk Assessment and Audit Plan Development	Historically, how many hours have been dedicated to risk assessment procedures at each agency/campus?	Last year just over 9,300 was spent on risk assessment. Not captured are 58 community colleges, 115 local education agencies and several regulatory boards that may use this state term contract.
33.	5.2.g. Financial Audit	Can you confirm an opinion on financial statements is not within the scope of this RFP?	Opinions on financial statements are not within the scope of this RFP.
34.	Section 5.0	Do any entities anticipate on-demand services as they arise or is there a pre-determined cadence and amount of consulting support already identified?	The State cannot predetermine the needs of the individual agencies; however, soliciting agencies are required to complete a Statement of Work (Exhibit 3) and submit the form to at least one (1) qualified vendor in the requested category.
35.	Section 5.0	Would you anticipate needing local, on-site support, remote assistance, or both?	The need for local, on-site support, or remote assistance will be determined by the soliciting agency and specified in the Request for Quote (RFQ). Refer to section 5.3 of the RFP
36.	Section 5.0	How long will we have to respond to Statement of Work that arises from any of the entities included in this proposal?	The timeline for responding to the Statement of Work will be determined by the soliciting agency and specified in the Request for Quote (RFQ); however, vendors will have a minimum of ten (10) days to respond. Refer to section 5.3 of the RFP.
37.	Section 5.0	There is some overlap in areas in regards to expertise, team, experience, etc. When responding, for sake of brevity, may we reference previous responses with appropriate name/number guidance or would you prefer a complete separate response?	Staff/personnel qualification/experience/education, is only needed once for each type of service included in the Vendors proposal, in response to Sections 5.4 and 5.5.
38.	Section 5.0	When the State has a project need, will it contact all of the firms on this contract (within the applicable category in the RFP) and provide them with an opportunity to submit a proposal? If no, what selection process will be used when project needs arise?	Soliciting agencies must fill out the Statement of Work form (refer to Exhibit 3) and submit it to a minimum of two (2) qualified vendors in the desired category. Refer to section 5.3 of the RFP. See Section 1, Modification #3.
39.	Section 5.0	When the State has a project need, how much advanced notice is typically provided the consultant before the project needs to commence?	Soliciting agencies shall give vendor(s) a minimum of ten (10) days to respond. Refer to section 5.3.2 of the RFP.
40.	Section 5.0	How should we identify which areas we would like to considered for versus areas that are outside of our expertise?	Vendors shall indicate the service categories in which they wish to be considered by submitting base or upper rates for staff, supervisor, and executive hourly rate ranges for each on the pricing schedule (Attachment A). Refer to section 4.9 Cost Proposal.

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41.	Section 5.0	Can we propose on all or just certain portions of the work?	State unable to determine details of this question. See Section 4.9 for details on how vendors should provide proposals for one (1) or more service categories.
42.	Section 5.0	Do we need to include different personnel for each type of work and different references, fees, etc. for each type of work that they list in the RFP?	See Response for Questions 12 and 13 above.
43.	Section 5.0	In the RFP, they ask for expertise with Construction Audits but it is not specifically listed as one of the services...do they consider Construction Audit as a separate service?	Construction audits are not a service category but will follow under compliance audits in Section 5.2 and Assurance audits in Section 4.9
44.	Section 5.0	Do they have an estimated number of hours of support identified for each component?	The State does not have an estimated number of hours for support identified for each component. Vendors should inquire this information of the soliciting agencies.
45.	Att. C NC General Terms and Conditions	How should the Offeror provide exceptions to the State's contractual terms and conditions for the State's consideration?	Please refer to section 2.7 Notice to Vendors Regarding RFP Terms and Conditions.
46.	Att. C NC General Terms and Conditions, Section 2	In (a), would the State consider modifying the remedy for procurement of substitute services to provide that we may be found liable for such costs, since a party's damages should be based on the facts and circumstances and determined by dispute resolution processes? In (b), would the State consider providing a notice and cure period after which, if not cured, such termination for cause would be effective? Alternatively, if the State wishes to discuss specific language or better understand the concerns, would the State please confirm that it is open to the possibility of later discussions and negotiation which may result in a potential amendment of this specific provision of the Contract as per Section 2.3 of the RFP?	The State is willing to negotiate any NC general terms and conditions if the Vendor's includes the modifications in their proposal as stated in Section 2.3.

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47.	Att. C NC General Terms and Conditions, Section 15	Would the State consider the clarifying modifications outlined below to align the insurance requirements with our industry-standard coverage? Alternatively, if the State wishes to discuss specific language, would the State please confirm that it is electing to leave open this section for later negotiation and amendment of this specific provision of the Contract as per Section 2.3 of the RFP? 2(ii)./3(ii). Commercial General Liability – General Liability Coverage on a Comprehensive Commercial Broad Form... 2(iii). Automobile – The minimum combined single limit shall be \$250,000.00 bodily injury and property damage combined. ~~\$250,000.00 uninsured/under insured motorist; and \$2,500.00 medical payment.~~ 3(iii). Automobile – The minimum combined single limit shall be \$500,000.00 bodily injury and property damage combined. ~~\$500,000.00 uninsured/under insured motorist; and \$5,000.00 medical payment.~~	The State is willing to negotiate any NC general terms and conditions if the Vendor's includes the modifications in their proposal as stated in Section 2.3.

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48.	Att. C NC General Terms and Conditions, Section 16	Can the indemnity be modified to be for third party claims for bodily injury, including death, or damages to real or tangible personal property to the extent directly and proximately caused by Contractor's negligence or intentional misconduct in its performance of the services? We would propose the use of the following example. However, in the event the State does not agree with our example, we ask that the State please confirm that it is open to the possibility of later discussions and negotiation which may result in a potential amendment of this specific provision of the Contract as per Section 2.3 of the RFP? "The Vendor shall indemnify, defend and hold and save the State, its officers, agents, and employees, harmless from (i) liability of any kind, including all claims and losses, in each case accruing or resulting to any other person, firm, or corporation furnishing or supplying work, Services, materials, or supplies in connection with the performance of the Contract as a subcontractor or vendor of Vendor, and also from (ii) any and all claims and losses accruing or resulting to any person, firm, or corporation that may suffer personal be injured or whose/which real or tangible property is damaged by the Vendor in the performance of the Contract, in each of cases (i) and (ii) that are attributable to the negligence or intentionally tortious acts of the Vendor, provided that the Vendor is notified in writing within 30 days from the date that the State has knowledge of such claims."	The State is willing to negotiate any NC general terms and conditions if the Vendor's includes the modifications in their proposal as stated in Section 2.3.
49.	Att. C NC General Terms and Conditions, Section 20	Would the State agree to clarify that the Vendor is responsible for the loss or damage to the State's real or tangible property and, as to Data, the cost to restore the State's most recent backup? Alternatively, if the State wishes to discuss specific language, would the State please confirm that it is open to the possibility of later discussions and negotiation which may result in a potential amendment of this specific provision of the Contract as per Section 2.3 of the RFP?	The State reserves the right to negotiate this term of the contract prior to contract award.

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50.	Att. C NC General Terms and Conditions	Prior to contract execution, would the State be willing to negotiate a mutual, aggregate limitation of liability for each party (other than for damages arising from a party's recklessness or intentional misconduct and any other damages for which a limit is specifically not allowed by State law)? We would propose the use of the following example. However, in the event the State does not agree with our example, we ask that the State please confirm that it is open to the possibility of later discussions and negotiation which may result in a limitation of liability as per Section 2.3 of the RFP? "Each party shall not be liable to the other party for any claims, liabilities, or expenses relating to or in connection with this Contract or any statement of work ("Claims") for an aggregate amount in excess of the fees paid by the State to Vendor under such statement of work, except to the extent resulting from their recklessness, bad faith or intentional misconduct."	The State reserves the right to negotiate this term of the contract prior to contract award.
51.	Att. C NC General Terms and Conditions, Section	New Section – Disclaimer of Damages Would the State be willing to include a mutual disclaimer of consequential and punitive damages in the resulting Contract? We would propose the use of the following example. However, in the event the State does not agree with our example, we ask that the State please confirm that it is open to the possibility of later discussions and negotiation which may result in a disclaimer of consequential and punitive damages as per Section 2.3 of the RFP? "In no event shall a party be liable to the other party for any consequential or punitive loss, damage, or expense, relating to or in connection with this Contract or any statement of work."	The State reserves the right to negotiate this term of the contract prior to contract award.
52.	Section 4.9 Cost Proposal	Should this read: The rate that the Vendor will provide an staff accountant with expert qualifications that demonstrated success. Upper Rates as quoted in this RFP will preclude any Vendor from offering a rate for an auditor higher than the established upper rate in response to a soliciting agency's request for services.	The proposed rate provided by a Vendor will be the maximum rate that can be charged. The lower rate of for less experienced staff and the upper rate is for more experienced staff. The rate proposed will be the ceiling and vendor will not be able to charge soliciting agency high rates.

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53.	Section 2.8 Proposal Contents/ Section 3.4 Evaluation Criteria	The proposal contents listed in section 2.8 require a response to RFP 5.4 (Project Staffing), but not to RFP 4.11 (Personnel). However, the evaluation factors in Section 3.4 state that personnel (RFP 4.11) will be evaluated and are silent on whether and how RFP 5.4 will be evaluated. Please clarify whether vendors should respond to 4.11 and/or 5.4 and how each will be evaluated.	See Response for Questions 12 and 13 above.
54.	Att. A Pricing Form	Would the State please consider allowing bidders to include additional Labor Categories, outside of base rate and upper rate for an auditor, audit supervisor and audit executive? Additional labor categories, particularly in between the base and upper rates, will provide the State with more flexibility in execution to tailor the qualifications of their teams to the specific SOW requirement.	Yes. See Section 1, Modification #5 (Attachment A: Cost Proposal Form), updated to reflect optional additional labor categories. Other professional staff – At their discretion, responding firms may include hourly rates for additional professional staff experienced in respective categories.
55.	Section 2.8 Proposal Contents	Please clarify where in the Sourcing Tool (Ariba) we should upload our response to Section 2.8 Proposal Contents, letter d ((d) Vendor's Proposal addressing all Specifications of this RFP: 4.4, 4.5, 4.6, 4.7, 4.8, 4.9, 5.4, 5.5, 6.1). We did not see a location specified in the tool.	The State has assigned specific sections for vendors to submit the completed RFP attachments. Any additional required documents should be uploaded in section 6.1 labeled "Return Solicitation Document" within the Ariba Sourcing Event, unless specified otherwise.
56.	ATT. G: CERTIFICATION OF FINANCIAL CONDITION	Should attachment G be added to the Evaluation Criteria table on page 12 and evaluated as pass/fail?	Although Attachment G is not part of the evaluation criteria, it is still required to be submitted along with the vendor's response to determine their level of responsiveness.
57.	Section 2.8 Proposal Contents	Would the State please provide Attachment E? It was not included with the Solicitation documents.	Attachment E Reference form has been added to section 6.3 of the sourcing event.
58.	Section 5.5 Technical Approach	Section 5.5. Technical Approach asks for "Key Personnel Qualifications - Education/Background, experience." This appears to be duplicative of what is required in sections 4.11 and 5.4. Would the State please clarify what is required for Key Personnel in section 5.5 and how it differs from section 4.11 and 5.4? Alternative, please state that the bidder can simply reference sections 4.11 and 5.4 in its response to section 5.5.	See responses for Questions 12 and 13 above.

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59.	Section 4.9 Cost Proposal	Please clarify how the 4 Services included in 4.9 Cost Proposal (Assurance Services, Accounting Services, Managerial Advisory Services, Data Analytics Services) relate to the 9 Service Categories included in Section 5.2 ((a) Operational Performance Audits...(i) Managerial Audit Services). Please also clarify how the 4 Services included in 4.9 Cost Proposal should be used in completion of Attachment A. Pricing Form.	Section 4.9 Assurance Services equates to the following service identified in Section 5.2: 1) operational/performance audits 2) investigation audits 3) compliance audits 4) information system audits 5) financial audits 6) risk assessments and Audit Plan Development Section 4.9 Accounting Services equates to Section 5.2 Accounting and Financial Services. Section 4.9 Managerial Advisory Services equates to Section 5.2 Managerial Advisory Services Section 4.9 Data Analytics Service equates to Section 5.2 Data Analytics/Continuous Monitoring
60.	General	My company is not based out of North Carolina and we plan on submitting a response to this RFP. I wanted to confirm if my firm can respond to this RFP as an out of state company?	Any vendor may submit a proposal for this solicitation.
61.	Section 5.2 References	I am reviewing your Excel spreadsheet and do not see attachment E? Alternatively, I can submit my own form with at least 5 references. I just want to make sure I am following the directions.	Attachment E Reference form has been added to section 6.3 of the sourcing event.
62.	Section 3.8 Proposal Contents	Item g, Attachment E: Customer Reference Form states that vendors are to include a, 'completed and signed version of Attachment E: Customer Reference Form.' There is not an Attachment E form issued. Can North Carolina Division of Purchase and Contract issue Attachment E: Customer Reference Form?	Attachment E Reference form has been added to section 6.3 of the sourcing event.
63.	Section 2.4 RFP Schedule	RFP Schedule lists August 22, 2023 @ 2:00pm ET as due date and time for vendors to submit proposals. The Ariba Sourcing portal lists August 21, 2023 @ 2:00pm ET as due date and time for vendors to submit proposals. Can North Carolina Division of Purchase and Contract confirm the day and time responses for this opportunity are due by?	The bid opening date was revised in Addendum #1. The bid opening is now scheduled for September 1, 2023 @ 2:00 PM. Any further modifications to the RFP schedule will be posted via an addendum posted in the Ariba Sourcing Tool.
64.	Att. A Pricing Form	The event indicates that the Pricing Form should be an Excel file, but it's a pdf. Should we provide the table from the pdf in an Excel file?	The Pricing form provided in the sourcing event is a PDF document.

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65.	Att. A Pricing Form	Will NCDOA allow Vendors to submit additional roles (e.g., for Subject Matter Experts) and associated rates outside of the four roles (Staff Base/Upper Rate, Supervisor, Executive) listed within the pricing form?	At the end of Section 4.9 – “Other professional staff” can be added to any of the service categories.
66.	Att. C General Terms & Conditions	Can Vendors utilize offshore resources to support the scope of work listed in the solicitation?	It is possible depending on the specific set of circumstances in which offshore resources are being utilized.
67.	Exhibit 2: Example Auditor's Professional Qualifications	Within Exhibit 2: Example of Auditor's Professional Qualifications, most Base Rate qualifications require 2 or 3 years of experience within the service category. Are Vendors allowed to use resources that don't meet the minimum years of experience even if there is proper oversight of an individuals performance and quality of work?	Exhibit 2 are examples and not requirements. The expectation for rates are that less experience staff would garner a lower hourly rate and more experience staff would have a higher hourly rate.
68.	Page 21, para 5.2g. Financial Audit	Please clarify the narrative found in this section pertaining to Financial Audits. The summary statement opening this section reads "Independent financial statement audits to attest to the fairness and accuracy of financial statements are not within the scope of this RFP." However the text that follows appears to clearly define audit services as they are defined in relevant professional guidance. Please advise as to what services are envisioned by DOA under this category.	Financial audits can range from verifying information in program report is complete and accurate to verifying financial controls are working properly. Opining on the fairness of the financial statement for an agency is not part of this RFP.
69.	Exhibit 2: Example Auditor's Professional Qualifications	Please reconcile the service category for Construction Audits found on page 27, Exhibit 2, last row with the pages 19-22 - scope of work section. This category does not appear to be included in the RFP's scope section, please advise.	Construction audits are not a service category but will follow under compliance audits in Section 5.2 and Assurance audits in Section 4.9
70.	Section 4.10 Work Papers	Please confirm that bidders will be permitted to retain copies of work papers in order to comply with applicable professional standards (e.g. AICPA)	Per section 4.10a, Vendors shall not retain copies of any work papers unless the Vendor is required to comply with quality assurance review auditing standards and when the soliciting agencies agrees, in writing, to waive this requirement. Vendors required by the AICPA or a State governing body to maintain workpaper for external quality assurance review purpose will be allowed to retain copies but may not use any state data obtain during the scope of work, for any other purposes.

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71.	Section 4.10 (c) Confidentiality and North Carolina General Terms and Conditions	Would the State please consider the negotiation of limited data disclosure to third party vendors who perform various administrative and clerical functions for the Firm?	The State reserves the right to negotiate this term of the contract prior to contract award.
72.	North Carolina General Terms and Conditions	Would the State consider the negotiation of a Limitation of Liability provision?	The State reserves the right to negotiate this term of the contract prior to contract award.
73.	Section 4.10 (Work Papers) and North Carolina General Terms and Conditions	Would the State please consider the negotiation of a mutually agreeable IP Ownership provision as it relates to any resulting contract? We would seek to protect our organization's intellectual property and allow for residual knowledge rights related to our services.	The State reserves the right to negotiate this term of the contract prior to contract award.
74.	North Carolina General Terms and Conditions	Would the State please consider the negotiation of a reasonable opportunity to cure for any material deficiencies which results in the Vendor's breach of contract?	The State reserves the right to negotiate this term of the contract prior to contract award.
75.	North Carolina General Terms and Conditions	Would the State please consider the negotiation of limited changes to the general indemnity provision which holds the Vendor responsible for third party claims related to death, bodily injury, or damage to tangible property?	The State reserves the right to negotiate this term of the contract prior to contract award.
76.	Section 5.2g Financial Audits	We understand that independent financial statement audits attesting to the fairness and accuracy of financial statements are not within the scope of this RFP. However, this service category requests "verification of the financial statements, or a component of the financial statement, of a legal entity with a view to express an audit opinion. The audit opinion is intended to provide reasonable assurance that the financial statements are presented fairly." Can you please provide further distinction between "independent financial statement audits" and "financial audits" related to the scope of services being requested? Or confirm if these services are all out of scope for this contract?	Financial audits can range from verifying information in program report is complete and accurate to verifying financial controls are working properly. Opining on the fairness of the financial statement for an agency is not part of this RFP.

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77.	Section 2.3 & North Carolina General Terms and Conditions	13. ACCESS TO PERSONS AND RECORDS - we request the following change: "...the State Auditor and any Purchasing Agency's internal auditors shall have access to persons and records related to the Contract to verify accounts and data affecting fees or performance under the Contract, as provided in G.S. 143-49(9), upon reasonable advance written request."	The State reserves the right to negotiate this term of the contract prior to contract award.
78.	Section 2.3 & North Carolina General Terms and Conditions	6. GENERAL INDEMNITY - we request replacing Paragraph A with the following: "Provided that the Vendor is notified in writing within 30 days of the date that the State has knowledge of applicable claim, Vendor agrees to indemnify, defend and hold harmless the State (including, without limitation, its officers, directors, shareholders, employees, agents, successors, and assigns) from and against any and all claims, debts, liabilities, damages, demands, obligations, costs, expenses (including, without limitation, reasonable attorneys' fees and court costs), actions and causes of action arising from (a) the breach of any of the terms of the contract by Vendor or any party acting by or through Vendor (including, without limitation, any of its representatives); (b) the violation of any applicable law or regulations; or (c) a claim asserted by any third-party based on the negligence of the Vendor in the performance of the contract. This paragraph shall survive the termination of the contract including any renewal or extension thereof; provided, however, that the maximum aggregate liability of Vendor with respect to the indemnification obligations of this Contract shall not exceed the sum of ten million dollars (\$10,000,000.00)."	The State reserves the right to negotiate this term of the contract prior to contract award.
79.	Section 2.3 & North Carolina General Terms and Conditions	20. CARE OF STATE DATA AND PROPERTY - we request the following change: "The Vendor shall notify the State of any security breaches within 24 48 hours..."	The State reserves the right to negotiate this term of the contract prior to contract award.

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80.	Section 2.3 & North Carolina General Terms and Conditions	28. FEDERAL FUNDS PROVISIONS, i) Access to Records, paragraph 1 - we request the following change: "Upon reasonable advance, written notice, The Vendor agrees to provide the Purchasing Agency, the Administrator of the federal agency providing funds hereunder, the Comptroller General of the United States, or any of their authorized representatives access to any books, documents, papers, and records of the Vendor which are directly pertinent to this Contract for the purposes of making audits, examinations, excerpts, and transcriptions."	The State reserves the right to negotiate this term of the contract prior to contract award.
81.	Section 4.10 Additional Requirements	d. Records Retention - we request the following change: "Record retention requirements shall be consistent with any pertinent regulatory or other requirements and records shall be maintained for a minimum of ~~ten~~ eight years.:	The State reserves the right to negotiate this term of the contract prior to contract award.
82.	Section 4.3 HUB Participation	Can the goal of 10% utilization be achieved with an MBE, WBE or Veteran firm?	The vendor is not required to meet the goal of 10%, but documenting the vendors status of small, minority, physically handicapped, and women contractors in purchasing Goods and Service or strategic plan, should be provided in the Attachment, to allow the State to pursue efforts for the State's goal of meeting the 10%.
83.	Section 4.9 Cost Proposal	Is the State seeking one rate for each professional level, to remain applicable for the duration of the five-year contract, or should bidders provide rates by level with applicable increases for each year?	Vendors must provide their best current hourly rates. Changes to the contract during its duration must be agreed upon by both the State and the Vendor and documented through written contract amendments.
84.	Section 5.1 General	Will the vendor be required to follow up on reported findings and recommendations?	The Vendor will only be required to conduct follow up work, if the soliciting agency requesting a quote includes follow up to recommendations in a scope of work.
85.	Attachment F, Location of Workers Utilized by Vendor	Attachment F indicates the State will evaluate the use of potential resources out of the U.S. Are you able to confirm whether the use of offshore resources will be allowed for this work? What percentage of the work can be estimated as needing to be done on-site at a State location vs performed remotely? I'm sure the nature of each audit will dictate that, but if there are no specific reasons (onsite physical observation of a data center for example) why on-site work would need to be performed is remote work acceptable?	Per Attachment F, The State will evaluate the additional risks, costs, and other factors associated with the utilization of workers outside of the United States prior to making an award. The State cannot estimate the proportion of on-site work versus remote work that is needed. The decision on whether remote work is acceptable shall be mutually agreed upon by the soliciting agency and the contracting vendor. Please refer to Exhibit 3 for more information.

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86.	General Solicitation	Do you envision any of this work being performed as staff augmentation where the State will supervise the vendor's resources, or would all resources needed to perform work be supervised by the vendor's management and leadership team?	No. The purpose of this solicitation does not include scope for staff augmentation.
87.	Section 4.8 Financial Statements	Related to the disclosure of financial statements, we are a privately held limited liability partnership and do not routinely disclose firm financial information like most large CPA firms. The RFP indicates financials are worth 200 points. Is it acceptable to provide you our insurance for liability claims and our bank contact information if you feel the need to discuss our firm's financial stability? This approach was acceptable the last time we bid on this same contract and want to ensure we do not lose points under this method as our firm is financially stable.	Yes. Section 4.8(b)(1) requires the vendor to provide "...such other evidence that is accurate, reliable and trustworthy regarding the Vendor's financial stability."
88.	Att. A Pricing Form	If offshore resources are allowed to be used per the above question (#88), how would you like us to document those rates since there is no specific place for "Other" rates on the form and those rates would be lower than our staff base rate listed on the form?	Section 4.9 last paragraph can be applied to any service category and states: Other professional staff – At their discretion, responding firms may include hourly rates for additional professional advisory staff experienced in organizational operations, business administration, economic or revenue analysis and related managerial advisory tasks and functions. A vendor should list Off-shore staff and the applicable rates.
89.	Section 4.10a Additional Requirements	If the State requires us to draft audit reports for internal audit work, would those reports be on our firm's letterhead or State of NC letterhead for the respective agency or university the report pertains to?	Audit reports should be on the firm's letterhead.
90.	Section 4.3 HUB Participation	The RFP seems to indicate 10% is the goal for the usage of minority, women, and disabled businesses (historically underutilized businesses per the form). Can you confirm that is the goal of this RFP such that if my firm is not considered one of these types of organization that we should plan on subcontracting 10% of this work to firm that is classified as one of these types of organizations?	The vendor is not required to meet the goal of 10%, but documenting the vendors status of small, minority, physically handicapped, and women contractors in purchasing Goods and Service or strategic plan, should be provided in the Attachment, to allow the State to pursue efforts for the State's goal of meeting the 10%. For information about becoming a certified HUB vendor, please visit: https://ncad-min.nc.gov/divisions/historically-underutilized-businesses-hub/certifications

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Question #	Document Section	Vendor Question	State's Response
91.	Section 4.11 Personnel /5.0 Scope of Work	Many of our Internal Audit consultants can also do Managerial Advisory work since there is some overlap and crossover. Can you confirm it is acceptable to leverage some of the same individuals in multiple scope areas such as these provided those individuals possess the required skills?	Yes, this is acceptable.
92.	Section 5.0 Scope of Work	The RFP discusses Compliance audits and Financial Statement audits and seems to indicate that the vendor may be asked to perform these. Can you confirm contractual compliance (for example), but a formal opinion won't be required as an attest financial statement audit would these won't be considered attest audits, such that the vendor may test financial controls or controls related to?	Financial audits can range from verifying information in program report is complete and accurate to verifying financial controls are working properly. Opining on the fairness of the financial statement for an agency is not part of this RFP.
93.	Section 2.8 Proposal Contents	Indicates we need to complete Attachment E – Customer Reference Form, but this did not seem to be on the portal to download. As discussed in the pre-proposal conference, can you add to the portal?	Attachment E Reference form has been added to section 6.3 of the sourcing event.
94.	Section 5.5 Technical Response	Section 5.5 says we should provide a “description of each task and deliverable and the schedule for accomplishing each”. How would you like us to document this when no specific scope of work has been identified? Should we just provide a general description of how we typically perform an internal audit, forensic investigation, etc. for each in scope area?	Vendors are required to provide their organization and approach to accomplishing Sections 5.1 – 5.3, as the Scope of Work for conducting described type of audits, using their current business practices.
95.	Att. A Pricing Form	The rates listed are staff base rate, staff upper rate, supervisor, and executive. Can you confirm a staff upper rate would be similar to senior internal auditor and a supervisor would be similar to an internal audit manager role? Also, our firm, like many others, has a senior manager role. Can we document in the supervisor column on the form both a base rate for the manager role and an upper rate for a senior manager?	Do not deviate from the requirement in Att. A Pricing form. The prices provided are a ceiling rate. When a Vendor is responding to a request for quote from a soliciting agency, the rates provided in the quote may be lower but cannot be higher than the amounts provided in the Vendor's proposal. The Cost Proposal form has been updated to allow for additional position categories.

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Question #	Document Section	Vendor Question	State's Response
96.	Section 5.0 Scope of Work/Exhibit 2	Construction audit shows in Exhibit 2 and the Pricing Form but is previously not mentioned as a requested service in Section 5 of the RFP. Can you clarify if this is in scope of this RFP and if we need to provide rates and technical experience in this area?	Construction audits are not a service category but will follow under compliance audits in Section 5.2 and Assurance audits in Section 4.9
97.	General Solicitation	Does the Department of Information Technology in North Carolina provide the centralized governance standards that all other agencies in the state need to follow with regards to IT security, IT compliance, IT Systems Development and Acquisition, Baseline Configurations for Server Operating Systems and Databases, Identifying and Classifying their sensitive IT Systems and the frequency in which they are audited, etc.?	Yes.
98.	General Solicitation	Does North Carolina IT follow a particular governance standard for Information Technology and Information Security (e.g., NIST, ISO27001, other)?	You can view NC DIT Security, Privacy & Data Protection Policies & Forms here: State IT Policies NCDIT
99.	General Solicitation	Does North Carolina have IT Security governance standards in place that each state agency using Third Party vendor hosted or cloud-based systems must follow?	Yes. There are specific requirements and approvals needed for storing States data in cloud-based third party hosting sites. You can view NC DIT Security, Privacy & Data Protection Policies & Forms here: State IT Policies NCDIT
100.	General Solicitation	Does each North Carolina state agency support their own internal Infrastructure, or does the Department of Information Technology provide Managed Services IT support to state agencies?	It varies by agency but many cabinet agencies are supported by the Department of Information Technology (DIT) while most Council of State agencies are not supported by DIT and maintain their own infrastructure.
101.	SECTION 5.G.2 Financial Audits	Will the State provide more detail about the types of financial audits requested? Are previous audit results publicly available?	Financial audits can range from verifying information in program report is complete and accurate to verifying financial controls are working properly. Opining on the fairness of the financial statement for an agency is not part of this RFP. An agency's internal audit reports are subject to public records request.

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Question #	Document Section	Vendor Question	State's Response
102.	SECTION 2.8.B Proposal Contents	Can vendors provide proposal responses on their own letterhead and include the execution pages from the RFP, or must all responses be drafted and submitted within the RFP document?	All responses must include all execution pages, along with the body of the RFP (with response to all questions answered), along with any addenda and attachments required to be returned. Additionally, (See Section 2.8.d) vendors shall provide response to all free form response addressing required response on their own letterhead. All information should be uploaded to the Sourcing Tool. Failure to provide all required items or submitting incomplete items may result in the State rejecting their proposal.
103.	SECTION 5.0	Construction audit is listed in Exhibit 2 and Attachment A, but not in 5.0 Scope of Work. Can the State confirm if Construction Audit services are in-scope for this contract?	Construction audits are not a service category but will follow under compliance audits in Section 5.2 and Assurance audits in Section 4.9
104.	SECTION 4.3	Can the State confirm that the 10% HUB utilization is not required for this proposal response but rather for future responses to Request for Quotes under this contract?	The vendor is not required to meet the goal of 10%, but documenting the vendors status of small, minority, physically handicapped, and women contractors in purchasing Goods and Service or strategic plan, should be provided in the Attachment, to allow the State to pursue efforts for the State's goal of meeting the 10%. For information about becoming a certified HUB vendor, please visit: https://ncadmin.nc.gov/divisions/historically-underutilized-businesses-hub/certifications
105.	SECTION 4.11	Can the State confirm which labor categories it is evaluating in 3.4 Evaluation Criteria: Personnel (4.11)? Is the State evaluating the following labor categories per service category, as the Attachment A: Pricing Form suggests? a. Lower staff b. Upper staff c. Supervisor d. Executive	Pricing categories are not being evaluated for staff qualifications. For each service category in Section 5.2 that is included in a Vendor's proposal, the Vendor is responsible for providing information on staff qualifications that supports the ability to perform the specific service. Vendors may provide resumes for executives, supervisors (manager), or staff.
106.	SECTION 5.2.f	Can the State provide information about how many auditable areas are there and expectation of time to complete each audit?	The number of auditable areas is unknown. There are 38 State agencies and universities, 58 community colleges, 115 local education agencies and several regulatory boards that may use this state term contract. The time to complete each audit should be specified by the soliciting agency in the Request for Quotes/Scope Statement. Refer to Exhibit 3.

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Question #	Document Section	Vendor Question	State's Response
107.	SECTION 5.2.f	Does the State have personnel on staff to carry out some of the activities listed?	Soliciting agency requesting risk assessment and audit plan development may or may not have staff to carry out some of these activities. This would be indicated in the soliciting agency's Request for Quotes/Scope Statement.
108.	Section 4.5 References	Can the 5 projects be ongoing or do they have to be completed?	The projects may be ongoing.
109.	Section 4.4 a), Vendor Experience	May we provide a list of similar projects with client names and project titles, or does the State require short descriptions of each project as well? We will be submitting detailed project descriptions in our reference response.	Section 4.4 requires that Vendor demonstrate their experience with public and/or private sector clients with similar or greater size and complexity to the State. Vendor shall provide information as to the qualifications and experience of all executive, managerial, legal, and professional personnel that were assigned to similar projects. This information is different from what is requested in section 4.5.
110.	Section 4.7 a), External Reviews and Regulatory Action	Can we provide just the review letter and comments, not the whole report?	The Vendor must provide the opinion received and all deficiencies identified.
111.	Section 5.4, Project Staffing	May we provide a table with the names of consultants who may provide services, with columns indicating which service categories they would provide services for?	Yes. However, vendors must also provide information as to the qualifications and experience of audit, accounting, data analytics and managerial advisory personnel to be assigned to each of the service categories for which the Vendor submits a proposal.
112.	Section 5.5 Technical Approach	Does the state want a draft, detailed workplan for each service category, or would a more general description of our approach to each category be sufficient?	Vendors are required to provide their organization and approach to accomplishing Sections 5.1 – 5.3, as the Scope of Work for conducting described type of audits, using their current business practices. Vendors should provide a general description of the approach taken to complete each service category.
113.	Section 5.5 Technical Approach	What Key Personnel qualifications should be included in this part of our proposal? Is the State looking for principal, senior auditor, and project manager level qualifications?	Key personnel are individuals that have the responsibility for ensure milestones, deadlines and/or accomplishment of project objectives are achieved.
114.	General Solicitation	Due to technical issues with the eVP and Ariba systems, we were not able to access the Ariba event with the attachments and additional instructions until 7/31. Would the State consider extending the proposal due date to August 29th?	The proposal due date and bid opening has been changed to September 1, 2023.
115.	Exhibit 2	For the Qualifications listed in Exhibit 2, do these apply to all personnel working on the project or can they apply to only some?	These are examples that may relate to some personnel.
116.	Section 5.2e, Data Analytics /Continuous Monitoring	Are the firms providing Data Analytics services required to have audit experience?	No, firms providing data analytic skills are not required to have audit experience.

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Question #	Document Section	Vendor Question	State's Response
117.	General Solicitation	Will the State favor vendors that can provide all of the service categories?	All qualified proposals will be assessed by the State according to the evaluation criteria and requirements stated in the RFP. The State will award based on what is deemed most advantageous for the State.
118.	Section 4.6 Legal Right to Practice in NC	Could the State kindly provide clarification on the requirements specified under Section 4.6? Specifically, we seek clarification on whether vendors are obligated to furnish one of the mentioned points or if vendors are required to provide all of them.	The Vendor must demonstrate it is legally authorized to practice in North Carolina. One item on the list would validate this legal right.
119.	Exhibit 3	Under section 11 COST (AND PROJECT HOURS), could the State please clarify how they want vendors to address column "Number of Staff"?	. Exhibit 3 will only be completed once a soliciting agency request a quote for services. The number of staff would be the full-time equivalent. Example: Vendor provides one full-time and one-part time staff to work on the projects continually, staff = 1.5
120.	Exhibit 3	Under section 11 COST (AND PROJECT HOURS), could the State please clarify if vendors have to provide the number of resources, they are proposing in column "Number of Staff"?	Additional clarification should be inquired of the soliciting agency.
121.	Section 5.4 Project Staffing	Could the State please clarify if they must provide actual or sample resumes? If actual resumes are required, can we replace these resources at the task order level if they are not available?	Vendors must show how staff qualification and if these staff leave the Vendor's employment or do not have capacity, staff of similar years and experience may take their place.
122.	Section 4.9 Data Analytics Service	Data Analytics Service, it says, "Other Professional Staff" Could the State please clarify what information or positions the State wants vendors to provide?	Section 4.9 last paragraph can be applied to any service category not just Data Analytics. The State is providing Vendors the opportunity to provide additional staff to the approved list. These would be subject matter experts such as economic or revenue analysis for data analytics or an organizational behavioral specialist for operational/performance audits.
123.	Section 4.9 Data Analytics Service	Data Analytics Service, it says "Other Professional Staff" could the State please clarify if vendors can provide any Data position under this category?	Section 4.9 last paragraph can be applied to any service category not just Data Analytics. The State is providing Vendors the opportunity to provide additional staff to the approved list. These would be subject matter experts such as economic or revenue analysis for data analytics or an organizational behavioral specialist for operational/performance audits
124.	Section 4.8 Financial Statement	Could the State please clarify if vendors only have to provide one of these points, not all?	Yes, just one of the points.

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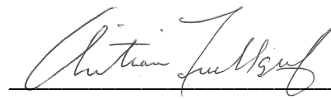
Question #	Document Section	Vendor Question	State's Response
125.	Section 4.7 External Reviews and Regulatory Action	Could the State please clarify if vendors who can provide point b but not point a are still eligible to bid on this solicitation?	Only vendors required by the AICPA are required to meet 4.7a. Vendors not required to obtain a peer review must 4.7b and fully describe the system of quality controls.
126.	Section 5.2 d Information Systems Audits	Could the State please clarify if they are looking for vendors to provide IT Staff Augmentation services to recruit the positions once the contract is awarded, or is the State looking for a vendor who has In-house personnel to fill the positions required?	Soliciting agency will drive the types of services needed. Agencies may solicit for a turn-key IT audit where the Vendor is responsible for planning, testing and report writing.
127.	Section 5.2 d Information Systems Audits	Could the State please clarify if this solicitation is for IT Staff Augmentation services or deliverable-based project services?	Deliverable based project services only.
128.	Section 4.3 HUB Participation	Could the State please confirm if it is mandatory to use a HUB subcontractor to bid on this solicitation?	It is not mandatory to use a HUB subcontractor.
129.	Section 4.5 References	Could the State please confirm if vendors can provide ongoing contracts as references?	Vendors may provide references for on-going contracts.
130.	General Solicitation	Could the State please confirm if this a new contract? If not, could the State please share the incumbent names?	The State is seeking to establish a new Statewide Term Contract (STC). Information regarding vendors on the current STC can be found here .
131.	Section 4.9 Cost Proposal	For the upper rate information systems auditor, can equivalent experience (such as 8 years) be substituted for a Master's degree?	Section 4.9 for assurance audits upper rate states: The maximum rate that the Vendor will provide an auditor with expert qualifications that demonstrated success. Upper Rates as quoted in this RFP will preclude any Vendor from offering a rate for an auditor higher than the established upper rate in response to a soliciting agency's request for services. Exhibit 2 provides examples only.

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Check **ONLY ONE** of the following options and return one properly executed copy of this Addendum prior to the Solicitation opening time and date.

- ☐ A response was submitted prior to this Addendum. An updated response has been submitted to address the changes resulting from this Addendum.
- ☐ A response was submitted prior to this Addendum. **NO CHANGES have resulted** from this Addendum.
- ☒ A response was **not** submitted prior to this Addendum. **ANY CHANGES resulting** from this Addendum are included in our response.

ALL OTHER TERMS AND CONDITIONS REMAIN THE SAME



Authorized Signature

August 25, 2023

Date

Christian Fuellgraf

Printed Name

Partner, Cherry Bekaert Advisory LLC

Title

4.4 Vendor Experience

Overview

In its Proposal, Vendor shall demonstrate experience with public and/or private sector clients with similar or greater size and complexity to the State. Vendor shall provide information as to the qualifications and experience of all executive, managerial, legal, and professional personnel that were assigned to similar projects.

About Cherry Bekaert

Ranked among the largest assurance, tax and advisory firms in the U.S., Cherry Bekaert provides guidance and support that helps our clients move forward to reach their organizational goals. “Cherry Bekaert” is the brand name under which Cherry Bekaert LLP and Cherry Bekaert Advisory LLC, independently owned entities, provide professional services in an alternative practice structure in accordance with applicable professional standards. Cherry Bekaert LLP is a licensed CPA firm that provides attest services, and Cherry Bekaert Advisory LLC and its subsidiary entities provide business advisory and non-attest services spanning the areas of transaction advisory, risk and accounting advisory, digital solutions, cybersecurity and tax. We exercise a deliberate curiosity to know our clients’ industries and work collaboratively to create shared success. For more details, visit cbh.com/disclosure.

For more than 75 years, global corporations, public/private businesses and the public sector have relied on Cherry Bekaert to guide them forward. While we serve a diverse client base, we focus on several core industries, including Government and the Public Sector. We seek to help clients ignite growth with integrated, forward-looking industry solutions that effectively deliver on our [Client Promise](#), empowering our people and investing in efficient innovative processes to become the Firm of the Future.

Headquartered in Raleigh, North Carolina, Cherry Bekaert serves clients across industries in all 50 U.S. states and internationally. With more than 1,850 associates, we have the depth of experience and specialized talent to address any financial situation and offer the highest caliber of personal attention, responsiveness and accessibility that our clients expect and deserve.



Cherry Bekaert provides a unique alternative to other national, regional, and local firms. **Clients choose us to be their professional services firm primarily because we provide the depth of knowledge, resources and experience of a national firm, but with a local firm's focus on service.** Our Government & Public Sector Assurance and Advisory bench strength provides Cherry Bekaert the wealth of deployable resources needed to ensure your engagement is performed efficiently, accurately and on your schedule.

Our experienced professionals know how to apply the best practices of accounting and compliance to your organization, and can offer guidance to help you navigate the changing risk landscape that public sector organizations face. Let us be **Your Guide Forward** by delivering:

- ▶ Outstanding service qualifications, amplified by our commitment to prioritize your business and provide practical and timely support
- ▶ High levels of partner and manager involvement, attentiveness to your needs, continuity of service professionals and expertise on a year round basis
- ▶ A streamlined and cost-effective service approach.

Vault Top Ranked Awards

- ▶ Most Prestigious Accounting Firms: Accounting professionals across the nation rank the prestige of the firms they compete against.
- ▶ Vault Accounting 25: The VAULT ACCOUNTING 25 is compiled using a weighted formula that reflects the issues accounting professionals care most about, combining quality of life rankings (such as culture, satisfaction, work/life balance, and compensation) with overall prestige.
- ▶ Best Accounting Firms in Each Practice Area: Accountants across the nation rate the top firms in their practice areas.

Government & Public Sector Practice

Government and public sector organizations are in an environment of accelerated change and greater expectations from the constituents they serve. From fluctuating budgets, new program demands, increasingly complex compliance restrictions, political priorities, potential near-term economic changes, and the need from constituents for greater access to services, we understand the distinct challenges state and local governments face. We also recognize economic impacts of any kind affect state and local government first.

Our Government and Public Sector (GPS) Practice comprises one of the largest portions of our client base; we provide innovative, effective government auditing and advisory services to 150+ local governments, public authorities/boards, school districts, and state and local agencies, ranging in size from \$2 million to \$9 billion. We hold a strong position as the auditor of choice in North Carolina, Florida and Virginia. Using a digital environment with data-driven practices, we increase engagement efficiency and enable government managers and leaders to better focus on their mission and delivering results to constituents.

Cherry Bekaert stands ready to assist our state and local government clients to achieve their organizational goals and manage effectively, efficiently and responsively. Many Cherry Bekaert team members have worked in government, including leadership positions at the state and local levels, helping us to better understand what you are trying to achieve and the obstacles and opportunities that may exist within your organization. You will find working with our team that we have a clear sense of your priorities, goals and objectives.



150+
Government Clients



200+
Employees
Dedicated to Serving our
Government Clients

120,000+
Hours Annually
of Audit Services to Our
Government Clients

Billions of Dollars
of Federal Grants Audited Annually



30+
Local Non-
Profits Served

The Firm's GPS practice provides seamless service delivery, quality control and continuing education for government engagements throughout the country. The experience gained through service (e.g., risk and control assessments, compliance and performance audits, financial audits, accounting and consulting support, including data analytics) to such a wide breadth and depth of public sector organizations provides us with invaluable insight into the issues and stresses impacting you. Our professionals have held key positions for the Office of Management & Budget (OMB), American Institute of Certified Public Accountants (AICPA), Government Accounting Standards Board (GASB) and state and local committees. They attend and teach at conferences hosted by the Government Finance Officer Association (GFOA), the Institute of Internal Auditors (IIA), and the Association of Government Accountants (AGA) to name a few.

We have gained market share by recruiting and developing an outstanding professional team throughout our entire footprint, and by establishing a cohesive leadership team that works as a collective brain trust for our public sector work. Our government professionals stay informed about market conditions and industry trends that may affect state and local governments. Through this commitment and dedication, we have a significant concentration of expertise which, together with our Firm's size, has provided us a niche and sterling reputation in this industry.

Serving the Public Sector

We provide a wide range of services designed to help you meet your objectives and mission:

Accounting Advisory

- ▶ Account Reconciliation and Financial Close Assistance
- ▶ Annual Comprehensive Financial Report (ACFR) Writing
- ▶ Lease Accounting
- ▶ Subscription-Based Information Technology Arrangements
- ▶ Public-Public and Public-Private Partnerships (P3s)
- ▶ Change in Reporting Entity
- ▶ Debt and Equity Transactions, Including Refundings
- ▶ Derivatives and Hedging
- ▶ Digital Assets (Cryptocurrency)
- ▶ First-Year Stand-Alone Financial Statements
- ▶ Environmental, Social, and Governance (ESG) Disclosures
- ▶ Impairment
- ▶ Implementation of New Accounting Standards
- ▶ Prior-Period Restatements
- ▶ Training

Audit & Attest

- ▶ Agreed Upon Procedures
- ▶ Attestation
- ▶ Single Audit
- ▶ Reports on Internal Control
- ▶ Annual Comprehensive Financial Reports
- ▶ Employee Benefit Plan/OPEB Audit

Advanced Analytics

- ▶ Analytics-as-a-Service (AaaS)

Cybersecurity & Information Assurance

- ▶ Security Framework Assessments and Testing
- ▶ Digital Transformation
- ▶ Business Process and Continuous Process Improvement
- ▶ Digital Strategy and Business Transformation Services
- ▶ Data Analytics and Business Intelligence
- ▶ Cost Optimization and Technology Business Management (TBM)
- ▶ Enterprise Architecture
- ▶ Systems Evaluation, Implementation and Support
- ▶ Process Optimization and Workflow Automations Services
- ▶ Organizational Alignment and Process Redesign
- ▶ IT audits

Finance Analytics

- ▶ Cost Allocation Planning and Indirect Rate Consulting
- ▶ User Fee Studies
- ▶ Working Capital Funds Management
- ▶ Planning, Programming Budgeting and Execution (PPBE)
- ▶ Cost Optimization and Technology Business Management (TBM)

Grants Management

- ▶ Grants Management and Monitoring Support
- ▶ Grants Risk and Compliance Assessment

Risk Advisory

- ▶ Compliance, Operational and Performance Audits
- ▶ Fraud and Investigative Services
- ▶ Risk Assessments
- ▶ Internal Audit Support and Co-Sourcing
- ▶ Performance Reviews and Audit (yellow book)
- ▶ Procurement Process Review and Restructuring
- ▶ Enterprise Risk Management
- ▶ Program Integrity Monitoring
- ▶ Indirect Cost Allocation Plans
- ▶ Interim/Fractional CXO Services

Technology Strategy & Implementation

- ▶ Project and Program Management
- ▶ IT System Requirements and Design
- ▶ Independent Verification and Validation (IV&V)
- ▶ Budget System and Process Consulting
- ▶ Procurement to Payment (P2P)
- ▶ Built for Purpose Business Solutions and Technology
- ▶ Procurement Support and Negotiations

North Carolina Public Sector Experience

Our experienced professionals, whose qualifications are further described in Section 5.4, have provided the following services to North Carolina state/local government entities and public sector organizations:

Government Entity	Services
State Agencies/Departments	
NC Department of Environmental Quality	▶ Compliance Audit
NC Department of Natural and Cultural Resources	▶ Risk Assessment and Internal Audit Plan Development ▶ Accounting Advisory - Capitalized Land Inventory Values ▶ Evaluation of Grant Monitoring Process and Compliance Audit of Subrecipient Grant Monitoring Activities
NC Department Military and Veteran Affairs	▶ Risk Assessment and Audit Plan Development
NC Department of Information Technology	▶ Internal Service Fund Financial Audit and Agreed-Upon Procedures ▶ IT Audit Risk Assessment and Internal Audit Plan Development
NC Department of Public Instruction	▶ Accounting Advisory - Financial Statement Preparation ▶ Grant Subrecipient Compliance Monitoring
North Carolina Department of Public Safety	▶ Internal Audit ▶ Investigative Audit ▶ Third-Party Risk Assessment
North Carolina Department of Transportation	▶ Operational Assessment of the Internal Audit Function ▶ Risk Assessment and Internal Audit Plan Development
NC Housing Finance Agency	▶ Enterprise Risk Assessment ▶ Internal Audits ▶ Cybersecurity Readiness (SOC-2)
North Carolina Education Lottery	▶ Agreed-upon Procedures
North Carolina Turnpike Authority	▶ Agreed-upon Procedures

Local Governments, Authorities/Boards/Commissions and Higher Education	
Cabarrus County	▶ Internal Audit ▶ Grant Compliance Consulting
Cape Fear Public Utility Authority	▶ Fraud/Forensics
Centralina Regional Council	▶ Technology Solutions
City of Charlotte	▶ Agreed-upon Procedures, Pre/Post Implementation Consulting ▶ Data Visualization/Analytics
City of Fayetteville	▶ Pre/Post Implementation Consulting
City of Greensboro	▶ Pre/Post Implementation Consulting
City of High Point	▶ Control Readiness Consulting
City of Raleigh & Federal Transit Administration	▶ Agreed-upon Procedures
Community Care of North Carolina	▶ Data Visualization/Analytics
Fayetteville Public Works Commission	▶ Accounting Advisory ▶ Pre/Post Implementation Consulting ▶ Control Readiness Consulting
Forsyth County	▶ Review of Recovery Fund Allocation/Disbursement, including Risk and Control Diagnostic of the County's Grants Monitoring Process
Greater Raleigh Convention & Visitors Bureau	▶ Accounting Advisory
Moore County	▶ Risk and Compliance Diagnostic on the County's Grants Management Process ▶ Compliance Evaluation of Federal/State Grant Reporting
North Carolina Association of County Commissioners	▶ Risk and Compliance Diagnostic on the County's Grants Management Process ▶ Grant Compliance Consulting
North Carolina Senior Living Association	▶ Grant Management Maturity Assessment
Town of Apex	▶ Accounting Advisory
Town of Wake Forest	▶ Risk System & Process Consulting
Triangle Transit	▶ Agreed-upon Procedures
Trillium Health Resources	▶ Accounting Advisory ▶ Cybersecurity Consulting ▶ SOC Readiness ▶ Technology Solutions
University of North Carolina (UNC) Chapel Hill	▶ Risk Assessment and Compliance Audit
UNC Kenan-Flagler Business School	▶ Data Visualization/Analytics
Wake County Register of Deeds	▶ Risk and Organizational Assessment

In its proposal response the Vendor shall include background information on its company and should give details of experience with similar projects that would substantiate the Vendor's qualifications and capabilities to perform the services described in Section 5.2 Audit, Accounting, Data Analytic and Managerial Advisory Service category.

Risk Management & Internal Audit Services

We utilize a tailored methodology that is flexible and scalable in managing risks and delivering value. This allows us to deliver high quality, value-added internal audit services based on 25 years of experience performing internal audit and corporate governance engagements. Our team has significant expertise in:

Financial, Operational Control and Compliance Advisory Services	
▶ Entity-wide & process-level risk assessment ▶ Financial, operational, and special project audits ▶ Organizational effectiveness ▶ Audit planning, program review, and training ▶ Process improvements and optimization ▶ System of internal control design & implementation ▶ Policies and procedure development ▶ Internal control design evaluation ▶ Internal control operation testing ▶ Enterprise performance ▶ Corporate governance consulting	▶ Regulatory compliance and fraud risk assessment ▶ Efficiency and cost improvement analysis ▶ Internal audit co-sourcing and outsourcing ▶ Regulatory compliance specialties, including: ○ Sarbanes-Oxley 404(a) and 404(b) ○ FDIC/OCC ○ OMB A-123 ▶ Enterprise data analytics and reporting ▶ Forensic accounting and investigation support ▶ Grant administration & compliance
Fraud and Forensic Services	
▶ Fraud risk assessment and control review ▶ Internal review discovery services ▶ Forensic accounting ▶ Fraud investigation	▶ Contract audit and dispute analysis ▶ Fraud training ▶ Fraud control maturity

The experience gained through service to a wide breadth and depth of public sector organizations provides us with invaluable insight into the issues and risks impacting you. Our portfolio of public sector experience includes risk management, consulting and internal audit co-sourcing projects, such as:

North Carolina Department of Natural & Cultural Resources (NC-DNCR) <i>Risk Assessment & Internal Audit Plan Development</i>	Objective: Perform a risk assessment of the Agency, identifying the audit universe and risk factors, defining each risk factor, developing a scoring methodology, and ranking the risk associated with each item in the audit universe. Using the risk assessment, develop a risk-based audit plan for the current and next fiscal year, including proposed engagement objective(s), and estimated hours/level of effort, considering available resources Results: We are currently finalizing the Agency risk assessment with identified and prioritized high risk areas, potential gaps, and best practice recommendations. We are developing a risk-based audit plan for the next two years based on the risk assessment results, including the proposed objectives(s) and level of effort and potential resources needed to implement.
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North Carolina Department of Public Safety (DPS), Office of Recovery and Resiliency (NCORR) <i>Risk Assessment & Internal Auditing</i>	Objective 1: Perform a risk assessment to evaluate the risks and related controls over NCORR's Housing Opportunities and Prevention of Evictions (HOPE) Program. An Audit Plan was developed based on the risk assessment results and conclusions to address the highest risk areas. The audit plan includes: ▶ Audit Areas ▶ Audit Objectives ▶ Audit Type – Financial/Compliance/Operational ▶ Level of Effort and Hours by project and in total Results: Using the results from the risk assessment we developed an audit plan for the HOPE program. We are performing a total of three audits in the current period, one of which has been completed. Objective 2: Conduct Fraud, Waste, and Abuse (FWA) Investigations for the HOPE program to determine if the claims are substantiated. Results: We have been conducting Fraud, Waste, and Abuse (FWA) investigations for the HOPE program to determine whether the FWA claim is substantiated or unsubstantiated. Once our analysis is complete, we provide a report of our results. Those FWA cases that have substantiated claims are referred on to State law enforcement for further investigation by the NCORR team.
North Carolina Housing Finance Agency (NCHFA) <i>Enterprise Risk Assessment</i>	Objective: Perform the annual NCHFA risk assessment to reduce the likelihood and potential impact of risk events adversely affecting the Agency's ability to accomplish strategic, operational, reporting, and compliance objectives in support of its mission to provide qualified North Carolinians affordable housing. Results: Using the results of the enterprise-wide risk assessment we developed the Agency's Internal Audit Plan. In this context, our top-down risk-based approach aligns internal audit resources with strategic, operational, reporting, and compliance objectives for cost effective monitoring of the Agency's risk management efforts under known resource constraints. We submitted the annual audit plan to the State oversight agency (OSBM), performed resulting audit priorities as requested by the Agency, and communicated results to senior leadership and Audit Committee.
North Carolina Department of Information Technology (NCDIT) <i>IT Audit Risk Assessment</i>	Objective: Refine the Agency's internal audit risk assessment and audit plan to make effective use of limited resources and maximize coverage of higher risk IT audit areas. Results: We developed an IT audit risk assessment and proposed audit plan that is inclusive of prioritized audit units, estimated level of effort, and a multi-year audit schedule for the Agency's execution. We re-designed the Department's internal risk assessment methodology, conducted a Department-wide risk assessment, developed a three (3) year audit plan based on risk assessment results, and developed a short-term road map for Department to address key risks identified. We also performed selected audits as requested by the Department.

Cabarrus County, NC <i>Internal Audit Services</i>	Objective: Conduct County-wide risk assessment and propose a multi-year audit plan aligned to prioritized risks. Results: Serving as the County's internal audit service provider, we are performing a County-wide risk assessment. The results of our assessment will be used to develop and execute the County's Internal Audit Plan under the oversight of the County Manager's Office. In this context, our top-down, risk-based approach aligns outsourced internal audit resources with the County's mission and vision, focusing on those areas of highest risk.
City of Wilmington, NC <i>Risk Assessment and Process Review</i>	Objective: Under the Direction of the City, perform a risk assessment of the Municipal Golf Department to help position the Department to leverage its systems of internal control to better manage risk, enable growth, and promote sustainable operations. Results: We performed a Risk Assessment of the Municipal Golf Course's internal controls over compliance and financial risks. We identified the high-risk areas, potential gaps and made best practice recommendations. We developed a roadmap for steps to close identified gaps taking into consideration risk, time and cost elements. We performed a detailed assessment of controls over the Inventory and related Purchasing process.
City of Asheville, NC <i>Risk Assessment</i>	Objective: Perform a City-Wide risk assessment to identify, evaluate and rate risks across core processes, organizational structure, and internal controls for financial, operational and compliance in order to provide a road map of improved risk management practices into the City's operations. Results: We performed and developed the following: ▶ A Comprehensive City-wide Risk Assessment identifying high-risk areas, potential gaps, and providing best practice recommendations for closing the identified potential gaps. ▶ We proposed a road map for auditable areas to address the identified high-risk areas and identified potential gaps. The road map also considered additional factors for areas that may be important to the City but not as high risk.
City of High Point, NC <i>Finance Department Process and Organizational Assessment</i>	Objective: Evaluate opportunities for City management to improve operational efficiency and personnel productivity. Results: We developed a comprehensive activity-level catalog of the City's Finance organization, including ▶ An assessment of significant classes of transactions from initiation through authorization, processing, recording, reporting and reviewing to identify bottlenecks, break-downs, over control and/or other improvement opportunities, ▶ A prioritized list of process improvement and organizational improvement recommendations and a high-level project plan to implement recommendations ▶ A benchmark against similar peer municipalities for comparisons of team size, budget and personnel capability ▶ An inventory of the department's responsibilities and approximate level of effort

University of North Carolina Chapel Hill, NC <i>Internal Audit</i>	Objective: Risk assessment and compliance audit - Historically Underutilized Businesses (HUB) compliance over 4 year scope period. Results: Cherry Bekaert provided internal audit co-sourcing and support for sensitive projects performed under the UNC Chapel Hill Office of University Counsel. The University spent over \$200M on construction requiring the use of HUB vendors per North Carolina statute.
Anne Arundel County, MD <i>Risk Assessment and Multi-Year Risk Based Audit Plan</i> <i>Audit Manual update</i> <i>PCard Continuous Monitoring Program and Tools</i>	Objective: This engagement had three objectives: ▶ Performed a County-Wide Risk Assessment to identify, evaluate and rate risks across core processes, organizational structure and internal controls for financial, operational and compliance. on behalf of the Anne Arundel County on behalf of the County Auditor and propose a risk based audit plan. ▶ Evaluate and provide updates for the County Auditor Audit Manual for compliance with all applicable standards, best practices, for a more streamlined, consistent, and efficient approach to meet the objectives of the County Audit Office. ▶ P-Card Continuous Audit - Development of continuous audit procedures over County purchasing card transactions. Results: We performed and developed the following: ▶ A Comprehensive County-wide Risk Assessment identifying high-risk areas, potential gaps, and providing best practice recommendations for closing the identified potential gaps. ▶ We proposed a multi-year risk based comprehensive audit plan to incorporate the high-risk areas, considering additional factors for areas that may be important to the County but not as high risk. The audit plan included ▶ Audit Area ▶ Related Objectives ▶ Audit Type - compliance/financial/operational ▶ Level of Effort and Hours by project and in total ▶ Whether the project could be internally performed, outsourced or co-sourced. We also provided a review and evaluation of the County Audit Manual and made recommendations to ensure compliance with applicable standards and streamlining of procedures for efficiency and effectiveness improvements. In addition, we provided a P-Card Continuous Audit to develop an automated continuous audit procedure over County purchasing card transactions to validate compliance with the County policy and achieve audit efficiencies through a tailored data analytics tool to assist the County. We prepared a comprehensive PCard continuous monitoring program utilizing Tableau, for data analytics and an automated and interactive Dashboard for the County Auditor to review and monitor the PCard activity for usage and management in alignment with key internal controls. This PCard tool provided the County Auditor with an enhanced ability to better target areas for audits and sampling to evaluate and test areas of concern. We worked with the County Auditor to train them on the dashboard and tool. At the end of the engagement we were asked to provide a maintenance agreement to support the system for monitoring for assistance and future transition.

The following client list represents a sample of our internal audit and/or risk assessment experience over the last five (5) years, specifically for the public sector. We helped these organizations leverage their system of internal control to better manage risk and compliance and promote sustainable operations.

- ▶ Anne Arundel County, MD
- ▶ Anne Arundel County Library, MD
- ▶ Alexandria City Public Schools, VA
- ▶ Associated Universities, Inc.
- ▶ Atlanta Public Schools, GA
- ▶ Broward County Clerk of Courts, FL
- ▶ Cabarrus County, NC
- ▶ Cape Fear Public Utility Authority, NC
- ▶ Central Florida Commission on Homelessness, FL
- ▶ Central Florida Transportation Authority, FL
- ▶ Central Piedmont Community College, NC
- ▶ Chesterfield County, VA
- ▶ City of Asheville, NC
- ▶ City of Alexandria, VA
- ▶ City of Fayetteville, NC
- ▶ City of High Point, NC
- ▶ City of Port St. Lucie, FL
- ▶ City of Richmond, VA
- ▶ City of Suffolk, VA
- ▶ City of Wilmington, NC
- ▶ Cumberland County, NC
- ▶ Department of Rail & Public Transportation, VA
- ▶ Economic Development Authority of Front Royal and Warren County, VA
- ▶ Fulton County, GA
- ▶ Hillsborough County, FL
- ▶ Hillsborough Transit Authority, FL
- ▶ Jefferson Science Associates, LLC
- ▶ Lander University, SC
- ▶ Loudoun County Public Schools, VA
- ▶ Loudoun County, VA
- ▶ Loudoun County Fire, VA
- ▶ Morehouse School of Medicine, GA
- ▶ National Renewable Energy Labs
- ▶ NC Department of Natural & Cultural Resources
- ▶ NC Department of Justice
- ▶ NC Department of Information Technology
- ▶ NC Department of Military & Veteran Affairs
- ▶ NC Department of Public Instruction
- ▶ NC Department of Public Safety
- ▶ NC Department of Transportation
- ▶ NC Housing Finance Agency
- ▶ NC Office of the State Auditor
- ▶ NC Associate General Contractors
- ▶ NC Senior Living Association
- ▶ NC Assisted Living Association
- ▶ Prince William County, VA
- ▶ Roanoke County, VA
- ▶ Richland County, SC
- ▶ Robeson County Housing Authority, NC
- ▶ Spotsylvania County, VA
- ▶ St. Johns County District School Board, FL
- ▶ Suncoast Technical College, FL
- ▶ Town of Cary
- ▶ UNC Chapel Hill, NC
- ▶ UNC General Administration, NC
- ▶ UNC System Office, NC
- ▶ Virginia Community College System
- ▶ Virginia Department of Taxation
- ▶ Virginia Department of Transportation
- ▶ Wake County Register of Deeds

Accounting & Assurance Services

We understand that today's government finance and accounting managers face distinct challenges from all directions. As such, we provide accounting services specific to the public sector—everything from financial close assistance and account reconciliation to technical accounting and standards implementation — to help our clients manage effectively, efficiently and responsively. We have gained market share by recruiting and developing an outstanding professional team throughout our entire footprint, and by establishing a cohesive leadership team that works as a collective brain trust for the sector. Our government professionals stay informed about market conditions and industry trends that may affect state and local governments. Through this commitment and dedication, we have a significant concentration of expertise which, together with our Firm's size, has provided us a niche and unsurpassed reputation in this industry.

Account Reconciliation and Financial Close Assistance

We provide on-demand accounting and financial close support for many financial statement areas to government and public sector organizations who are significantly behind on their accounting and reporting. We also offer more targeted services such as assistance with bank reconciliations or reconciling capital assets across multiple systems. Examples of accounting reconciliation and financial close assistance we provide include:

- ▶ Analytical review of trial balance
- ▶ Bank reconciliations and outstanding items analysis
- ▶ Accounts receivable or accounts payable reconciliations
- ▶ Fund allocation calculations and journal entries
- ▶ Subledger reconciliations and analysis
- ▶ Capital asset reconciliations and depreciation calculations.
- ▶ GASB 67/68 and 74/75 pension and other post-employment benefit calculations.
- ▶ Analysis of potential component units and fiduciary funds
- ▶ Preparation and reconciliation of the schedule of expenditures of federal and state awards
- ▶ Data comparison between legacy and new accounting systems
- ▶ Audit PBC (prepared by client) list assistance.

Annual Comprehensive Financial Report (ACFR) Writing

Many governments are finding that they do not have the bandwidth and/or the technical expertise to draft their ACFRs, and decide to outsource or co-source this work to us. These reports are often 100 to 200 pages and go through multiple layers of review, each resulting in changes that frequently need to be made in many places throughout the document. Leveraging Cherry Bekaert to prepare your ACFR affords you with the in the following benefits:

- ▶ Begin with a template ACFR created using Government Finance Officer's Association Framework and tailored to your organization's needs, which rolls forward from year to year with minimal rework
- ▶ Employ engagement management software to ensure consistent groupings year over year
- ▶ Assistance with cash, modified accrual and full accrual accounting conversion entries
- ▶ Assistance with net position and fund classification calculations, including net investment in capital assets
- ▶ Completion of multiple reviews by governmental accountants
- ▶ Ability to access account groupings in Excel format to easily disaggregate basic financial statement balances.

Implementation of New Accounting Standards

Over the years, we have assisted our clients with GASB pronouncement implementation, providing research and advice to resolve many complex accounting issues, including:

- ▶ Assisting with analysis of the accounting and reporting aspects of subscription-based technology agreements (GASB 96)
- ▶ Assisting with analysis of the accounting and reporting aspects of P3's (GASB 94)
- ▶ Assisting with analysis of the accounting and reporting aspects of lease accounting (GASB 87)
- ▶ Recording other post-employment benefits under GASB 43 and GASB 45
- ▶ Capitalizing intangible assets under GASB 51
- ▶ Presenting changes in fund balance under GASB 54
- ▶ Providing assistance interpreting the fair value measurement and disclosure requirements under GASB 72 and the guidance for certain external investments pools and participants under GASB 79
- ▶ Assisting with analysis and implementation of the accounting and reporting aspects for pensions (GASB 67 and 68) and other postemployment benefits (GASB 74 and 75)
- ▶ Assisting with the analysis of fiduciary activities (GASB 84).

Tailored Training and CPE

With staffing shortages and average employee tenures decreasing, it is imperative that governmental accounting and finance personnel receive adequate training to perform their roles and responsibilities. We maintain a robust library of trainings on a variety of governmental accounting and financial reporting topics and can deliver/facilitate targeted training to your teams.

Experience

Current and recent clients include:

- | | |
|---|---|
| ▶ Augusta Richmond County, Georgia | ▶ Forsyth County, North Carolina |
| ▶ Broward Metropolitan Planning Organization, Florida | ▶ Greater Raleigh Visitors and Convention Bureau |
| ▶ Cabarrus County, North Carolina | ▶ Georgia Regents Real Estate Corporation |
| ▶ Central Florida Tourism Oversight District | ▶ Hampton City Schools, Virginia |
| ▶ Chesapeake Public Schools, Virginia | ▶ Hampton Roads Sanitation District, Virginia |
| ▶ City of Asheville, North Carolina | ▶ Mecklenburg Sheriff's Office, North Carolina |
| ▶ City of Chesapeake, Virginia | ▶ North Carolina Department of Environmental Quality |
| ▶ City of Fayetteville, North Carolina | ▶ North Carolina Department of Information Technology |
| ▶ City of Kerrville, Texas | ▶ North Carolina Department of Cultural and Natural Resources |
| ▶ City of Richardson, Texas | ▶ North Carolina Department of Public Instruction |
| ▶ City of Roanoke Rapids, North Carolina | ▶ Newport News Public Schools, Virginia |
| ▶ City of Suffolk, Virginia | ▶ Oneida Nation |
| ▶ City of Vero Beach, Florida | ▶ Orange County Public Schools, Florida |
| ▶ City of Winston-Salem, North Carolina | ▶ Richmond Metropolitan Transportation Authority |
| ▶ Central New Mexico Community College | ▶ Sandhills Center, North Carolina |
| ▶ Collier County Public Schools, Florida | ▶ St. Johns County School District, Florida |
| ▶ Columbia County, Georgia | ▶ St. Lucie County School District, Florida |
| ▶ Community College of Philadelphia | ▶ Town of Holly Springs, North Carolina |
| ▶ Cumberland County, North Carolina | ▶ University of Memphis |
| ▶ Eddy County, New Mexico | ▶ Virginia Beach Public Schools, Virginia |
| ▶ Electricities, North Carolina | ▶ William James City County Schools, Virginia |
| ▶ Florida Agricultural & Mechanical University | |
| ▶ Fayetteville State University, North Carolina | |

Information Systems Audits

Information technology is mission critical and an integral part of every organization's strategy and operations. But dependency on technology to deliver meaningful benefits and enable day-to-day work operations can also raise issues regarding security, integrity and control. We bring demonstrated experience handling these concerns, protecting an entity's information systems and ensuring compliance with regulatory requirements. Our practical knowledge of IT controls and IT Audit experience is complemented with professional accreditations and various affiliations, including membership in the Information Systems Auditing & Control Association ("ISACA"), the Institute of Internal Auditors ("IIA"), and the AICPA Information Technology section.

Cherry Bekaert can assist with a full spectrum of IT assurance services, including technical, operational and security audits. We provide cybersecurity and information assurance services designed to help you meet your objectives and mission:

IT Audit and Advisory Services	
▶ Security Framework Assessments and Testing Digital Transformation ▶ Systems Evaluation, Implementation and Support ▶ Digital Strategy and Business Transformation Services ▶ Strategic Management Planning and Organization of Information Systems ▶ System Implementation Services ○ System selection ○ Requirements Analysis ○ RFP development ○ Vendor selection ○ Independent Verification & Validation ("IV&V") Services ▶ IT Risk Assessment ▶ Cybersecurity Risk Assessment ▶ Vulnerability Assessment, Scanning and Testing ▶ Penetration Testing	▶ System and Organization Control Reporting (SOC) ▶ ISAE 3402 ▶ IT General Controls and Application Systems Controls Review ▶ Technical Infrastructure and Operational Practices Review ▶ ERP Consulting and Support ▶ Audit, Control and Security of E-commerce ▶ Enterprise Architecture ▶ Process Optimization and Workflow Automations Services ▶ Organizational Alignment and Process Redesign ▶ Business Process and Continuous Process Improvement ▶ Disaster Recovery and Business Continuity Planning ▶ Cost Optimization and Technology Business Management (TBM)

The following list details clients we've provided IT audit or information assurance services to in the last 2 years.

- | | |
|---|--|
| <ul style="list-style-type: none"> ▶ Alliance Health ▶ Bill & Melinda Gates Foundation ▶ Billy Graham Evangelistic Association ▶ CancerLinQ, LLC ▶ Care Resource Community Health Centers Incorporated ▶ Central Florida Regional Transportation Authority ▶ City of Chesapeake, VA ▶ City of Charlotte, NC ▶ City of Clearwater, FL ▶ City of Fayetteville, NC ▶ City of Greensboro, NC ▶ City of Suffolk, VA ▶ County of Prince William, VA ▶ Cumberland County, NC | <ul style="list-style-type: none"> ▶ Indian River County, FL ▶ Jewelers Board of Trade ▶ Limestone University ▶ Loudoun County, VA ▶ Metropolitan Washington Airports Authority ▶ Middlesex Water Company ▶ NC Housing Finance Agency ▶ NEBF Investments ▶ New York State Department of Financial Services ▶ Orange County, FL ▶ Presbyterian Church (USA) Foundation ▶ County of Prince William, VA ▶ Renewable Water Resources ▶ Rhodes College ▶ Richmond Public Schools |
|---|--|

- ▶ Diocese of Providence
- ▶ Edinburg Teachers Credit Union
- ▶ Exponent Philanthropy
- ▶ Florida Citrus Sports
- ▶ Food Bank of Central and Eastern North Carolina
- ▶ Greenville-Spartanburg Airport Commission
- ▶ Hastings on Hudson Union FSD
- ▶ Hillsborough County, FL
- ▶ Sandhills Center for Mental Health, Developmental Disabilities, and Substance Abuse Services
- ▶ Sherman College of Straight Chiropractic, Inc.
- ▶ The Citadel
- ▶ Trillium Health Resources
- ▶ University of Georgia
- ▶ Virginia Department of Taxation
- ▶ Woodward Academy, Inc.

Data Analytics Experience

As a digital transformation advisor, we can help you achieve breakthrough results with modernized analytics for real-time visibility and insights, with solutions designed to meet you where you are in your data journey. Our Business Intelligence and Analytics solutions can integrate accumulated past and present data to transform your overall performance, enhance workflows, drive automation and deliver abundant real-time analysis. We help you modernize and optimize reporting while minimizing disruption and empowering employees to reach their peak productivity/performance. We identify integration points within your systems to efficiently and seamlessly bring all of your data and business processes into an easy to use, scalable and secure platform.

We have provided these services for 12 years, including over 200 projects and 20 North Carolina clients. Our team provides ideas and supports clients from strategy to implementation through optimization and rationalization, providing:

- ▶ Data Strategy and Roadmap
- ▶ Data Integration & Modeling
- ▶ Process Automation & Workflow
- ▶ Data Visualization, Dashboards and Analytics
- ▶ Data Management, Governance & Architecture
- ▶ Software Licensing, Training and Support
- ▶ Predictive Analytics & What If Scenarios.

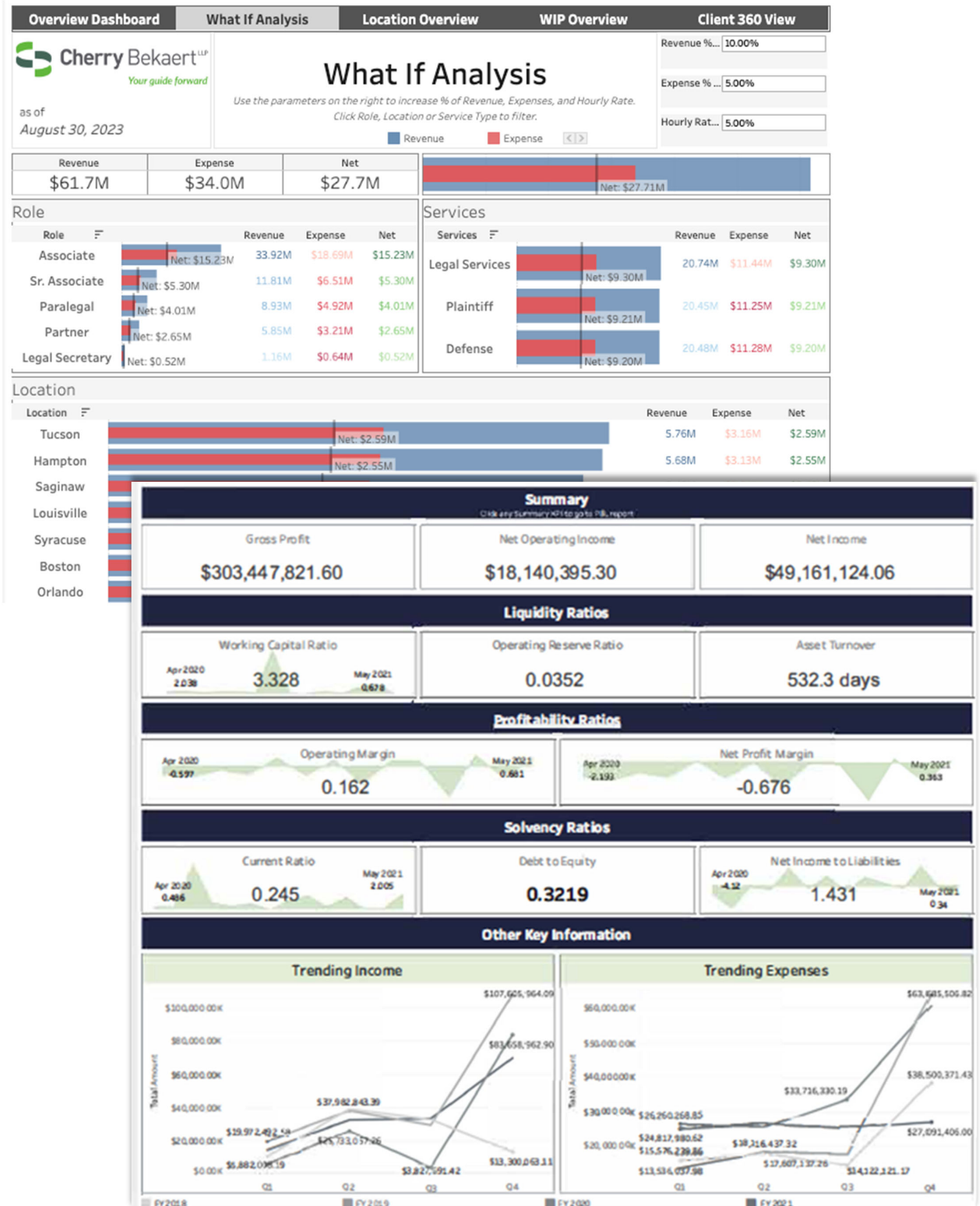
Understanding data-driven insights is more important than ever for local government and state agencies. We will listen to your concerns every step of the way to better understand:

- ▶ What are your biggest challenges?
- ▶ What makes you less efficient or effective?
- ▶ What keeps you up at night?

Answering these questions will help us determine the best path to visualize your data. We will work with you to define and establish efficient and scalable processes that can be augmented with your technology and people to define, develop and deliver analytics to meet your strategic goals and objectives. We deliver strategic management guidance, business intelligence and process automation to maximize productivity and financial performance while reducing risk. Our team brings specialized skills to help you secure additional productivity and value from our information systems and technology assets. Our Analytics and Insights team provides ideation and extends from strategy to implementation through optimization and rationalization and is structured to meet you where you are in your data journey. Our team of strategists, technologists, and analysts have broad industry experience and keep business acumen across the not-for-profit, government, professional services, healthcare and life sciences sectors.

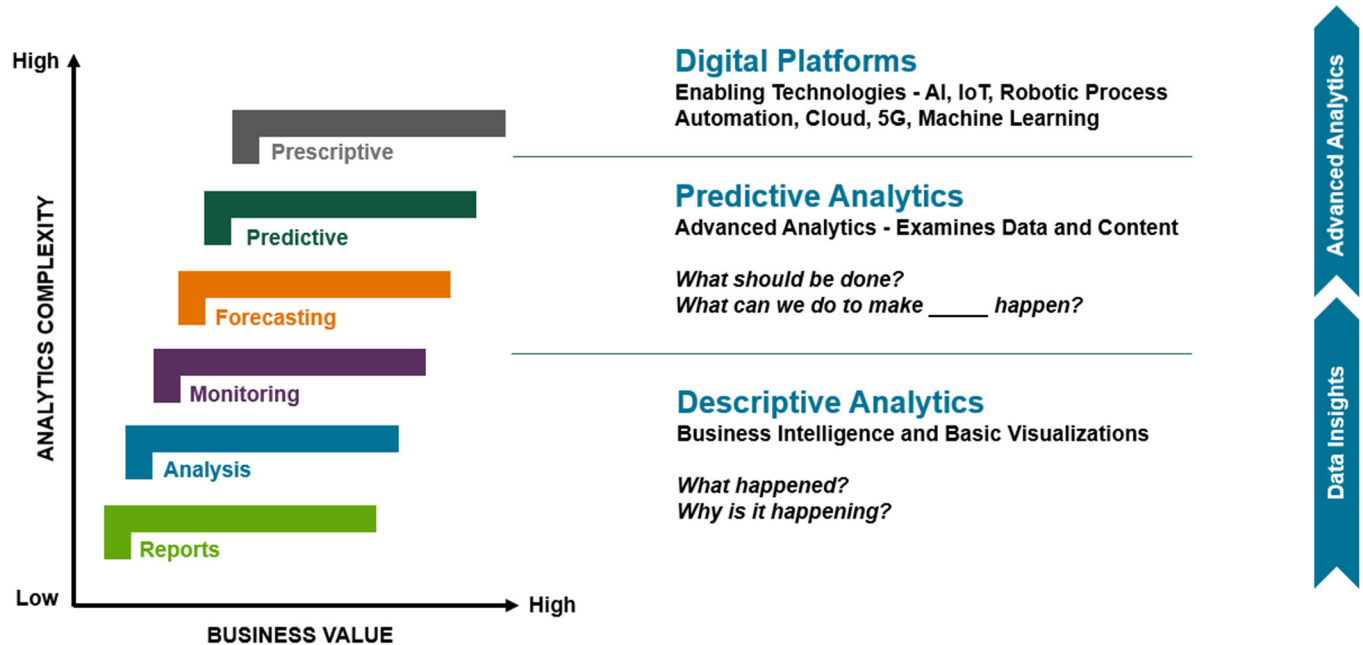


Examples of our work include:



We offer the full range of digital advisory services to successfully serve your needs today and your continued digital transformation journey.

Data and Automation Maturity Model



Design Services

Our team of architects, integrators, programmers and analysts can work from a client-dictated blueprint for precise adherence to the stated design requirements. We can also work directly with the data and functional requirements and build a cohesive master data management platform that offers reliability and an intuitive interface for analytics.

Development Support Services

Our team of architects' work with a large variety of database platforms, both in consuming existing data for visualization as well as architecting data schemas for optimal storage aligned with best practices for analytics and reporting needs. We can work with clients to:

- ▶ Discuss the data required for dashboard build out
- ▶ Review existing data sources
- ▶ Revise structures to expedite dashboard build out and data validation
- ▶ Design dashboard visualizations

Services can be delivered as ongoing project work as well as ad hoc support; our team will be available to you as needed. We perform this function as part of their daily engagement with clients, sometimes providing multiple versions of graphics/dashboards using different chart types for selection by the client.

Training & Education Services

Cherry Bekaert is experienced in a variety of products and has worked with many similar organizations in aligning training to our clients' specific personnel, needs and applications. The intent of an engagement is to maximize your time, value, and information retention. Based on feedback received during the initial phases, we will recommend course content and present training to an agreed upon audience. Our pricing includes the trainer's time and electronic

material; costs associated with travel expenses will be billed separately (but in accordance with your guidelines). We can provide training on-site as well as remotely.

Project Management & Deployment Services

We work with different clients across a wide range of change management methodologies and platforms as part of larger projects. Change management is crucial to ensure proper communication and adherence to project timelines and to ensure project scope is properly maintained.

Project Examples

Cherry Bekaert's Digital Advisory practice can provide strategic and tactical data analytics and business intelligence services with a focus on improving performance – leveraging technology and data at the core. Examples include:

City of Charlotte

Charlotte, North Carolina is the country's 16th largest city and home to nearly 900,000 residents. Since 2013, they have had a very robust open data presence, pushing data to the public through an open data portal. However, pushing this information publicly did not offer a mechanism of security and control. This resulted in time-consuming effort, as data needed to be manually extracted and monitored for each publication. With only one Tableau core license, the City was operating on one production server, one development server and one test server. Due to fiscal constraints, purchasing an additional core license for the external environment was not a realistic option.

The City enlisted the help of Cherry Bekaert Digital Advisory to help responsibly and successfully shift their internal Tableau environment to an external public facing environment, a more economical alternative solution. The vision was to create an environment that kept the City's internal contact intact with its fellow agencies while giving them an automatic mechanism to push their content for anonymous access to the public. In doing so, the City would be able to control and govern the sharing of Tableau visualizations which significantly lessened their dependency on Tableau Public.

According to Robert Cerrato, Data Program Manager of Shared Data Services for the City of Charlotte, "the ability to safely and responsibly connect and mutually share valuable data internally and with the public enables a deeper connection between the inter-departments of the City and its residents, opening a window for deeper insights, knowledge sharing and unlocking new opportunities."

Building the external environment has allowed Cerrato's team and the greater agencies within the City to ideate on future Tableau projects and opportunities, such as the public transportation system, Charlotte Area Transit (CATS). CATS operates bus and rail transit services in Mecklenburg County and surrounding areas to over 320,000 riders on a weekly basis. Multiple vending machines are located throughout the City enabling riders to purchase tickets. Maintenance personnel are responsible for servicing the machines and keeping them operable, however, given the age of the servers and applications supporting the system, the machines were becoming increasingly unreliable. Seeing the power and application of Tableau, CATS and the Shared Data Services team partnered together with Cherry Bekaert to leverage Tableau as the new application face for the people who service the ticket vending machines. This enabled maintenance personnel to see in real-time the location and status of machine operability allowing for quick maintenance turn around and a significant decrease in machine downtime and lost revenue.

"We now have the ability to govern what what's going out there facing the public. And so, we spend less time policing up the people who are sharing these data in these visualizations and more time collaborating with other City agencies, creating opportunity and shared value. Tableau and the team of Cherry Bekaert Digital Advisory have enabled this which continues to be a win-win for the City and our greater community." Robert Cerrato, Data Program Manager of Shared Data Services for the City of Charlotte

University of North Carolina's Kenan-Flagler Business School

University of North Carolina's Kenan-Flagler Business School is an internationally accredited professional undergraduate and graduate level global business school comprised of five different programs, each operating autonomously and setting their own academic goals and objectives. The Director of Integration and Analytics was tasked with the development and management of the school's Enterprise Data Warehouse (EDW) environment whereby faculty and students could consistently utilize data-driven decision models for their operations and learning. The CIO wanted to further provide faculty and staff not only the ability to access the data, but further visualize their data in a manner that would enable data-driven decisions throughout the school.

We reviewed the EDW environment to determine if the School's data model would facilitate creating enterprise dashboards in Tableau. With verification that the EDW architecture and environment was solid, the School's Data Integration and Analytics team explored and prioritized the need for enterprise dashboards. With each program in the business school reliant on a regular cadence of financial reporting for overall operations, the priority was established to create an enterprise financial dashboard with high level security allowing permissions delineated by role and program.

Prior to the creation of a Tableau dashboard, countless manual hours were spent collecting, combining and analyzing data from numerous excel spreadsheets and then further combining the data into one master spreadsheet. To design the dashboard, we collected requirements from each program and built a custom query that enabled a user to login viewing overall Business School data and their specific program data all via a unique sign in. Programs within the Business School are now able to view and communicate turn-key financial information reflective of real-time secure data in minutes rather than weeks.

To broaden and deepen the ability for faculty and staff to make data-driven informed decisions, we worked with the School to implement training that helped users create specific dashboards pursuant of their needs. With an instructor-led personalized training, members of UNC Kenan-Flagler attended beginner and advanced Tableau training. Additionally, our team provided on-site training to 15 users on Tableau Server. To continue instilling the engagement and evolution of Tableau throughout the Business School, we partnered with the School to host a regular cadence of lunch and learns on a monthly basis for faculty and staff to share and discuss user specific dashboards.

Through discovery conversations with various UNC Kenan-Flagler stakeholders, the UNC Kenan-Flagler Data Integration and Analytics team and Cherry Bekaert identified analytic needs, designed effective dashboards and established controls and roles across the School. Incorporating data into the primary decision-making cycles and training various stakeholders for long-term engagement continues to elevate the analytics practice within UNC Kenan-Flagler and has had a transformative impact on data-driven change.

"I am appreciative of the partnership and collaboration we have...Even when they were doing their initial demo and then later training our team of users, they always ensured the data we were working with was relevant which helped tremendously in the onboarding and learning curve."

-GEORGIA ALLEN, CIO AT UNC KENAN-FLAGLER

Maryland State Library Agency

In 2016, Prince George County Memorial Library System (PGCMLS) in Maryland was actively seeking strategic growth opportunities through exploring what they could do with their data. With 19 locations and more than 500 card holders and 1.2 million in circulation, the library system was buried in spreadsheets and disparate data sets with countless hours of manual analysis. PGCMLS enlisted the expertise of Cherry Bekaert. By leveraging Tableau, a leading analytics and data visualization software, Cherry Bekaert and PGCMLS transformed the way the system stored, accessed, and leveraged their data. The project saw huge returns as PGCMLS was able to reduce their

reporting time to county, state, and federal governments by 60%, increase their system-wide circulation, and provide more targeted community outreach programs.

Specific examples of data analytics services provided by Cherry Bekaert to PGCMLS include:

- ▶ Created board and executive reporting on a monthly basis to report on all statistics for the library, as well as branch activity, safety issues and reports, recruiting and hiring, financials and operational reporting. This provided each library with a view of what happened last month, in order to make comparison from years past.
- ▶ Utilized diagnostic analytics to allow the branches to look at, report on and assess why circulation was higher or lower than previous months, and what may have caused the increase / decrease in circulation.
- ▶ Developed predictive analytics to help the MD library system predict future states. This included reporting created on What If Scenarios, using financial data and building levers to understand how cost and staffing could affect overall financials.
- ▶ Developed predictive analytics to look at predictive models to increase circulation throughout the branches.

Utilized prescriptive analytics to help keep the branches safer to patrons by looking at incident reports and determining what needs to be done based on the severity of the incident

Wolfspeed (formerly Cree)

Headquartered in Raleigh, NC, Wolfspeed operates in 17 countries and has over 3,500 employees. Cherry Bekaert's project for Wolfspeed entailed delivery of data integration management and self-service analytics for the Sales Operations function. The project expanded into an enterprise analytics delivery project.

We started by partnering with Wolfspeed to assist in their data-driven journey. Tableau was tied into multiple systems, bringing relevant data sets together. As a Tableau Gold Partner, Cherry Bekaert helped Wolfspeed learn the power of Tableau by designing interactive data visualizations and steering them towards building a truly meaningful offering for both the sales field and management. Self-serve content was built in support of point-of-sale tracking, inventory metrics, and customer versus goal dashboards. The aim was to provide Wolfspeed Tableau users with both granular and high-level insights, accessible in real-time. The project included two phases:

Phase 1 - Automation

- ▶ Testing of logic and functions, confirmation of calculations and validation, testing of Tableau server to ensure visuals were rendering correctly
- ▶ Review charts, updates to format

Phase 2 – Device Level Data

- ▶ Develop data architecture and data plan
- ▶ Deployment of additional data elements to support integration
- ▶ Updates to business logic processes for integration of new data elements
- ▶ Analysis and visualization for testing automation, identifying backgrounds, failures, causes, etc.
- ▶ Defining implementation, testing, and validation processes

Subsequent Statements of Work included:

- ▶ Evaluation of the operating environment related to data discovery, architecture, planning, development, and management
- ▶ General business support for Tableau software for documentation and automation

The Sales Operations Team was also able to provide the Field Sales Team with current commissions information, driving the team toward achieving corporate revenue goals and prompting the Sales Operations Director to state, “Tableau has transformed our offering to our internal customers and changed

the overall level of service that we can deliver. Repeatable asks are identified, understood, built, and published. Then we move on, always with a focus on automation and efficiency. Given the size of my team, there is really no alternative.”

The project was initiated in the Sales Operations area with a goal of delivering data analytics of past sales history for clients, territories, and sales representatives. Upon the successful delivery and significant improvement in the operations of both sales and delivery, the project expanded its scope to replicate the success throughout the organization. The project expanded into the IT function to centralize and optimize the data management and analytics throughout the entire organization. The methodology systematically identified candidate projects based on organizational priority to expand the defined and self-service use of data throughout the organization. The methodology also incorporated improvements in integrations, data flow, governance, and movement of data from disparate systems to a central structure. The project also aligned with the movement of data and systems to the Oracle Cloud environment without interruption in the delivery.

Our services comply with the highest quality standards required to maintain status as certified partners with Alteryx, Microsoft, and Tableau. The initial project in the Sales Operations area covered a six-month timeframe and yielded: 1) Interactive Dashboards for Key Performance Indicators (KPIs); and 2) a Self-Service Analytics capability. The next iteration of the effort covered a period of four months and expanded into the IT area to centralize and optimize the data management and analytics, as well as provide Interactive Dashboards. All work performed under contract with Wolfsped has been delivered according to project schedule, and all deliverables have been provided on time and accepted by Wolfsped.

Dominion Energy

Dominion Energy is a multi-regional energy generator, provider and investor. They operate, own, generate and/or transmit power in multiple states. Dominion sought a solution to manage their Electrical Transmission Standards for the transmission of power from plants to substations, substations to lines, lines to homes and businesses.

Cherry Bekaert collaborated with Dominion to architect and implement a project management platform, custom-developed in the Microsoft Cloud, for the Dominion Electrical Transmission Business Unit. Using SharePoint Online, Nintex Responsive Forms, Power Automate Workflows, and custom integration using an API and Power Automate with Vault (AutoCAD storage), our solution manages the creation/publication, revision and deprecation of Electrical Transmission Standards (blueprints, schematics of equipment in the field transmitting electricity such as Power Lines, Substations, etc.). The Electrical Transmission Standards Portal is the system of record and integrates with Vault to update Standards Metadata for use in the daily business processes, affecting everyone in the Electrical Transmission Business Unit.

Cherry Bekaert's solution resulted in modernized processes, faster decision making and standards-management tracking, and the availability of cloud insights into their on-premise data warehouse. The future state, going live in Q2 2023, is the inclusion of PowerBI dashboards to report real-time analytics for work accomplished in the platform as well as reporting on the number of standards by classification and their publication/revision schedules.

University of Mary Washington (UMW)

Cherry Bekaert provided a Business Intelligence Maturity Assessment. This assessment is based on a framework designed by Cherry Bekaert over the Capability Maturity Model (CMM). We evaluated the University's Data Structure and Readiness, Data Quality, and University Readiness, and rated them in each area against comparable industry peers. The assessment uncovered several areas of need and Cherry Bekaert prepared a data strategy document to guide remediation of issues and mature the University's overall business intelligence platform.

Next, we developed and presented an overall data strategy for the University which provided a roadmap with short-, mid- and long-term goals, plans and frameworks for building out appropriate processes, governance, skills and roles for the University. After presenting to the leaders of the University, the new strategy became their roadmap to mature their business intelligence platform.

International Mission Board (IMB)

IMB needed to evaluate its technology and foundation for building out the future of the organization's data delivery systems. Cherry Bekaert's engagement included:

- ▶ Transitioning technology from local to cloud-based services
- ▶ Developing a data architecture, data strategy, data security design, process and governance
- ▶ Implementation of the platform

We started by evaluating the existing systems and determining the best course of action for every known source and use. Based on these sources and uses, we designed a platform that incorporated significant cloud storage technologies, primarily relying on a Data Lake to house the data. Data was processed using a Data Warehouse through to Data Marts that delivered the information to the points of use.

Data security was a primary concern for the organization, and we designed and built out data mart, object, row, and column level security so that no data would be accidentally exposed. The foundation for the security design was a Zero Standing Privilege mandate that no user was given any default rights to any part of the business intelligence platform. We documented and implemented process and governance designs around the concept of a business intelligence steering committee that worked through data stewards and data analysts posted to each of the primary data sources for the organization.

In addition to designing the platform, architecture, and engineering of storage and data flows, Cherry Bekaert provided apprenticeship to the organization's Data Services team so that they could effectively build on the platform. After implementation, Cherry Bekaert was retained to assist as needed with any new work or support issues that arose.

Managerial Advisory Experience

Our Government & Public Sector (GPS) team has a deep understanding of the complex challenges state and local governments, and public sector organizations face. We help organizations transform and modernize to meet these challenges and work in new ways. Our advisory professionals bring deep business consulting experience and many have worked in government, with first-hand knowledge of government business process, technology, rules and regulations, and experience working with elected office holders and career civil servants. To enable governments and the public sector to harness their full potential, we help:

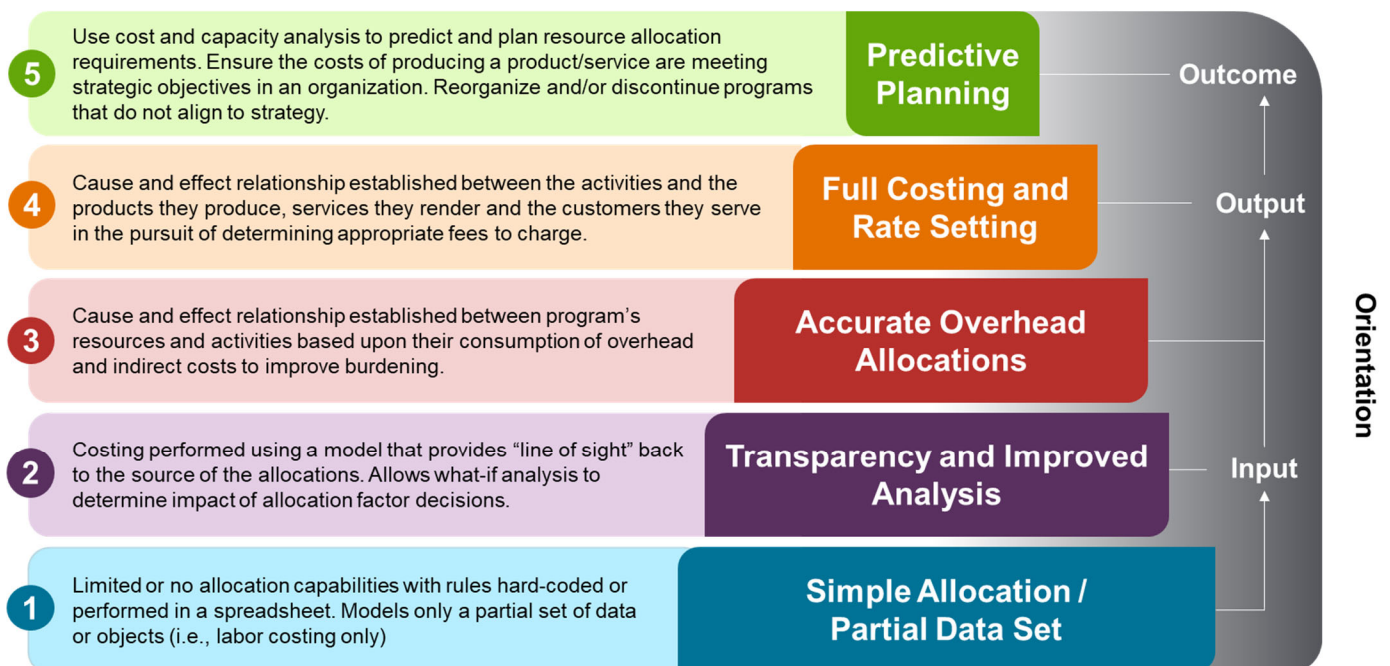
- ▶ Identify potential organizational efficiencies or cost reduction opportunities.
- ▶ Forecast budget, revenue and economic factors.
- ▶ Perform research and analysis of unmet demand for public services.
- ▶ Conduct strategic planning and project implementation.
- ▶ Enhance constituent experience to further an agency's statutory mandates and directives.

Typically, we combine these services into our Cost and Finance Transformation practice, which includes multiple Robert A. Bonsack Award winners for distinguished contributions in Government cost management. Our professionals bring insight into new program tools and techniques; we have contributed to advancements in the field through [Consortium for Advanced Management International \(CAM-I\)](#) publications and presented at numerous national and international conferences and forums. CAM-I has been a premier management incubator for over 50 years and their thought leadership has resulted in many leading management tools, including activity-based costing and management (ABC/M). Current CAM-I interest groups are pursuing a number of interesting topics, including the relationship between cost and value, and are developing tools and techniques to enable value-driven organizations. Our team members have also been published in the Journal of Cost Management, the Public Budget & Finance Quarterly Journal, and our work has been used to establish Management Accounting Guidelines.

Offering nearly 200 years of combined experience designing, building and managing cost models for large and complex organizations, our experts conduct revenue and fee analysis to help organizations set fees and revenue in light of expected market demand signals. Members of the Cherry Bekaert team have conducted managerial advisory services and fee, budget and revenue analyses for state & local governments, multiple Federal agencies and higher education institutions. Our experience extends to the private sector where we have helped clients with product/service and customer profitability analysis. Our experience includes designing, building, and managing cost models for large and complex organizations such as the Departments of Interior, Veterans Affairs, Defense, Transportation, Homeland Security, Energy, Interior, Agriculture, Labor, Treasury, FDIC, NRC, Postal Service, Commerce (including PTO and the Census Bureau), state, and local governments, as well as numerous private sector organizations. One of our experts, Aurpon Bhattacharya, established the first government-wide Working Capital Funds/Revolving Funds and Fee for Service Symposium and working group in 2014. Additionally, he served as the industry lead in creating the business case to establish a Working Capital Fund for the Office of the Director of National Intelligence.

Additionally, Nicolie Lettini, an industry-recognized expert in indirect cost allocation, will support the Managerial Advisory workstream. Her expertise and singular focus in Cost Allocation Plans and indirect cost rates for government agencies over the last 21 years has established her as one of the industry leaders across the country. She has consulted on over 800 cost plans and is a national speaker, presenting alongside experts from U.S. Office of Management and Budget and Department of Health and Human Services on the topic of indirect costs under 2 CFR 200.

Our Cost Management Maturity model, depicted below, is based on our Federal experience and industry best practices to provide an innovative way to guide cost accounting projects. We leverage this model as we guide our clients through their journey to integrate their requirements and desired end state, with the understanding that nuance is critical; some agencies may want to focus on moving to Level 3 while some might want to focus on Level 5. There is no one desired end state as each agency's needs are unique.



The model provides a layered capabilities view, with its orientation based on the types of questions that an agency is trying to answer. Maturity levels are not mutually exclusive; rather, the previous level must be achieved to graduate to the next higher level. Achievement of all levels will allow the organization to:

- ▶ Predict the impact of forecasted product demand on the organization from both a resource capacity and cost perspective.
- ▶ Show the need for more resources—to get more funding or to realign resources and funding to achieve desired outcomes.

- ▶ Understand and cost the impact of unused capacity and/or the impact of increased utilization of fixed and variable resources; and
- ▶ Adjust pricing/costing strategies for full cost recovery.

The first three levels are oriented toward understanding how resources are consumed within the organization, i.e., how they support the work being performed. Level 4 results in the ability to cost products and services, in some cases produce unit costs, accurately set fees, benchmark and identify organizational inefficiencies. Level 5 is achieved when the correlation between the organization's outputs and outcomes are defined and modeled. These relationships allow the organization to predict activity and resource requirements for various operating scenarios, and ultimately provide insight into budget and resource capacity requirements.

Additionally, Cherry Bekaert offers a wide range of specialized services designed for public sector organizations to enhance performance, reduce expenses and meet your strategic goals. Our specific services, in addition to those mentioned above include:

- | | |
|---|---|
| <ul style="list-style-type: none"> ▶ Financial and Profit Planning ▶ Cash Flow and Cash Management ▶ Forecasting Methods ▶ Assistance with Budget Preparation ▶ Property and Equipment Management ▶ Overhead Expenditure Budgeting Systems ▶ Cost Determination ▶ Cost Allocation Plans | <ul style="list-style-type: none"> ▶ Governance Policies & Disclosures ▶ Digital Transformation & Innovation ▶ Strategic Management and IT Consulting ▶ Business Applications ▶ Cloud Solutions ▶ Collaborative Workspace ▶ Managed Services |
|---|---|

Examples of Recent Management Advisory Services

Cost Management Implementation

- ▶ Assisted a federal agency in calculating the full cost of their operations
- ▶ Conducted revenue and fee analysis and managed, refined and updated the cost allocation models for 13 program areas, assisting with developing the Statement of Net Cost/financial statement and benchmarking of cost allocation processes and methodologies. Provided data analytics and reporting services.

Accounting Consulting & Pronouncement Implementation

- ▶ Assisted a trade association in the evaluation of whether to dispose of a business line
- ▶ Reviewed accounting policies, committee charters, and governance structure for a large organization with \$750M in annual revenues
- ▶ Provided guidance on internal controls and structure of finance department for a not-for-profit entity

Management Consulting

- ▶ Conducted multi hour sessions educating board members and top management on the effects of

- financial and strategic decisions and events on key performance ratios used in higher education
- ▶ Provided customized continuing professional education trainings to several educational and not-for-profit organizations
- ▶ Assisted a trade association with developing a revised travel and entertainment expense policy
- ▶ Conducted an ethics training session for the staff of a not-for-profit organization
- ▶ Provided guidance to a conservancy outlining potential structural options for LLC created to undertake a new program
- ▶ Developed an operational cost, revenue, and performance model for a private college to identify both the costs and revenues associated with their instructional (courses and degree majors) and non-instructional (housing, dining, and public outreach) programs across all campuses

Risk & Accounting Advisory Services

- ▶ Helped a university establish a cost-effective internal audit function to mature internal controls over its not-for-profit foundation that reduced exposure to certain events causing reputational

damage affecting donor confidence to give donations.

- ▶ Performed consulting engagements for a research management corporation, including an information technology risk assessment, entity-wide risk assessment and multiple internal audits, in-depth purchasing system assessment and an extensive review of their cost allocation practices for a grant.
- ▶ Assisted with the implementation an enterprise risk management (ERM) program across a membership organization, which included performing a comprehensive IT risk assessment as part of the ERM framework and program development.

Digital Advisory

- ▶ Conducted a Business Intelligence Maturity Assessment and developed an overall data strategy for a University, including a roadmap with short-, mid- and long-term goals, plans and frameworks for building out appropriate processes, governance, skills and roles related to the University's business intelligence platform
- ▶ Worked with a Christian missionary society to evolve its data delivery systems by transitioning technology to cloud-based services; designing and developing a data architecture, strategy, security design, process and governance; implementing the platform; and mentoring the organization's Data Services team so that they could effectively build on the platform
- ▶ Built/managed an automated, secure Tableau environment that supported multiple visualizations to improve the ability to make data driven decisions for a healthcare program.
- ▶ Provided project-based analytics for a professional society, including a publicly accessible dashboard on various aspects of COVID-19, analytics support to their training and development group and consolidated data displays for various elements of their annual conference agenda

4.5 References

Vendor shall provide a list of at least five (5) contracts for which Vendor has performed services of a similar nature and scope, as identified in Section 5.2, within the last five (5) years. This list shall identify the client and a description of the services performed, for use as references (including names and telephone numbers of contact persons who are familiar with the work performed).

The best indicator of our ability to serve clients in a professional yet personalized manner is the outstanding reference provided by our clients. Provided are some of our references served by members of your engagement team. We can provide additional references if needed. We encourage you to call any of the individuals listed and ask them about our services and expertise.

North Carolina Department of Public Safety ("DPS"), Office of Recovery and Resiliency ("NCORR")

Amanda Stapleton, Compliance Director, NCORR Compliance Department

P: 919-418-0554

E: Amanda.stapleton@ncdps.gov

Services: See Section 4.4, Risk Management & Internal Audit Services

City of Asheville, NC

Tony McDowell, Finance Director

P: 828-259-5635

E: tmcdowell@ashevillnc.gov

Services: See Section 4.4, Risk Management & Internal Audit Services

Anne Arundel County, MD

Michelle Bohlayer, CPA, CFE, CISA, County Auditor, Office of the County Auditor

P: 410-222-1415

E: aubohl22@aacounty.org

Services: See Section 4.4, Risk Management & Internal Audit Services

North Carolina Department of Natural & Cultural Resources (NC-DNCR)

Claire M. Mufalo, CFE, CICA

Director of Internal Audit

P: 919-814-6761

E: claire.mufalo@dnrc.nc.gov

Services: See Section 4.4, Risk Management & Internal Audit Services

City of Wilmington, NC

Jennifer Maready, Finance Director

P: 910-341-0082

E: jennifer.Maready@wilmingtonnc.gov

Services: See Section 4.4, Risk Management & Internal Audit Services

City of Fayetteville, NC

Jeffrey Yates, Assistant City Manager

P: 910-433-1993

E: jeffreyyates@fayettevillenc.gov

Services: Wide range of accounting, financial and pre-financial audit services for their fiscal year 2022 audit. We started by gaining an understanding of the entity's system of internal controls after their ERP implementation, similar

to what would have been done in a financial statement audit. The purpose was to better develop tailored accounting and financial reconciliation procedures necessary for significant transaction cycles that had yet to be reconciled. The reconciliations included bank reconciliations (including pooled cash), accounts receivable and payable subledgers, capital assets, and fund balance classification, among others. Portions of the reconciliations were fully outsourced while others were done in conjunction with City finance staff. As part of the co-sourced account and financial closing process, we proposed journal entries and assisted with preparation of the final trial balance for the auditors.

The City was required to implement GASB 87 as part of their fiscal year 2022 closing procedures and also decided to implement GASB 96 a year early. We assisted with the implementation of both of these standards, which included template creation for departments lease/subscription contract identification, detailed review of contracts, data analytics on the City's General Ledger to identify embedded leases, assistance developing go-forward policies and procedures, and required journal entries and disclosures. We also assisted with note disclosures and other procedures related to the drafting of the Annual Comprehensive Financial Report.

North Carolina Department of Information Technology (NCDIT)

Beth Lane, Finance Director

P: 919.609.3421

E: beth.lane@nc.gov

Services: Assist NCDIT with the implementation of GASB 96, *Subscription-Based Information Technology Arrangements*. NCDIT has very complex subscription arrangements that required deep analysis and discussion with multiple parties to arrive at the appropriate accounting treatments. In addition to technical contract review, we documented completeness and other implementation considerations, prepared journal entries and related disclosures, and provided Day 2 go-forward training.

Richmond Metropolitan Transportation Authority, VA

Joi Taylor Dean, Chief Executive Officer

P: 804.523.3303

E: joi.dean@rmtaonline.org

Services: Multi-year remediation support of control deficiencies impacting a wide variety of financial statement and compliance issues. The scope included remediation efforts going back to fiscal year 2021. The client had an urgent need to resolve prior fiscal year remediation needs. Fiscal year 2021 was completed in March 2023; we are currently working on fiscal year 2022 remediation and are engaged to also assist with fiscal year 2023 remediation. The client's audit remediation process was not mature and we had to put an emphasis on project tracking and routine communication due to turnover of entity management. At the onset of the project, we worked with the client to identify and prioritize all corrective actions and create a corrective action plan with ongoing reporting. This project requires up to three FTE's working concurrently on remediation projects. We manage all projects through an online tracking portal and weekly/bi-weekly accountability status reports.

Augusta-Richmond County Consolidated Government, GA

Timothy Schroer, CPA, CGMA, Deputy Director - Finance

P: 706.821.1741

E: tschroer@augustaga.gov

Services: Accounting reconciliation and remediation around the Schedule of Expenditures of Federal Awards (SEFA). The Housing and Community Development department received assistance from various HUD and Treasury sources and needed assistance identifying and organizing the funds received by the related federal assistance listing and grant program year. Our support also includes identification of best practice recommendations and grants financial management remediation activities.

City of Richardson, TX

Herman Chavez, CPA, Controller

P: 972.744.4062

E: herman.chavez@cor.gov

Services: Financial account reconciliation assistance for an entire fiscal year. These services included developing a streamlined reconciliation template to reduce reconciliation time for monthly close from three weeks to one week. We are also providing best practice recommendations and remediation efforts for departments that need improvement in their reconciliation process.

Greenville-Spartanburg Airport District, SC

Zach Salvato, C.M., Director of IT

P: 864.848.6239

E: zsalvato@gspairport.com

Services: Cybersecurity Assessment & MFA Implementation

Indian River Count, FL

Edward Halsey, Director - Internal Audit Division

P: 772.226.3108

Services: Cybersecurity Assessment

Trillium Health Resources, NC

Patrick Hinnant, MIS, PMP, CISSP - Chief Information Security Officer

P: 866.998.2597

E: Patrick.Hinnant@trilliumnc.org

Services: Cybersecurity Assessment & Penetration Testing

Jefferson Science Associates (JSA)

Gail Frayne, CFO

P: 757.269.7522

E: lucento@jlab.org

Type of Project: OMB Circular A-123 audit, which includes developing and executing internal controls test plans, including sample selection based on populations and test plans for ~150 internal controls identified as in-scope. Sample selections are in accordance with DOE A-123 guidance requirements, and test plans are designed to document information in accordance with Attachment A. We review internal controls and/or management controls of the area under audit, including controls applicable to electronic data processing systems and applications. This includes testing of financial reporting accounts and Federal grant/compliance accounts as well as IT General Controls and End User Computing Controls. In addition, we internally audit and report on several high-risk areas as defined by the Department of Energy.

Maryland State Library

Yana Demireva, Research & Evaluation Coordinator

P: 443-854-3816

E: y.demireva@gmail.com

Services: See Section 4.4, Data Analytics Experience

United States Patent and Trademark Office

Amy Windsor, Office of Finance

E: Amy.windsor@uspto.gov

Services: Develop cost data from Activity Based Information (ABI) models and perform analyses and reporting. The requirements and associated deliverables are listed below:

► **ABI Model Management**

- Includes cost models or methodologies for USPTO's 13 program areas
- Keeping abreast of operational changes and changing information needs, and continually capturing and reflecting such changes in the ABI models and reports
- As the agency as a whole and the individual business lines transform, ensure the smooth transition in reporting from prior fiscal years
- Identifying improvement opportunities and economic choice decisions through activity-based management techniques

► **Financial Statement and Performance Reporting**

- Developing the Statement of Net Cost (SNC) and footnotes using the cost model results
- Providing support for the Efficiency Measure Report, the Expense Contribution Report (ECR), and performance measures and other supplemental information for the annual audit and the Annual Performance and Accountability Report

► **Revenue and Fee Analysis**

- Using the ABI model results, complete fee expense and revenue analysis for the various business units, currently quarterly for Trademarks and annually for Patents, Office of Enrollment and Discipline (OED), and Public Information Services Group (PISG), with support and guidance from the federal ABI staff
- Presenting Trademark results to the Trademark Public Advisory Committee (TPAC) and Patent results to the Patent Public Advisory Committee (PPAC)
- Providing support in developing all fee unit expense materials for these committees and the Office of Planning and Budget or other organizations
- Using the cost model results, support the USPTO in evaluating the existing fee structure and providing the necessary information to support the biennial fee setting process, for ad-hoc fee cost analyses in addition to other types of fee cost analyses, such as the Patent and Trademark Service Fee study

► **Advisory Support**

- Providing advisory support to the Office of the Chief Financial Officer (OCFO), Deputy CFO, ABI Steering Committee, and the Office of Finance on ABI and issues related to financial, cost, and tax management
- Using ABI model results in responses to inquiries from Congressional Committees, the General Accounting Office, the Office of Inspector General, the Office of Management and Budget and the Department of Commerce as well as other external entities
- Developing and maintaining the standard ABI program presentation and other ABI program materials
- Supporting the ABI Steering Committee by identifying agenda items and developing associated materials to present to the committee members on a monthly basis
- Developing meeting minutes and other administrative paperwork, as well as update the ABI Steering Committee SharePoint site with meeting materials.

► **Benchmarking and Trending**

- Using the ABI model data, provide benchmarking and trending support
- Includes researching data from previous models and comparing to activity costs in the current model structure, as well as external research of benchmark data

► **Reporting Enhancements and Additional Data Analysis**

- Using the ABI model data, provide support in developing various types of reports and visualizations based on cost, workload and hours data in support of the business units as requirements arise
- Using existing tools to extract data from the Enterprise Data Warehouse (EDW) or other USPTO systems
- Employing tools such as Tableau and Alteryx to analyze and report on data at USPTO
- Exploring new tools for visualization and reporting and help to identify new, more efficient ways of producing data and reports for the business units to enhance decision-making capability at all levels of the organization

4.6 Legal Right to Practice in North Carolina

In its proposal response, Vendor must demonstrate that it is legally authorized to practice in North Carolina. This may include but is not limited to: 1. Articles of Incorporation 2. DBA filed with NC Counties 3. Licensee information from the NC State Board of CPA Examiners 4. Other associated documents that provide evidence the vendor is authorized to practice and provide services in North Carolina

"Cherry Bekaert" is the brand name under which Cherry Bekaert LLP and Cherry Bekaert Advisory LLC, independently owned entities, provide professional services in an alternative practice structure in accordance with applicable professional standards. Cherry Bekaert LLP is a licensed CPA firm that provides attest services, and Cherry Bekaert Advisory LLC and its subsidiary entities provide tax and advisory services.

Cherry Bekaert Advisory LLC will deliver all services under this contract. To ensure high-quality, efficient and effective services, we will plan and perform our professional services under your direction using Statements on Standards for Consulting Services (SSCS) issued by the American Institute of Certified Professional Accountants (AICPA) and the International Standards for the Professional Practice of Internal Auditing (*the Standards*) issued by the Institute of Internal Auditors. Our services shall conform to the Standards for the Professional Practice of Internal Auditing, the Code of Ethics contained in the Professional Practices Framework as promulgated by the Institute of Internal Auditors, and generally accepted government auditing standards. We also expect to leverage the COSO 2013 *Internal Control-Integrated Framework* during engagements.

Cherry Bekaert Advisory LLC's certificate of authority to conduct business in the state of North Carolina begins on the following page.



NORTH CAROLINA

Department of the Secretary of State

To all whom these presents shall come, Greetings:

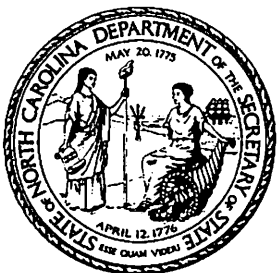
I, ELAINE F. MARSHALL, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached to be a true copy of

APPLICATION FOR CERTIFICATE OF AUTHORITY

OF

CHERRY BEKAERT ADVISORY LLC

the original of which was filed in this office on the 6th day of July, 2022.



Scan to verify online.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this 6th day of July, 2022.

Elaine F. Marshall

Secretary of State

State of North Carolina
Department of the Secretary of State

APPLICATION FOR CERTIFICATE OF AUTHORITY
FOR LIMITED LIABILITY COMPANY

Pursuant to §57D-7-03 of the General Statutes of North Carolina, the undersigned limited liability company hereby applies for a Certificate of Authority to transact business in the State of North Carolina, and for that purpose submits the following:

1. The name of the limited liability company is Cherry Bekaert Advisory LLC;

and if the limited liability company name is unavailable for use in the State of North Carolina, the name the limited liability company wishes to use is _____.

2. The state or country under whose laws the limited liability company was formed is Delaware.

3. Principal office information: (Select either a or b.)

a. ☒ The limited liability company has a principal office.

The principal office telephone number: 919-782-1040.

The street address and county of the principal office of the limited liability company is:

Number and Street: 3800 Glenwood Avenue, Suite 200

City: Raleigh State: NC Zip Code: 27612 County: Wake

The mailing address, *if different from the street address*, of the principal office of the corporation is:

Number and Street: _____

City: _____ State: _____ Zip Code: _____ County: _____

b. ☐ The limited liability company does not have a principal office.

4. The name of the registered agent in the State of North Carolina is: Corporation Service Company.

5. The street address and county of the registered agent's office in the State of North Carolina is:

Number and Street: 2626 Glenwood Avenue, Suite 550

City: Raleigh State: NC Zip Code: 27608 County: Wake

6. The North Carolina mailing address, *if different from the street address*, of the registered agent's office in the State of North Carolina is:

Number and Street: _____

City: _____ State: NC Zip Code: _____ County: _____

APPLICATION FOR CERTIFICATE OF AUTHORITY
Page 2

7. The names, titles, and usual business addresses of the current company officials of the limited liability company are:
(use attachment if necessary) (This document must be signed by a person listed in Item 7.)

<u>Name and Title</u>	<u>Business Address</u>
Michelle Thompson, CEO	3800 Glenwood Avenue, Suite 200, Raleigh, NC 27612
Kurt Taves, COO	222 Central Park Ave, Virginia Beach, VA 23462
David Bettler, CRO	1075 Peachtree St Ne, Ste 2200, Atlanta, GA 30309
Michael Barton, CFO	3800 Glenwood Avenue, Suite 200, Raleigh, NC 27612

8. Attached is a certificate of existence (or document of similar import), duly authenticated by the secretary of state or other official having custody of limited liability company records in the state or country of formation. **The Certificate of Existence must be less than six months old. A photocopy of the certification cannot be accepted.**
9. If the limited liability company is required to use a fictitious name in order to transact business in this State, a copy of the resolution of its managers adopting the fictitious name is attached.
10. (Optional): Please provide a business e-mail address: Privacy Redaction when a document is filed. **The e-mail provided will not be viewable on the website.** For more information on why this service is offered, please see the instructions for this document.
11. This application will be effective upon filing, unless a delayed date and/or time is specified: _____

This the 28 day of June, 2022

Cherry Bekaert Advisory LLC

Name of Limited Liability Company



Signature of Company Official

Michelle Thompson, Chief Executive Officer

Type or Print Name and Title

Notes:

1. Filing fee is \$250. This document must be filed with the Secretary of State.

BUSINESS REGISTRATION DIVISION
(Revised July 2017)

P.O. BOX 29622

RALEIGH, NC 27626-0622
(Form L-09)

Delaware

The First State

Page 1

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "CHERRY BEKAERT ADVISORY LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE FIRST DAY OF JULY, A.D. 2022.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "CHERRY BEKAERT ADVISORY LLC" WAS FORMED ON THE THIRTY-FIRST DAY OF MAY, A.D. 2022.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE BEEN ASSESSED TO DATE.



6827530 8300

SR# 20222888799

You may verify this certificate online at corp.delaware.gov/authver.shtml

A handwritten signature in black ink, appearing to read "JB", is written over a horizontal line. Below the line, the text "Jeffrey W. Bullock, Secretary of State" is printed.

Jeffrey W. Bullock, Secretary of State

Authentication: 203820779

Date: 07-01-22



NORTH CAROLINA

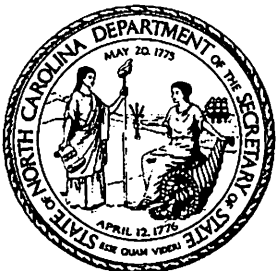
Department of the Secretary of State

CERTIFICATE OF AUTHORITY

I, ELAINE F. MARSHALL, Secretary of State of the State of North Carolina, do hereby
certify that

CHERRY BEKAERT ADVISORY LLC

having filed on this date an application conforming to the requirements of the General
Statutes of North Carolina, a copy of which is hereto attached, is hereby granted
authority to transact business in the State of North Carolina.



Scan to verify online.

IN WITNESS WHEREOF, I have hereunto set
my hand and affixed my official seal at the City
of Raleigh, this 6th day of July, 2022.

Elaine F. Marshall

Secretary of State

4.7 External Reviews & Regulatory Action

a In its proposal response, Vendor shall provide a copy of its most recent external peer/quality assurance review report and any letter of comments or similar correspondence describing deficiencies noted in the peer review. Vendor must have received an unqualified opinion on its system of quality control and the peer review must have been performed within the last three (3) years. The Vendor's failure to provide an external peer/quality assurance review report and any letter of comments or similar correspondence describing deficiencies will result in the rejection of the Vendor's proposal. Vendors are encouraged to explain any deficiencies described in the abovementioned documents and to provide documentation supporting those explanations.

"Cherry Bekaert" is the brand name under which Cherry Bekaert LLP and Cherry Bekaert Advisory LLC, independently owned entities, provide professional services in an alternative practice structure in accordance with applicable professional standards. Cherry Bekaert LLP is a licensed CPA firm that provides attest services, and Cherry Bekaert Advisory LLC and its subsidiary entities provide tax and advisory services.

Cherry Bekaert LLP has passed, without exception, 15 consecutive peer reviews conducted under the auspices of the AICPA. The review included a number of specific engagements for which Single Audit and Government Auditing Standards apply.

Cherry Bekaert Advisory LLC will deliver all services under this contract and is not subject to AICPA peer review requirements, nor is it required for internal auditing services.

b Vendors not subject to the American Institute of Certified Public Accountants external review requirements must provide detailed information regarding all aspects of the Vendor's formal internal quality control program/process. This should include but is not limited to: quality control policies and procedures; any independent evaluation or self-assessment of the quality control program; summary results of client surveys; or any other data supporting the success of the quality control process.

We strive to provide the highest possible quality of service to our clients, to meet our obligations to the public, and to conform to the standards of our profession. To meet these goals, we adhere to policies and procedures that provide reasonable assurance that we complete every audit, accounting and management advisory services engagement in accordance with the high standards of the public, our Firm, and most importantly, our clients.

It is Cherry Bekaert policy that all engagements be properly planned, performed, supervised, reviewed, documented and reported upon in accordance with the requirements of regulatory authorities, the Firm's standards and professional standards (the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Audit).

We continuously monitor our quality control system and inspect it annually to ensure that our policies and procedures are designed suitably and applied effectively throughout service delivery. The Firm engages in a number of measures to help ensure the quality of our work, including annual internal inspections performed by subject matter leaders independent of the engagement team and multiple engagement-specific quality control procedures.

The standards followed ensure that workpapers are complete and clear regarding:

- ▶ Information and facts
- ▶ Scope of the audit work performed
- ▶ Source of information obtained
- ▶ Conclusions reached

Cherry Bekaert's management team is involved in all projects to ensure:

- ▶ Each engagement has been adequately planned

- ▶ Work performed is in accordance with defined scope
- ▶ Work conducted is in accordance with professional and firm standards
- ▶ Documentation of Internal Controls that are significant to the performance objectives are obtained, assessed, evaluated, documented and considered for their impact on the work performed.
- ▶ Conclusions drawn are based on an evaluation of sufficient, appropriate evidence against criteria, such as specific requirements, measures, or defined business practices and their alignment with the audit objectives.
- ▶ Detailed reviews of workpapers involve at least one level of review; two levels in selected cases where risks profile is high.

From a deliverables standpoint, we also employ the following quality control procedures:

- ▶ **Work Paper Review** - all client work papers are reviewed by at least one individual at a level higher than the preparer.
- ▶ **Deliverable Review** – deliverables are reviewed by another individual at the same level or one level higher than the preparer, and then by a Partner or Managing Director.
- ▶ **Frequent Partner and Manager Interaction** - our partners and managers are heavily involved in all engagements. This allows the leaders of our Firm, who are also leaders in the audit and management consulting field, to monitor the quality of all work.

All deliverables are reviewed against the minimum acceptance criteria agreed to with our clients. At the conclusion of the audits, workpapers will be owned by the client. As a matter of corporate policy, Cherry Bekaert retains copies of workpapers for seven (7) years. All workpapers are reviewed and approved by the Engagement Leader or another audit professional.

c In its proposal response, Vendor shall include a statement asserting whether or not any regulatory sanctions have been levied against it or any of its partners, officers, directors, employees, or agents by any state or federal regulatory agencies within the last three (3) years. As used herein, the term “regulatory sanctions” includes the revocation or suspension of any license or certification, the levying of any monetary penalties or fines, and the issuance of any written warnings. If any such action has been taken, the Vendor shall include a complete description of the action and the circumstances that resulted in the action.

No regulatory sanctions have been levied against Cherry Bekaert Advisory LLC or its partners, officers, directors employees or agents by any state or federal regulatory agency within the last three (3) years.

d In its proposal response, The Vendor shall include a statement asserting whether or not any regulatory investigations are pending against the vendor or any of their officers, directors, employees, and agents by state or federal regulatory agencies. If any such investigations are pending, the vendor shall include a complete description of the pending investigation.

There currently are no regulatory investigations pending that will adversely affect our ability to provide the requested services.

e In its proposal response, Vendors shall include a statement certifying it has no outstanding liabilities to the Internal Revenue Service, other government entities or unpaid final judgments for which it remains liable.

Cherry Bekaert confirms that we do not have any outstanding liabilities to the Internal Revenue Service, other government entities, or unpaid final judgments for which we remain liable.

4.8 Financial Statement

a. For Vendors required by law to have financial statement audits, provide the following information in the proposal response:

Our most recent audited financial statements are included as **Appendix A**. Please note that this information is confidential.

4.9 Cost Proposal

We understand and appreciate your desire for professional service providers who are both highly qualified and cost-effective. Our hourly rates below represent a significant discount from our standard hourly rates as a demonstration of our commitment to continue our mutually rewarding, long-term relationship with the State. Please see **Attachment A** for our rates by staff level and service category. In addition:

- ▶ Please Note: “Cherry Bekaert” is the brand name under which Cherry Bekaert LLP and Cherry Bekaert Advisory LLC, independently owned entities, provide professional services in an alternative practice structure in accordance with applicable professional standards. Cherry Bekaert LLP is a licensed CPA firm that provides attest services, and Cherry Bekaert Advisory LLC and its subsidiary entities provide business advisory and non-attest services. For more details, visit cbh.com/disclosure.
- ▶ The fee estimate for each RFQ will be based on our understanding of the scope and nature of the services requested, level of effort required and established rates for each service category. Fee estimates will include time to agree on scope details with Client staff and update our understanding the project.
- ▶ To continuously provide competitive salaries for our professionals and access to the top talent for the State, all rates will increase by 3.5% each year to account for annual cost of living increases. We are committed to maintaining affordable, cost-effective and value-driven service for the State; this annual escalation is less than the current federal cost-of-living adjustment (COLA) of 4.6%.

5.4 Project Staffing

In its proposal the Vendor shall provide information as to the qualifications and experience of audit, accounting, data analytics and managerial advisory personnel to be assigned to each of the service categories for which the Vendor submits a proposal. Personnel qualifications should include resumes citing educational background, experience with similar services and related certification, as well as the number of years of experience with each type of service, as identified in the Section 5 Scope of Works, Service Categories. Project Staffing should align with the intended staff categories identified in Section 4.9 of this RFP.

The Cherry Bekaert team available to the State brings specialized knowledge in the unique accounting, auditing and compliance issues you face. We commit to provide timely and helpful responses to time sensitive questions; our team is available to you year-round.

We have the considerable resources and expertise necessary to meet your service level and time requirements. We ensure frequent and direct access to the partners, directors and managers who maintain responsibility for the engagement. Each engagement team is handpicked for alignment with the special needs and considerations of our client. We employ a high ratio of partners and senior managers to staff. This allows the Firm to staff and supervise engagements with a higher level of experienced staff than most firms. The following senior level resources will be assigned to this Statewide Term Contract.

Personnel Name/Title	Services Provided	Years of Experience
Christian Fuellgraf Partner, Cherry Bekaert Advisory LLC	- Engagement Partner - Government & Public Sector Industry Leader	22+
Steven J. Ursillo, Jr., CPA, CISA, CISSP, CEH, CCSFP Partner, Cherry Bekaert LLP Partner, Cherry Bekaert Advisory LLC	Cybersecurity Assessments	32+
Neal Beggan, CISA, CRISC, CRMA, CCSFP, CMMC-PA Partner, Cherry Bekaert Advisory LLC	Information Technology Audits	30+
Bob Misch, PMP Partner, Cherry Bekaert Advisory LLC	Managerial Advisory Services	25+
Denise Lippuner, CPA, CGFM, CRMP-FED Managing Director, Cherry Bekaert Advisory LLC	- Operational/Performance Audits - Investigative Audits - Compliance Audits - Risk Assessment and Audit Plan Development	35+
Danny Martinez, CPA, CGFM Managing Director, Cherry Bekaert Advisory LLC	- Financial Audit - Accounting & Financial Services - Grant Compliance	16+
Aurpon Bhattacharya, PMP, CGFM, CSA, CSM Managing Director, Cherry Bekaert Advisory LLC	Managerial Advisory Services	30+
Eric Poppe Managing Director, Cherry Bekaert Advisory LLC	Managerial Advisory Services	14+

Personnel Name/Title	Services Provided	Years of Experience
David (Brook) Conner, CISSP Director, Cherry Bekaert Advisory LLC	► Cybersecurity Assessments	35+
Nicolie Lettini, MBA Director, Cherry Bekaert Advisory LLC	► Managerial Advisory Services	22+
Audrey Magennis, CISA, CRISC, CDPSE Director, Cherry Bekaert Advisory LLC	► Information Technology Audits	25+
Scott Anderson, CPA Director, Cherry Bekaert LLP Director, Cherry Bekaert Advisory LLC	► Financial Audit ► Accounting & Financial Services	18+
Christine Dever Homack, CPA/CFF, CFE, MBA Senior Manager, Cherry Bekaert Advisory LLC	► Operational/Performance Audits ► Investigative Audits ► Compliance Audits ► Risk Assessment and Audit Plan Development	25+
David Boyd, CPA, CANZ Senior Manager, Cherry Bekaert Advisory LLC	► Managerial Advisory Services	20+
Brian Miller, CISA, CCSFP Senior Manager, Cherry Bekaert Advisory LLC	► Information Technology Audits	16+
Edul Bamji, CPA, CRISC Senior Manager, Cherry Bekaert Advisory LLC	► Information Technology Audits	38+
Donald McGraw Senior Manager, Cherry Bekaert Advisory LLC	► Managerial Advisory Services	20+
Brittney Younger Manager, Cherry Bekaert Advisory LLC	► Data Analytics/Continuous Monitoring	18+
Suzanne Dale, CPA Manager, Cherry Bekaert Advisory LLC	► Operational/Performance Audits ► Investigative Audits ► Compliance Audits ► Risk Assessment and Audit Plan Development	29+
Nancy Lilling Menold, CPA, CIA, CFE Manager, Cherry Bekaert Advisory LLC	► Operational/Performance Audits ► Investigative Audits ► Compliance Audits ► Risk Assessment and Audit Plan Development	25+
Allsion Godwin, CIA Manager, Cherry Bekaert Advisory LLC	► Operational/Performance Audits ► Investigative Audits ► Compliance Audits ► Risk Assessment and Audit Plan Development	20+
Shuo Zhang Manager, Cherry Bekaert Advisory LLC	► Compliance Audits	15+

Personnel Name/Title	Services Provided	Years of Experience
Debbie Payne, CISA Manager, Cherry Bekaert Advisory LLC	▶ Information Technology Audits	15+
Kirsten Furlong, CISA, CRISC, CSX Manager, Cherry Bekaert Advisory LLC	▶ Information Technology Audits	19+
Rob Clifton, CISSP Manager, Cherry Bekaert Advisory LLC	▶ Information Technology Audits	26+
Jack McKee, CPA Manager, Cherry Bekaert Advisory LLC	▶ Financial Audit ▶ Accounting & Financial Services	6+
Vicki Dallas Manager, Cherry Bekaert Advisory LLC	▶ Financial Audit ▶ Accounting & Financial Services	10+
Michael Barber Manager, Cherry Bekaert Advisory LLC	▶ Data Analytics/Continuous Monitoring	10+
Justin Jung Manager, Cherry Bekaert Advisory LLC	▶ Managerial Advisory Services	5+
Hina Kanwal Manager, Cherry Bekaert Advisory LLC	▶ Managerial Advisory Services	8+
Kristina Fischer, CPA Senior Associate, Cherry Bekaert Advisory LLC	▶ Internal Audit	8+
Lamar Norwood, MBA, CIA, CISA, CRMA Senior Associate, Cherry Bekaert Advisory LLC	▶ Operational/Performance Audits ▶ Investigative Audits ▶ Compliance Audits ▶ Risk Assessment and Audit Plan Development	20+
LeaRae Webb, CPA/CFF, CIA, CFE, CIGA Senior Associate, Cherry Bekaert Advisory LLC	▶ Operational/Performance Audits ▶ Investigative Audits ▶ Compliance Audits ▶ Risk Assessment and Audit Plan Development	15+
Emily Trujillo Rodriguez, MPA, CIA Senior Associate, Cherry Bekaert Advisory LLC	▶ Operational/Performance Audits ▶ Investigative Audits ▶ Compliance Audits ▶ Risk Assessment and Audit Plan Development	8+
Rachel Drishinski Senior Associate, Cherry Bekaert Advisory LLC	▶ Financial Audit ▶ Accounting & Financial Services	8+
Stephanie Ratajczak Senior Associate, Cherry Bekaert Advisory LLC	▶ Managerial Advisory Services	10+

**Christian Fuellgraf****Partner, Cherry Bekaert Advisory LLC*****Government & Public Sector Industry Leader***

Christian has 10 years of state government experience and more than 22 years of public sector consulting experience. As a consultant, he provided organizational improvement and planning, grant management, financial management, project oversight and independent verification and validation (IV&V) services. He also provided technical leadership and budgeting expertise to senior C-suite clients of large and small government organizations, non-profits and NGOs.

Christian's consulting roles have been dedicated to serving the senior executive leadership of complex public sector organizations in the United States, Canada and across the globe. Christian has helped numerous State & Local government clients with process improvement, operational and capital budget process and modernized budget systems, as well as ERP systems. He served in senior roles with PWC, IBM, SAP, Gartner Consulting and Grant Thornton. He has significant experience supporting risk and grant management projects, most recently serving as a co-lead for grants management at a Big 5 firm, including CARES Act and ARPA projects. In this role, he had direct client delivery responsibility for multiple clients as well as oversight and quality assurance duties for all related projects in the state and local government market.

Prior to consulting, Christian held several staff and senior staff positions, including deputy chief of staff, in the Office of the Governor of Ohio. He also served as the President of the State of Ohio Controlling Board, Deputy Director and Acting Director of the Ohio Office of Budget and Management (OBM).

Education

B.A., Economics and Political Science – Capital University, Columbus, Ohio

Areas of Expertise

- ▶ Business Process Engineering
- ▶ Digital Transformation
- ▶ Enterprise Resource Planning (ERP)
- ▶ Grants Management & Grants Management Systems
- ▶ IT Strategy
- ▶ Public Sector Budgeting & Budget Systems
- ▶ State & Local Government



Steven J. Ursillo, Jr., CPA, CISA, CISSP, CEH, CCSFP

Partner, Cherry Bekaert LLP

Partner, Cherry Bekaert Advisory LLC

CA-103626, DE-CA0002357, RI-2884

Steve serves as Cherry Bekaert's National Leader for the Information Assurance & Cybersecurity practice. He specializes in risk management, internal control over financial reporting, information system security, privacy, cyber fraud prevention and detection, security and privacy governance, and IT assurance services.

Steve is a nationally recognized writer and speaker on issues in the forefront of cybersecurity, risk and technology publications. He has delivered numerous presentations for various professional organizations and the public. In addition, Steve has provided end-user security awareness training to several clients' staff, managers, directors, board members and to the general public. He has also performed live hacking demonstrations on simulation systems including network, wireless, mobile, application and web application attacks.

Education

Bachelor of Science in Business Administration, Bryant University

Masters of Computer Information Science, Boston University

Relevant Experience

- ▶ Cybersecurity
- ▶ SOC 1/2/3
- ▶ HIPAA/HITRUST
- ▶ Ethical Hacking and Vulnerability Management
- ▶ Internal Controls
- ▶ IT Risk Assessments
- ▶ Privacy

Additional Credentials

- ▶ Certified Internal Auditor ("CIA")
- ▶ Certified Global Management Accountant ("CGMA")
- ▶ Certified Fraud Examiner ("CFE")
- ▶ Certified Information Security Manager ("CISM")
- ▶ Certified Information Technology Professional ("CITP")
- ▶ Certified in Governance and Enterprise IT ("CGEIT")
- ▶ Certified in Risk and Information Systems Controls (CRISC)
- ▶ Certified Ethical Hacker ("CEH")
- ▶ Certified Common Security Framework Practitioner ("CCSFP")

Professional & Civic Involvement

- ▶ American Institute of Certified Public Accountants ("AICPA")
- ▶ System and Organization ("SOC") Task Force, AICPA
- ▶ National Council, Information Management and Technology Assurance Committee ("IMTA"), AICPA
- ▶ Co-chair, IMTA Cyber Security Task Force, AICPA

**Neal Beggan, CISA, CRISC, CRMA, CCSFP, CMMC-PA****Partner, Cherry Bekaert Advisory LLC****Risk Advisory Services**

Neal is the Firm's Risk Advisory and Information Technology Audit Group Leader. A Certified Information Systems Auditor (CISA), Certified in Risk and Information Systems Control (CRISC), Certified in Risk Management Assurance (CRMA), Certified CSF Practitioner (CCSFP) and one of the nation's first CMMC Provisional Assessors (CMMC-PA), Neal has over 20 years of audit, consulting and compliance experience, and has performed reviews in the following areas across a myriad of IT platforms: SOX 404, NIST 800-53/171, HIPPA/HITRUST, ISO 27001/2, FISCAM, GDPR, OMB A-130, and SOC 1/2/3.

Clients depend on Neal to identify key business and IT risks and recommend practical solutions to mitigate those risks, as well as to perform operational audits to identify cost savings and revenue opportunities. Neal has experience improving existing internal audit methodologies for large corporations, and leading corporate-wide training for clients and the Firm. Prior to joining Cherry Bekaert, Neal worked at a regional accounting firm as an IT audit manager, as an IT audit senior with Ernst & Young's Technology and Security Risk Services practice, and as a consultant with KPMG's Risk Advisory practice.

Education

BBA in Finance with a concentration in Computer Information Systems (CIS), James Madison University

Areas of Expertise

- ▶ SOX 404
- ▶ Governance, Risk & Compliance
- ▶ Internal Audit
- ▶ IT Audit & Consulting
- ▶ Cybersecurity
- ▶ IT Internal Controls
- ▶ Privacy
- ▶ Risk Assessment Services

Professional & Civic Involvement

- ▶ AICPA SOC for Supply Chain Committee Member
- ▶ Information Systems Audit and Control Association (ISACA)
- ▶ Institute of Internal Auditors (IIA)
- ▶ Board Member, Autism Society of America
- ▶ Executive Committee, Leukemia & Lymphoma Society
- ▶ School of Accounting Guiding Executive ("SAGE") Board, James Madison University

**Robert (Bob) Misch, PMP****Partner, Cherry Bekaert Advisory LLC****Advisory Services**

Bob Misch serves as a Partner in Cherry Bekaert's Advisory practice and leads the Digital Transformation Services practice. He has experience in leading cross-functional teams, helping clients maximize the use of cost and performance information to improve program management and business processes.

Bob is a recipient of Consortium for Advanced Management, International's Robert A. Bonsack award for distinguished contribution in the advancement of cost & performance management. He also received the Northern Virginia Chapter of the Association of Government Accountant's (AGA) Federal Financial Partnership Award.

Since early on in Bob's career, he has been a panelist and keynote speaker on various topics around cost and performance management. Bob is a U.S. Navy veteran who served in various operational roles and continues to support the military and their families.

Education

U.S. Naval Academy

Areas of Expertise

- ▶ Business and Technical Strategy
- ▶ Business Transformation
- ▶ Cost Optimization
- ▶ Continuous Process Improvement
- ▶ Cost & Performance Management
- ▶ Organizational Alignment
- ▶ Performance Management
- ▶ Program / Project Management

Professional & Civic Involvement

- ▶ Consortium of Advanced Management, International (CAM-I)
- ▶ US Chamber of Commerce Hiring Our Heroes Foundation
- ▶ American Society of Military Comptrollers (ASMC)
- ▶ Project Management Institute (PMI)
- ▶ Wreaths Across America
- ▶ Youth Coach

**Denise Lippuner, CPA, CGFM, CRMP-FED****Managing Director, Cherry Bekaert Advisory LLC****Government & Public Sector Risk & Accounting Advisory Services***State & Local Government Domain Leader*

As the State and Local Advisory Leader at Cherry Bekaert, Denise assists organizations predict, prepare, protect, manage and respond to risk through the development and implementation of holistic and innovative solutions. In addition to assisting organizations with developing and implementing internal control and risk management programs, Ms. Lippuner assists agencies with audit readiness and remediation activities with an eye towards improving financial and operational process.

Denise began her career with the Government Accountability Office (“GAO”) over 35 years ago performing pre-CFO Act audits. This experience led to a desire to help public sector organizations improve financial and risk management processes, both as an auditor and as a consultant. Prior to joining Cherry Bekaert, she was a partner at Grant Thornton and IBM, responsible for leading their Public Sector Risk Advisory practices.

Education

BS in Accounting, Virginia Tech

Areas of Expertise

- ▶ Enterprise Risk Management
- ▶ Grant Compliance
- ▶ Financial Accounting and Reporting
- ▶ Internal Audit & Controls
- ▶ Risk Assessment
- ▶ Audit Readiness and Remediation

Professional Involvement

- ▶ Association of Government Accountants
- ▶ Association for Federal Enterprise Risk Management



Danny Martinez, CPA, CGFM

Managing Director, Cherry Bekaert Advisory LLC

Government & Public Sector Risk & Accounting Advisory Services

Government & Public Sector Accounting Advisory Lead

Danny is a licensed CPA and provides advisory, audit and training services to a wide range of governmental entities including municipalities and their component units, counties, school districts, tribal governments, airports, ports and hospitals. He has provided technical accounting assistance to some of the largest cities and counties in the country.

He leads a team of accounting advisory professionals who solely service the public sector. At any given time his team is providing accounting advisory services to dozens of state and local governments across Cherry Bekaert's footprint. He is a frequent presenter at national and state conferences on a variety of topics including new GASB standards, financial statement internal controls best practices, grant control and compliance issues, and the future of government. He has also published numerous articles and webinars on these and other accounting and grant topics.

Danny is the past Zone 3 (GASB) Chair of the American Institute of Certified Public Accountants (AICPA) Technical Issues Committee, a group that provides a voice for its constituents in the standard-setting process. In this role he was the project lead on the *GASB 87, Leases Implementation Guide (2019-3)*, *GASB 96, Subscription-Based IT Arrangements*, and the *Financial Reporting Model Reexamination* projects. This experience provides him with unique insight into the technical details of these standards and direct access to GASB staff to address any client concerns.

Education

B.S. in Accounting, University of Southern California

Areas of Expertise

- ▶ Accounting Advisory
- ▶ GASB Technical Accounting Assistance
- ▶ Annual Comprehensive Financial Report (ACFR) Drafting and Review
- ▶ Account and Financial Close Reconciliation
- ▶ Public Speaking

Professional Involvement

- ▶ Past GASB Zone Chair, AICPA Technical Issues Committee
- ▶ Association of Governmental Accountants, Dallas and New Mexico Chapters

**Aurpon Bhattacharya, PMP, CGFM, CSA, CSM****Managing Director, Cherry Bekaert Advisory LLC****Government & Public Sector Advisory Services**

As a Managing Director in Cherry Bekaert's Advisory practice and Government & Public Sector (GPS) industry group, Aurpon solves complex business problems and leads client engagements. He leverages technology and analytics to make data-driven decisions and transform data visualization for his clients. By combining his supportive leadership style and refined business development skills, Aurpon successfully serves government and public sector, professional services and technology clients.

Aurpon has led many client engagements in data-driven decision making, budgeting and performance management to reflect the full cost of products and services in numerous federal agencies, including many in the transportation and aerospace spheres. Additionally, he has led numerous portfolio management, program management and project management engagements.

Prior to joining Cherry Bekaert, Aurpon was a partner in the financial transformation arm of a global management consulting firm, during which he led the cost, performance and foundational analytics practices. Aurpon also managed over \$20 billion worth of sales and designed his service line's go-to-market strategy. In addition to leading over 100 professionals in his service line, Aurpon pioneered their first service catalog and financial management analytics tool to further growth.

Education

M.P.A. in Public Affairs, Indiana University

B.A. in Political Science, Wabash College

Areas of Expertise

- ▶ Financial Transformation
- ▶ Cost & Performance Management
- ▶ Business Intelligence & Data Analytics
- ▶ Digital Strategy & Transformation

Civic Involvement

- ▶ Distinguished Alumni Council, O'Neill School of Public & Environmental Affairs - Indiana University
- ▶ Dean's Advisory Council, Luddy School of Informatics - Indiana University
- ▶ Diversity & Inclusion Council, Luddy School of Informatics - Indiana University
- ▶ Ascend - Greater Washington Chapter

**Eric Poppe, CPA****Managing Director, Cherry Bekaert Advisory LLC***Advisory Services*

VA-51277

As a Managing Director with Cherry Bekaert's Government Contractor Industry practice, Eric helps clients of varying size and complexity navigate the business and compliance requirements that come with working alongside the Federal Government. Eric assists clients with addressing the complexities that come with federal contracting by providing a "real-world" approach to accounting, cost accounting and pricing, system processes and contract management services.

He has helped clients with a range of solutions from helping to prepare Forward Pricing Rate Proposals (FPRP), Incurred Cost Submissions, providing support regarding the Cost Accounting Standards (CAS), internal audits, contract management and guidance related to Small Business regulations. Additionally, Eric has guided clients to properly implement business system requirements, navigate government audits and provide proposal pricing support.

Eric began his career as an intern at Cherry Bekaert. Prior to rejoining Cherry Bekaert in 2015, Eric worked at a Big Four firm's advisory practice for four years. There, he primarily focused on providing accounting and contracting support to companies in accordance with the Federal Acquisition Regulation (FAR), Defense Contract Audit Agency (DCAA) and Cost Accounting Standards.

Education

B.S. in Accounting and Information Systems, Virginia Tech University

Areas of Expertise

- ▶ Government Contractor Consulting Services
- ▶ Cost Accounting Standards (CAS)
- ▶ Indirect Rates & Pricing
- ▶ Federal Acquisition Regulation (FAR)
- ▶ Federal Acquisition Regulation Supplement (DFARS)
- ▶ Compliance Business Systems
- ▶ SBA 8(a) Business Development Program Consulting
- ▶ Service Contract Labor Standards
- ▶ Cost Modeling
- ▶ ERP & Accounting Systems (SAP, PeopleSoft, Glavia, Great Plains, Deltek, Unanet, Jamis)

Professional & Civic Involvement

- ▶ American Institute of Certified Public Accountants (AICPA)
- ▶ Professional Services Council (PSC)
- ▶ National Defense Industrial Association (NDIA)
- ▶ Armed Forces Communications Association (AFCEA)
- ▶ Volunteer Assistant Coach, High School Wrestling



David (Brook) Conner, CISSP

Director, Cherry Bekaert Advisory LLC

Information Assurance & Cybersecurity

As a Director in Cherry Bekaert's Information Assurance & Cybersecurity practice, Brook manages a team of cybersecurity professionals while providing technology leadership expertise across a broad range of industries, including government services, professional services healthcare & life sciences, technology, education, retail, manufacturing, and media sectors.

Additionally, Brook has successfully led digital transformations at multiple multi-billion-dollar organizations, both public sector and corporate. Cybersecurity has been a key component of these transformations, ensuring that the new digital organization is both secure and effective. He built original cybersecurity programming for a Fortune 500 company and remediated cybersecurity issues for a Fortune 50 company. He has performed due diligence and integration both before and after numerous acquisitions across various industries.

Prior to joining Cherry Bekaert, Brook was the Senior Director of an advisory firm's cybersecurity and technology risk practices. Earlier in his career, Brook was the Chief Information Officer for the Department of Education (DoE) of the State of Hawaii, where he transformed the technological landscape of state-wide public education. Under his leadership, his team replaced and modernized multiple legacy systems with programs such as Oracle Cloud Financials, Google Workspace, and at-home tech support to stimulate new forms of collaboration and access to technology across the state.

Previously, Brook acted as the first Chief Information Security Officer (CISO) and Vice President at a global luxury retailer and manufacturer, where he engineered

a seamless and secure transition that allowed the company to innovate ahead of the curve. Brook also served eight years as Executive Director and Global Head of Security Standards and Guidance at a multinational investment and financial services company.

A noted speaker in the field of cybersecurity, Brook has also authored a textbook and numerous leading, peer-reviewed papers.

Education

M.S. in Computer Science, Brown University

B.S. in Math/Computer Science, Brown University

B.A. in Visual Art, Brown University

Areas of Expertise

- ▶ Cybersecurity
- ▶ Digital Platforms
- ▶ Managed IT Security Services
- ▶ Digital Strategy & Transformation
- ▶ IT Audit & Consulting
- ▶ Omni-Channel Retail
- ▶ Organizational Change Management
- ▶ Acquisition Integration
- ▶ Legacy System Modernization

Professional & Civic Involvement

- ▶ International Information Systems Security Certification Consortium (ISC2)
- ▶ Advisor, Pacific Center for Advanced Technology Training
- ▶ Council Member, Pauoa Elementary School

**Nicolie Cass Lettini, MBA****Director, Cherry Bekaert Advisory, LLC**

Ms. Lettini is a nationally recognized, industry leader in indirect cost allocation and total cost of service studies. Ms. Lettini's ability to interpret complex language into simple, understandable principles has allowed her to be a champion for those that do not understand the value of indirect cost calculations and its impact in funding projects and programs for the public good. Ms. Lettini developed the cost allocation software and leads the integration of the newest platform for indirect cost calculation and full cost recovery. For over twenty-two years, her whole career has been dedicated to indirect cost calculation and full cost recovery. She has prepared over 850 complete cost allocation plans and cost of service studies nationwide in various size State and Local governments.

Ms. Lettini is considered a subject matter expert in the field of cost allocation and indirect cost. Multiple federal and state agencies rely on her expertise and interpretation of how to apply 2 CFR part 200 regulations to cost categories. She has provided training to federal and state auditors as well as local government agencies about the understanding of regulations and preparation of cost allocation plans.

Ms. Lettini has worked with the Bridgespan, Ford Foundation, Hewlett Foundation, MacArthur, Open Society, and Packard Foundation come up with regulations for indirect cost calculation for nonprofits receiving funding from both government agencies and foundations. She was asked to sit on this panel based on her extensive government regulation knowledge in this topic of 2CFR part 200 guidelines and indirect cost calculation. She is working with them in coming up with the regulations and then further implementing this process across hundreds of thousands of nonprofits across the country to ensure their sustainability. She also is working directly with the White House OMB to revise the current 2 CFR part 200 guidelines.

Her deep experience in Cost Allocation Plans, Indirect Cost Rate Proposals and User Fee Studies includes:

- ▶ Maximizing reimbursement for clients, spending extra time to make sure clients understood not only the process but also what the indirect cost plan can bring to their organization.
- ▶ Working with agencies of all sizes to maximize their General Fund reimbursement of services performed both internally and externally.
- ▶ Helping numerous agencies take general fund departments and convert them to Internal Service Funds so they could get full cost recovery for services performed.
- ▶ Successfully defending 100% of submitted cost plans and indirect cost rate proposals through the audit process with federal and state agencies while managing to save almost \$1 Billion dollars in allowable cost from being thrown out due to incorrect interpretation to the 2 CFR part 200.
- ▶ Uncovering hundreds of millions of dollars in missed reimbursements for clients through the preparation process.
- ▶ Leading a team in managing customers on the platform and ensuring maximum cost recovery for each of our clients by continued education and assistance.
- ▶ Helping clients understand the true cost of grants direct and indirect cost so that agencies can make better strategic decisions about whether to go after a particular grant or what it is costing to provide a given grant.
- ▶ Developing a cloud-based software for calculation of cost allocation plans and indirect cost rate proposals (ICRP) that simplifies the cost allocation plan process.

- ▶ Working with federal, state, and local agencies both from the preparing and auditing sides to ensure the cloud-based system had all necessary components. The software system is user centric designed to streamline the preparation process and to assist the auditors in the auditing process of these cost plans and ICRP's.
- ▶ Working with strategic partners like Bridgespan, NGMA, eCivis, Human Services Counsel, Impact Foundry, GuideStar, GFOA, CSMFO and many others to help educate agencies from both sides of the audit and preparation of cost allocation to better understand the regulations (2 CFR part 200) and how to use the cost plan to maximize reimbursement.

Education, Certifications and Training

- ▶ B.S. Managerial Economics, University of California, Davis 2001
- ▶ M.B.A in Accounting, California State University, Sacramento 2009
- ▶ Certificates from Management Concepts in: Fundamentals of Overhead and other Indirect cost; Developing & Monitoring Indirect F&A Cost Rate proposals under CFR part 200; Cost Principles for Federal Grants: 2 CFR part 200 (subpart E) and FAR 31.2

**Audrey Magennis, CISA, CRISC, CDPSE****Director, Cherry Bekaert Advisory LLC***Information Assurance & Cybersecurity*

As a Director in Cherry Bekaert's Information Assurance & Cybersecurity practice, Audrey leverages her well-versed information technology background to guide clients through software development project management and network migration, as well as with internal audit processes. With over 20 years of experience in information technology, Audrey performs and manages Virtual Information Security Officer (VISO) and IT internal audits for a variety of service industries, such as financial services, education, insurance, and professional services.

Prior to joining Cherry Bekaert, Audrey served as a senior director at a boutique regulatory compliance and advisory firm, where she led their technology, risk, information technology audit, and cybersecurity practice. While in this role, she managed product development via life cycle implementation, established operations and security procedures for IT departments across industries, and provided a range of advisory and assurance services to clients. Audrey is a Certified Information Systems Auditor (CISA), Certified in Risk Information Systems Control (CRISC), and a Certified Data Privacy Solutions Engineer (CDPSE).

Education

Participant, Commerce & Engineering Program, Drexel University

Areas of Expertise

- ▶ Advisory Services
- ▶ Cybersecurity
- ▶ FDICIA/SOX Controls, Documentation & Testing
- ▶ Disaster Recovery/Business Continuity
- ▶ Information Technology
- ▶ IT Governance
- ▶ Network Architecture & Design
- ▶ Policy & Procedure Development
- ▶ Regulatory Compliance
- ▶ Risk Management
- ▶ Vendor Management

Professional Involvement

- ▶ Certified Information Systems Auditor (CISA)
- ▶ Certified in Risk Information Systems Control (CRISC)
- ▶ Certified Data Privacy Solutions Engineer (CDPSE)
- ▶ President, Information Systems Audit & Control Association - Harrisburg (ISACA)

**Scott Anderson, CPA****Director, Cherry Bekaert LLP****Director, Cherry Bekaert Advisory LLC***Assurance Services*

NC-32398, FL-AC47907

A licensed Certified Public Accountant in Florida and North Carolina, Scott has served the Firm's clients since 2005. He primarily provides audit services to the public sector. Scott served in the GASB Practice Fellow Program for previous two-year rotation and returned to Cherry Bekaert with vast experience in financial standard setting. Scott was on the forefront of evolving standards; since GASB is currently considering significant changes to financial reporting and presentation, Scott's involvement provides us with unique insights and access to future developments.

As a Director with the Firm's Assurance practice, and as the firm's public sector Technical Director, Scott advises clients and audit teams in all phases of financial reporting. He oversees engagement planning, performance of audit tests and report writing. Clients have sought Scott's knowledge in expertise on current technical developments in government accounting.

Scott has extensive experience with Uniform Grant Guidance and the audit requirements of the governments in the states of Virginia, North Carolina, and Florida. He has instructed at a number of external conferences and seminars, representing both the firm and the GASB, and webinars sponsored by the Firm on various technical GASB topics. In addition, Scott has served as an internal training instructor for the Firm's Audit University for several years. He also served on the Government Finance Officers Association Special Review Committee for several years, reviewing and providing feedback on annual financial statements from local governments from all over the United States.

Education

Bachelor of Arts, Utah State University

Master of Accounting, North Carolina State University

Professional & Civic Involvement

- ▶ American Institute of Certified Public Accountants
- ▶ Florida Institute of Certified Public Accountants
- ▶ Florida Government Finance Officers Association
- ▶ GFOA Special Review Committee
- ▶ GASB Fellow Program
- ▶ Leadership Tampa Bay

Relevant Experience

- ▶ North Carolina Education Lottery
- ▶ North Carolina General Assembly
- ▶ Durham County
- ▶ City of Durham
- ▶ City of Fayetteville
- ▶ City of Greensboro
- ▶ City of Raleigh
- ▶ Research Triangle Regional Transportation Authority
- ▶ City of St. Petersburg, Florida
- ▶ Miami-Dade Aviation Department
- ▶ Prince William County, Virginia
- ▶ Fairfax County, Virginia



Christine Dever Homack, CPA/CFF, CFE, MBA

Senior Manager, Cherry Bekaert Advisory LLC

Government & Public Sector Risk Advisory Services

Christine has over 25 years of experience in risk management and advisory, internal and external auditing, fraud and forensic engagements and investigations, and financial, accounting human resources and information systems. Christine has significant experience leading full-service internal audit engagements from the initial risk assessment and audit schedule development to performance of internal audits specific to State and Local government. Her experience is deeply rooted in consulting for internal control framework development to address specific challenges that government organizations face, especially in the key areas of compliance, fraud prevention, detection and deterrence, and effectiveness and efficiencies of policies and procedures. Her approach provides evaluation of the control frameworks within an organization and whether they are aligned with government auditing standards, including International Standards for Professional Practice of Internal Audit and Governmental Audit Standards (Yellow Book). Christine has led many forensic and investigative projects, requiring the utmost in client customer service and responsiveness.

Christine has an extensive background in training and development in these areas for several organizations, including the Association of Certified Fraud Examiners (ACFE) at a Global Conference and Chapter level, the Institute of Internal Auditors for several chapters, and the Florida Government Financial Officers Association (FGFOA) School of Governance and local Chapter meetings. Christine is part of the Tampa Bay Economic Crimes Task Force and has served on several Advisory Boards for local non-profits and volunteers for many events.

As a seasoned professional in her field, Christine has developed a reputation as a well-rounded CPA, CFE and internal auditor with a strong work ethic and a commitment to provide excellent service to strengthen

the organization, its control environment, and the community and citizens they serve. She is often turned to as a trusted advisor with government and nonprofit organizations, that so often have to do more with less. Her personal and professional goal is to leave the organization in a better place than when they started and provide a strong path forward with reasonable solutions to address gaps and mitigate risks wherever possible.

Prior to Cherry Bekaert, Christine had her own practice for over 16 years, serving organizations nationwide. Christine has also served directly in several positions within these industries, including C-Suite positions, CFO and Human Resources, and Internal and External Audit positions.

Education

B.S. in Management, Florida State University

B.S. in Accounting, Tampa College

MBA, Concentration in Accounting, Tampa College

Areas of Expertise

- ▶ Risk Assessment Services
- ▶ Internal Audit
- ▶ Internal Control and Process Assessment and Development
- ▶ Fraud Prevention Consulting and Training
- ▶ Forensic Accounting Investigations
- ▶ Risk & Accounting Advisory
- ▶ Forensic Services
- ▶ Strategy & Operations
- ▶ Entrepreneurial Services
- ▶ Compliance Readiness Consulting, Enterprise Risk Management Services
- ▶ Litigation Support

- ▶ Government Contractor Consulting Services
- ▶ Accounting Advisory

Professional Certifications

- ▶ Certified Public Accountant (CPA)
- ▶ Certified in Financial Forensics (CFF)
- ▶ Certified Fraud Examiner (CFE)
- ▶ Certified Internal Auditor (CIA) Candidate for Exam

Professional & Community Involvement

- ▶ American Institute of Certified Public Accountants (AICPA)

- ▶ Florida Institute of Certified Public Accountants (FICPA)
- ▶ Association of Certified Fraud Examiners (ACFE)
- ▶ Institute of Internal Auditors (IIA)
- ▶ University of Tampa, Center For Ethics, Director
- ▶ U.S. Secret Service -Tampa Bay Electronic Crimes Task Force
- ▶ Association of Certified Fraud Examiners (ACFE) Tampa Bay Chapter (former President)
- ▶ ACFE (Global) Scholarship Foundation - Global (former Treasurer)
- ▶ The Human Trafficking Foundation, Former Treasurer

**David Boyd, CPA, CAANZ****Senior Manager, Cherry Bekaert Advisory LLC***Risk & Accounting Advisory Services*

David is a Senior Manager in Cherry Bekaert's Raleigh, NC, Risk and Accounting Advisory Services Practice. He has experience delivering a range of advisory and assurance services, including Sarbanes-Oxley Compliance (SOX) consulting services, GAAP consulting, controller support services, internal audit co-sourcing, financial system and process design, assessing internal controls, and performing testing of IT general controls/application controls.

Prior to joining Cherry Bekaert, David worked for a Washington, D.C.-based firm that provided investors governance and ESG solutions, fund intelligence and services, where he served as an Accounting Manager. David is a Chartered Accountant in Australia and New Zealand and Certified Public Accountant licensed in Virginia and North Carolina.

Education

Bachelor of Commerce (B.Com.), Accounting - University of Wollongong

Areas of Expertise

- ▶ Sarbanes-Oxley Compliance and Public Company Readiness
- ▶ Financial Reporting & Technical Accounting (USGAAP & IFRS)
- ▶ Internal Audit
- ▶ Risk Management & Advisory
- ▶ IT General Controls (ITGCs)
- ▶ Financial system and process design

**Brian Miller, CISA, CCSFP****Senior Manager, Cherry Bekaert Advisory LLC***Information Assurance & Cybersecurity*

Brian Miller is a Senior Manager in Cherry Bekaert's Information Assurance and Cybersecurity practice, where he specializes in internal control over financial reporting, information technology assurance and cybersecurity services.

With more than a decade of consulting experience, Brian's knowledge and background includes technology risk management, cybersecurity, information security governance, security for privacy, information system audit, internal control over financial reporting, network and application penetration testing and vulnerability assessments, incident response policy and procedure development and other security and risk management engagements such as FFIEC, NIST 800-53/171 and HIPAA/HITECH/HITRUST.

He serves clients in a variety of industries including technology, healthcare, financial services, not-for-profit, and other industries based on the applicable regulatory and client requirements. His core experience in assurance engagements includes planning, scoping and leading SOC, cybersecurity and other technology and internal control based attestations relevant to internal technology general controls, cybersecurity and business process controls.

Prior to joining Cherry Bekaert, he was a Manager of Risk Assurance at a regional CPA and consulting firm.

Education

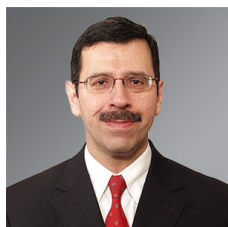
Bachelor of Science in Network Engineering, Johnson & Wales University

Areas of Expertise

- ▶ Audit & Attestation Services
- ▶ Cybersecurity
- ▶ CMMC
- ▶ IT Infrastructure & Managed Services
- ▶ Compliance Readiness Consulting
- ▶ Enterprise Risk Management Services
- ▶ Internal Audit
- ▶ IT Audit & Consulting
- ▶ Risk Assessment Services
- ▶ SOC 1/2/3
- ▶ SOC Reporting Services
- ▶ NIST 800-53/171
- ▶ HIPAA/HITRUST
- ▶ FFIEC
- ▶ IT Risk Assessments

Professional Involvement

- ▶ Information Systems Audit and Control Association ("ISACA")
- ▶ Institute of Internal Auditors ("IIA")

**Edul Bamji, CPA, CRISC****Senior Manager, Cherry Bekaert Advisory LLC***Risk & Accounting Advisory Services*

NY-062020

As a Senior Manager in Cherry Bekaert's Information Assurance & Cybersecurity practice with more than three decades of experience, Edul manages and performs information technology (IT) audits for clients, primarily those in the insurance and banking industries. His extensive experience includes all facets of IT audits from planning to execution to reporting. He regularly interacts with all levels of management and Audit Committees. He has worked on numerous Sarbanes-Oxley (SOX) engagements, which include the development of IT controls, identification of key controls, and execution of test plans.

Edul interfaces with Audit Committees and all levels of management on a regular basis. Edul has also performed pre- and post-implementation audits, and system conversion audits that encompass controls to convert data to the new systems and the ability of the new systems to process the data.

Prior to joining Cherry Bekaert, Edul was a director in the technology risk, IT audit, and cybersecurity practice of a boutique regulatory compliance and advisory firm. While in his position, Edul mentored IT audit staff, oversaw security policy compliance, managed controls testing, and audited various platforms. Edul has also worked at other large organizations managing IT, financial, and operational audits. Edul is a Certified Public Accountant (CPA) and Certified in Risk and Information Systems Control (CRISC).

Education

M.B.A. in Computer Methodology, Baruch College

B.B.A. in Accounting, Baruch College

Areas of Expertise

- ▶ Advisory Services
- ▶ Audit Planning & Risk Assessments
- ▶ Cybersecurity
- ▶ Data Analytics
- ▶ Financial Audit
- ▶ IT General Controls & Application Systems Audit
- ▶ Operational Audit
- ▶ Pre- & Post-Implementation Audit
- ▶ SOX Compliance
- ▶ SOC 1 Compliance
- ▶ System Conversion Audit

Professional Involvement

- ▶ Certified in Risk and Information Systems Control (CRISC)

Donald (Don) McGraw**Senior Manager, Cherry Bekaert Advisory LLC****Government & Public Sector Advisory**

Don is an expert in project management and complex system rollouts. He is versatile in both functional and technical solution roles and is called on to support clients across state and local, higher education and Federal markets.

Donald brings over 35 years of experience as both a government civil servant as well as an advisory services professional. Known as a multi-faceted professional, he has pragmatic consulting experience across several domains, including financial management (budgeting, cost modeling), performance improvement (data analytics, process reengineering) and information technology (functional design, software implementation).

Over the last 20 years, Donald has managed the implementation of complex cost and budget system implementations, for a wide range of public sector agencies, ranging in size from \$100 million to multi-billion dollar operations.

His experience includes performance budgeting implementation at the Department of Justice; design and implementation of a business management software solution through the financial data mapping for a \$4B Federal IT department; served as the costing subject matter expert in the a software conversion initiative with the United States Patent and Trademark Office; supporting several clients in ERP conversion initiatives by providing the expertise for the proper remapping of financial data sources; and supporting numerous Federal, state and not-for-profit clients in cost analysis, fee-setting and cost management system development.

Education

MBA, Finance and Cost Accounting, DePaul University

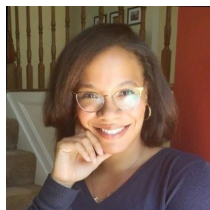
BBA, Economics, University of Iowa

Areas of Expertise

- ▶ Financial Management
- ▶ Budgeting Solutions
- ▶ Cost Management
- ▶ Performance Improvement and Analytics
- ▶ Information Technology Functional Design and Solution Implementation

Professional Involvement

- ▶ Association of Government Accountants (AGA)

**Brittney Younger****Client Success Manager & Project Lead, Cherry Bekaert Advisory LLC***Digital Advisory*

Brittney is a Manager on the Digital Advisory team at Cherry Bekaert. As a Client Success Manager and Project Lead, Brittney is fascinated and driven by the user experience across platform as a service and data as a service solutions. With over 7 years of working with various clients and industries, her main focus revolves around how individuals interact with data and information to solve key business challenges.

She understands the importance of incorporating data into business decisions through her background in data visualization and BD analytics. Brittney understands the importance of uncovering true value and making sure users are getting the most of their platform and data services through strong client retention rates.

Education

Alfred Lerner College of Business & Economics at University of Delaware; B.S. International Business/Economics/Chinese

Maryland Institute College of Art; Master of Professional Studies, Information Visualization

Areas of Expertise

- ▶ Analytics & Business Intelligence
- ▶ Data Visualization
- ▶ Strategic Planning
- ▶ Project Management
- ▶ Certified SAFe® 5 Scrum Master

Professional Involvement

- ▶ Tableau Certified Sales Certification
- ▶ Alteryx Certified Sales Certification

Suzanne Dale, CPA**Manager, Cherry Bekaert Advisory LLC****Government & Public Sector Risk Advisory Services**

Suzanne has over 29 years of accounting and auditing experience, performing all aspects of program audits and reviews involving the expenditure of public funds using Generally Accepted Government Auditing Standards (GAAS). She is experienced in planning for audits, creating audit programs, performing audit procedures, communicating the results of the audit to management, and writing final audit reports with findings and recommendations. Her experience with governmental accounting has provided her with expertise in internal controls; internal audit planning, execution, and reporting; budgeting; Single Audit requirements; and financial statement preparation.

Suzanne has reviewed and implemented proper controls for grants to ensure sufficient security, administration and reporting of federal, state and local funding. She has extensive experience setting up and executing/maintaining procurement policies and procedures, Capital Project budgets and reporting, proper internal controls and efficient business practices. Suzanne utilizes her experience in our client's risk assessments and project control reviews to provide insight regarding gaps and potential risks associated with those risks, as well as best practice recommendations for mitigating steps.

Suzanne started her career with a regional CPA and previously served in Cherry Bekaert's Government & Public Sector assurance practice. She then worked for the Randolph County government as Internal Auditor and Deputy Finance Officer. As Finance Officer for the County Tourism Development Authority, she worked closely with the North Carolina Zoo to promote their organization and understand their revenue streams.

Education

B.S. in Accounting, University of North Carolina at Greensboro

M.S. in Accounting, Gardner-Webb University

Areas of Expertise

- ▶ Governmental and Not-for-Profit Auditing and Reporting
- ▶ Internal Audits
- ▶ Fraud Examination
- ▶ Financial Forensics
- ▶ Single Audit

Professional Certifications

- ▶ Certified Public Accountant (CPA)

Professional Involvement

- ▶ North Carolina Association of Certified Public Accountants (NCCPA)
- ▶ American Institute of Certified Public Accountants (AICPA)

Nancy Lilling Menold, CPA, CIA, CFE**Manager, Cherry Bekaert Advisory LLC****Government & Public Sector Risk Advisory Services**

As a manager in the Government & Public Sector Risk Advisory practice, Nancy uses an operational process audit approach focused on risk identification and control mitigation. She has 30 years of professional experience, including 28 years in the financial services sector and more than 25 years of internal audit experience at all levels. Her internal audit experience includes creating risk and control matrices, developing and executing audit tests, writing and issuing audit reports, managing teams to complete Board-approved audit plans, training and mentoring audit teams, creating risk-based audit plans, preparing Board reports on audit results, and presenting reports to executive management and Audit Committees.

Nancy is a seasoned and pragmatic leader who is frequently called upon to coach employees, striking a balance between employee needs and corporate expectations. She utilizes her written and verbal communication skills to translate complex information for consumption at all levels of end users. Her experience enables her to bridge relationships using a dynamic yet non-confrontational approach and help mitigate risks to support process improvements within the organization.

Nancy has developed a Process Audit Approach training course and teaches it at her local community college as part of their continuing education program for CPAs.

Education

B.S. in Accounting, Finance, Management Information Systems, State University of New York at Buffalo

Areas of Expertise

- ▶ Internal Audit
- ▶ Compliance Audit
- ▶ Internal Control and Process Assessment and Development
- ▶ Operational Assessments
- ▶ Risk Assessment Services
- ▶ Process Improvement
- ▶ Audit Readiness and Remediation

Professional Certifications

- ▶ Certified Public Accountant (CPA)
- ▶ Certified Fraud Examiner (CFE)
- ▶ Certified Internal Auditor (CIA)

Professional & Community Involvement

- ▶ Association of Certified Fraud Examiners (ACFE)
- ▶ Institute of Internal Auditors (IIA)

Allison Godwin, CIA**Manager, Cherry Bekaert Advisory LLC***Risk & Accounting Advisory Services*

Allison is a Manager in Cherry Bekaert's Risk & Accounting Advisory Services practice. She has worked as a consultant performing audits and special projects in the banking and insurance services industries as well as for state and local governments. She specializes in assessing risks and internal controls by identifying control weaknesses and process inefficiencies.

Allison has over 20 years of experience in both auditing and the banking industry. She administered all Internal Audit activities for a \$700 million community bank, including risk assessment and outsourced vendor management for audit plan preparation, resource scheduling and budgeting. Her experience in banking also includes deposit compliance, lending compliance and she is a former BSA/AML Officer.

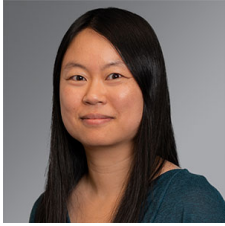
Her state government experience includes assisting state entities in their efforts to comply with the provisions of the NC Internal Audit Act as well as using the EAGLE Program assessment methodology and tools.

Education

B.S., Business Administration – Trust Management and Financial Planning, Campbell University
Graduate of the North Carolina School of Banking

Areas of Expertise

- ▶ Risk Assessment
- ▶ Internal Controls
- ▶ Internal Audit
- ▶ Audit Planning
- ▶ Bank Secrecy Act/Anti-Money Laundering
- ▶ Deposit Compliance
- ▶ Lending Compliance
- ▶ Process Improvement
- ▶ NC Internal Audit Act
- ▶ EAGLE Program Assessment Methodology and Tools

**Shuo Zhang****Manager, Cherry Bekaert Advisory LLC****Government & Public Sector Risk Advisory Services**

As a Manager in Cherry Bekaert's Public Sector Industry group, Shuo leads grant administration and compliance engagements that provide clients with end-to-end, customized solutions for their grants management needs. Specifically, Shuo executes deliverables surrounding grant management control environment evaluation, financial reporting, procurement compliance, subrecipient management, allowable cost assessment, single audit readiness assessment, and policy and procedure review. Shuo and her team also help clients implement state-of-the-art technologies to enhance data visualization, reimagine grants management workflow and drive maximum compliance through platform digital transformation, tailored to clients' unique requirements.

Prior to joining Cherry Bekaert, Shuo built and led multiple high-performance grants teams across various industries. Her expertise includes grant accounting lifecycle design, evaluation and digitalization, federal, state and local government funding compliance, internal control and workflow design, and single audit finding remediation.

Education

Master of Accountancy, George Washington University

Areas of Expertise

- ▶ Federal & State Grant Compliance
- ▶ Grant Internal Control Assessment
- ▶ Grant Lifecycle Management
- ▶ Internal Audit
- ▶ Organizational Grant Management Workflow Design
- ▶ Government Contractor Consulting Services
- ▶ Risk & Accounting Advisory
- ▶ Business Intelligence & Data Analytics
- ▶ Client Accounting Services
- ▶ Digital Platforms

**Debbie Payne, CISA****Manager, Risk Advisory, Cherry Bekaert**

Debbie has nearly 35 years of experience and expertise in the financial services industry, including 16 years of consulting experience in which she has led hundreds of risk, compliance and audit engagements. She uses this practice knowledge to employ a 'best in class' Information Security and Cyber Risk Program support structure that has been well received by examiners and auditors.

Debbie has extensive experience working with financial institutions, third-party vendors and examiners to meet and exceed client goals and offer innovative solutions leading to positive audit or exam outcomes. She uses a robust ability to lead and execute in a fast paced, constantly changing environment to help guide clients through the engagement process. Debbie prides herself on collaborating with clients to mitigate potential compliance or regulatory risk and deliver outstanding results with professionalism, pride, and spirit.

Prior to becoming a consultant in 2007, she served an 18-year career at JPMorgan Chase, where Debbie was actively involved in all aspects of Risk Management and Regulatory Compliance and was promoted to VP of Business Resiliency.

Areas of Expertise

- ▶ Cybersecurity
- ▶ Vendor Management
- ▶ Business Continuity
- ▶ IT Risk Management
- ▶ Information Security
- ▶ IT General Controls

Kirsten Furlong, CISA, CRISC, CSX**Manager, Cherry Bekaert Advisory LLC***Cybersecurity*

Kirsten is a Manager in Cherry Bekaert's Cybersecurity Practice, where her primary focus is on strategic information technology planning, GLBA Training, IT Steering Committee facilitation, IT budget planning and overseeing IT examinations and audit. As a former Senior Application Support Analyst with a top risk advisory services firm, Kirsten worked extensively with the clients and their needs as they pertained to the overall productivity of the institution. Additionally, she has maintained a strong focus on regulatory and compliance issues within both institutions while supporting rapid organizational changes.

With over 20 years of experience, Kirsten works with numerous clients as an executive level advisor, helping them build regulatory compliant Information Security, IT Risk and GLBA Assessments, Vendor Management, Policies and Procedures, Business Continuity, and Cybersecurity Assessment Programs for community financial institutions and hospitals across the country. She also assists clients by performing in-depth IT Audits and Risk Assessments and has ensured that they remain in step with changing IT regulations as well as a changing threat and vulnerability landscape. Passionate about her clients' experiences and satisfaction, Kirsten is persistent in ensuring that her clients improve their risk management posture, stay informed of what is happening in IT, and remain in compliance with an ever-changing regulatory landscape.

Education

Bachelors of Science in Information Technology, (Emphasis: Executive Support Systems/End-User Support), California State Polytechnic University - Pomona

Bachelors of Applied Science, Computer Information Systems, California State Polytechnic University - Pomona

Areas of Expertise

- ▶ Information Technology
- ▶ Regulatory Compliance
- ▶ Project Management
- ▶ Risk Assessments
- ▶ Cybersecurity
- ▶ Information Security Training

Robert "Rob" Clifton, CISSP**Manager, Cherry Bekaert Advisory LLC***Cybersecurity Services*

Rob is a Manager in Cherry Bekaert's Cybersecurity practice. He has over 20 years of experience in the information technology (IT) industry, including, information systems auditing and security awareness. His extensive experience includes vulnerability analysis, penetration testing, social engineering, risk assessment and management, host and network-based security IT auditing, workstation and server hardening and auditing, project management, information assurance and development of technical policies and documentation.

Education

B.S. Computer Science: McNeese State University

M.S. Cybersecurity: Utica College

Areas of Expertise

- ▶ IT Security
- ▶ Cyber risk and mitigation
- ▶ Regulatory compliance in financial industry
- ▶ NIST CSF
- ▶ Vendor / third party risk management
- ▶ IT and security systems administration

Professional & Civic Involvement

- ▶ Certified Information Systems Security Professional (CISSP)

Jack McKee, CPA**Manager, Cherry Bekaert Advisory LLC****Government & Public Sector Advisory Services**

Jack has spent the past seven years specializing in providing audit and advisory services to governments of all sizes, including municipalities, state agencies, counties, school districts, colleges, special districts, and tribes. His experience includes audit preparation and fieldwork, policy and procedure creation, lease implementation, SBITA review, grants management, federal award compliance, GASB technical accounting assistance, internal control review, risk assessments, state compliance review, and ACFR preparation and review.

Jack has helped numerous governmental entities implement new accounting standard. Services to these clients included the review and classification of SBITA and Lease contracts, amortization schedule creation, journal entry preparation, and drafting of new footnotes for the implementation.

Additionally, Jack works with government and not-for-profit organizations that expend federal and state funding. Services to these clients include OMB Circular/Uniform Grant Guidance compliance, policy review, SEFA and Data Collection Form preparation, lost revenue calculation review, and Single Audit preparation. Jack has also conducted training to clients across a full spectrum of topics and speaks at conferences on a regular basis.

Education

B.S. in Accounting, Northern Illinois University

Areas of Expertise

- ▶ Audits
- ▶ Accounting Advisory
- ▶ Implementation of New Standards
- ▶ GASB 87/94/96
- ▶ ACFR Writing
- ▶ Account and Financial Close Reconciliation
- ▶ Project Management

Professional Involvement

- ▶ Tennessee Society of CPAs - Currently serving on the Government and Non-for-profit Committee
- ▶ Association of Government Accountants, Nashville Chapter
- ▶ Tennessee Government Finance Officers Association
- ▶ Founding member of Cherry Bekaert's Governmental Standards Outlook Committee



Vicki Dallas, CPA, CITP

Manager, Cherry Bekaert Advisory LLC

Assurance Services

As a Manager in the Firm's Government and Public Sector, Vicki has spent the past nine years specializing in providing audit and advisory services to government entities of all sizes, including municipalities, counties, school districts, and special district, with a primary focus on K-12 public schools. Her experiences include fund reporting, Uniform Guidance compliance, internal controls, budgeting, GASB 87, *Leases* and GASB 96, *Subscription Based IT Arrangements* ("SBITA") implementation, and GASB technical accounting assistance, including cash, capital assets, and SEFA reconciliations, assistance with financial accounting software, including QuickBooks, and financial statements, including Annual Comprehensive Financial Reports, preparation, and review.

Education

Bachelor of Science, Southwestern Assemblies of God University

Master of Accounting, New Mexico State University

Area of Expertise

- ▶ Financial Audit
- ▶ State and local governments accounting

Relevant Experience

- ▶ Georgia Regents Real Estate Corporations
- ▶ Augusta-Richmond County Consolidated Governments
- ▶ City of Richardson, TX
- ▶ City of Roanoke Rapids, NC
- ▶ City of Chesapeake
- ▶ Chesapeake City Public Schools
- ▶ Columbia County, GA
- ▶ Newport News Public Schools
- ▶ Virginia Beach Public Schools
- ▶ Orange County Public Schools
- ▶ Hampton City Schools
- ▶ Collier County Schools
- ▶ Williamsburg-James City County Schools
- ▶ St. Johns County School District
- ▶ St. Lucie Public Schools
- ▶ Eddy County, NM

Professional & Civic Involvement

- ▶ American Institute of Certified Public Accountants
- ▶ Texas Society of CPAs
- ▶ President - AGA, El Paso Chapter

**Michael Barber****Manager, Cherry Bekaert Advisory LLC***Digital Advisory*

Michael is a Manager on the Digital Advisory team at Cherry Bekaert. As a Data Analytics team lead, Michael leverages extensive database development and data visualization experience to drive client success. Michael accomplishes this by providing clients with actionable insights via Tableau visualizations which allows the clients solve business challenges. He leads a team of Data Analysts that provide similar services across both Tableau and PowerBI. He is proficient in database design/development, Tableau, and Alteryx development.

Education

B.S. Computer Science, East Carolina University

Areas of Expertise

- ▶ Analytics & Business Intelligence
- ▶ Data Visualization
- ▶ Data Extraction and Transformation
- ▶ Database Design & Development
- ▶ Strategic Planning

Professional Involvement

- ▶ Tableau Certified Consultant
- ▶ Alteryx Certified Consultant

Justin Jung**Manager, Cherry Bekaert Advisory LLC****Government & Public Sector Advisory Services**

As a Manager in Cherry Bekaert's Government & Public Sector (GPS) industry group, Justin works with public sector clients to solve complex business problems. He leverages technology and analytics to make data-driven decisions and optimize business processes for his clients. By focusing on process improvement and customer success skills, Justin has led many client engagements in data-driven decision-making, data visualization transformation, and organizational efficiencies in the state of Maryland, including many in the information technology, public safety, and health spaces. Additionally, he has led numerous engagements around front-line public customer improvements to further a public agency's statutory mandates and directives, utilizing his skills in strategic planning and analysis of unmet demand for public services.

Prior to joining Cherry Bekaert, Justin was a customer success professional in the Federal Civilian team of a global Artificial Intelligence company. In this role, he led and participated in client engagements for Federal agencies within the Departments of Justice, Health and Human Services, and Supreme Court, leveraging technology for public safety operations serving their mission. Justin also spent time with the Maryland Governor's Office of Performance Improvement as a Performance Improvement Analyst where he supported Governor Hogan's Customer Service Initiative, the Maryland Council on Open Data, and Maryland state agencies on process improvement and performance management projects to improve government efficiency, transparency, and accountability.

Education

B.A. in Business Technology Administration, University of Maryland, Baltimore County

Areas of Expertise

- ▶ Business Intelligence & Data Analytics
- ▶ Digital Strategy & Transformation
- ▶ Process Improvement & Performance Management
- ▶ Customer Success & Customer Experience

Hina Kanwal**Manager, Cherry Bekaert Advisory LLC****Government & Public Sector Advisory Services**

Hina is a seasoned public sector management consultant with seven years of experience designing and implementing solutions in data analytics, financial modeling, data visualization and cost estimation across organizations of varying function and complexity. As a manager, she facilitates collaboration between modelers and internal/external stakeholders and uses tools/technologies such as CostPerform, Pilbara Group's ACE modeling software, Alteryx, PowerBI and Tableau to process complex data into comprehensive, yet digestible deliverables and briefings.

She has helped manage the operations and maintenance of large costing models (totaling \$3B+), and facilitated communication of findings, trends and performance indicators to stakeholders. Additionally, Hina has supported the design and implementation of cost and revenue analytics models to enable data-driven decision making, specifically around program evaluation, resource optimization, and revenue maximization. Hina also has experience with fee setting, including conducting annual fee analysis to inform allotment guidance and fee setting processes.

Education

Bachelor of Science, Finance and International Business, University of Maryland

Areas of Expertise

- ▶ Finance/Cost Modeling
- ▶ Activity-Based Costs/Information
- ▶ Data Analytics and Visualization

Kristina Fischer, CPA**Senior Associate, Cherry Bekaert Advisory LLC****Government & Public Sector Risk Advisory Services**

Kristina is a Senior Accountant in the Risk Advisory Services practice. She has over eight years of total experience, including more than five years of internal audit experience performing risk assessments, process optimization, monitoring new and emerging risks and conducting audits across several industries. This also includes more than two years of experience as an accountant.

Prior to joining Cherry Bekaert, she served as Financial and Contract Auditor for a publicly traded electric services company, healthcare services company that operates long-term acute-care hospitals and provides rehabilitation services across the U.S.

Education

BBA in Accounting, University of Cincinnati

Masters of Accountancy, University of Louisville

Areas of Expertise

- ▶ Internal Audit & Operational Assessments
- ▶ COSO Internal Control
- ▶ Risk Assessments
- ▶ Assessments of internal controls in accordance with Section 404 of the Sarbanes-Oxley Act

Professional Certifications

- ▶ Certified Public Accountant (CPA)

Professional & Community Involvement

- ▶ Institute of Internal Auditors (IIA)
- ▶ American Institute of Certified Public Accountants (AICPA)

Lamar Norwood, MBA, CIA, CISA, CRMA**Senior Associate, Cherry Bekaert Advisory LLC****Government & Public Sector Risk Advisory Services**

Lamar has over 20 years of audit experience, including 10 years in the public sector. Lamar has performed or led multiple contract and regulatory compliance audits that identified controls and evaluated regulatory compliance and operational efficiencies, which resulted in management reports that provided workable recommendations to address control gaps or provide operational enhancements. A number of these audits focused on Federal grants, such as the American Rescue Plan Act (ARPA), Coronavirus Aid, Relief, and Economic Security Act (CARES), and the Better Utilizing Investments to Leverage Development (BUILD) and Transportation Investment Generating Economic Recovery (TIGER) grants.

Lamar's experience includes designing and executing both entity- and project-level risk assessments; developing annual audit plans; conducting compliance audits, performance audits, and operational internal control audits, fiscal and contract compliance audits, information technology audits, and financial fraud waste and abuse hotline investigations; and sampling techniques.

Lamar has also performed an internal audit examination of the policies, procedures, and practices of a municipal historic development commission. The review focused on determining if the commission was operating in accordance with the municipal policies and achieving their objective of protecting sights with historic value or importance inside the municipality's borders. As an Internal Auditor for City Government, he assisted in implementing a risk-based approach to the audit plan development, obtaining input from multiple levels of management and process stakeholders. Utilizing the information gathered during the interview and workshop process, he assimilated the responses and updated risk rankings to develop an audit plan.

Lamar has also led ALGA Peer Review Teams for several State and Local Government Audit Groups to evaluate their compliance with both Government Auditing Standards and the International Professional Practices Framework by obtaining an understanding of the risk the organizations face and how the audit function addresses those risk.

Education

BBA in Business Administration and Management and Trust Administration, Campbell University

MBA, Campbell University

Areas of Expertise

- ▶ Internal Audits
- ▶ Fraud Examination
- ▶ Financial Forensics
- ▶ Financial Reporting
- ▶ Financial Auditing
- ▶ Risk Assessment

Professional Certifications

- ▶ Certified Internal Auditor (CIA)
- ▶ Certified Information System Auditor (CISA)
- ▶ Certified Governmental Auditor (CGA)
- ▶ Certification in Risk Management Assurance (CRMA)

Professional & Civic Involvement

- ▶ Institute of Internal Auditors (IIA)
- ▶ Vice-President of local chapter of the Institute of Internal Auditors (IIA)
- ▶ Active committee member for the Association of Local Government Auditors (ALGA)

LeaRae Webb, CPA/CFF, CIA, CFE, CIGA**Senior Associate, Cherry Bekaert Advisory LLC****Government & Public Sector Risk Advisory Services**

LeaRae has over 15 years of experience performing all aspects of audits and reviews of programs involving the expenditure of public funds using Generally Accepted Government Auditing Standards. Her responsibilities include reviewing statutory and regulatory requirements, reviewing documented policies and procedures, performing audit procedures including tests of internal controls and regulatory compliance, analyzing results of the tests, and communicating the results of the audit to management. Management reports include recommendations to respond to compliance failures as well as recommendations to improve internal controls to prevent, detect, and respond to future failures so that resources could be used effectively and in compliance with statutory and regulatory requirements. LeaRae also has experience with risk assessments, compliance audits, internal control audits, forensic audits, and assisting with fraud/waste/abuse (FWA) hotline investigations.

Prior to joining Cherry Bekaert, she worked for the Office of Inspector General for the City of New Orleans, Ernst & Young, as well as a regional CPA Firm. While working at the Office of Inspector General, LeaRae conducted an audit of the Audubon Nature Institute's purchasing, credit card usage and payroll/executive compensation. The audit focused on controls around potential co-mingling of funds, illegal donations of public funds and shifting overtime hours into other pay periods to avoid paying overtime to employees.

Education

B.S. in Computer Science, Clemson University

M.S. in Accounting with Auditing Concentration, University of New Orleans

Areas of Expertise

- ▶ Risk Assessments
- ▶ Internal Audits
- ▶ Fraud Examination
- ▶ Financial Forensics and Investigations

Professional Certifications

- ▶ Certified Public Accountant (CPA)
- ▶ Certified in Financial Forensics (CFF)
- ▶ Certified Internal Auditor (CIA)
- ▶ Certified Fraud Examiner (CFE)
- ▶ Certified Inspector General Auditor (CIGA)

Professional & Community Involvement

- ▶ American Institute of Certified Public Accountants (AICPA)
- ▶ Florida Institute of Certified Public Accountants (FICPA)
- ▶ Association of Certified Fraud Examiners (ACFE)
- ▶ Institute of Internal Auditors (IIA)

Emily Trujillo Rodriguez, MPA, CIA**Senior Associate, Cherry Bekaert Advisory LLC****Government & Public Sector Risk Advisory Services**

Emily is a Senior Associate in Cherry Bekaert's Government & Public Sector Risk Advisory Services practice. She has eight years of experience in local government finance including quasi-municipal government, city government, state government, and university settings. Emily has performed risk assessments and developed audit plans and has both performed and led internal audits in the following areas: compliance, performance, assurance, contracts, and operations. Other relevant experience includes reviewing statutory and regulatory requirements, reviewing documented policies and procedures, planning audit engagements, performing audit procedures (including tests of internal controls and regulatory compliance), analyzing results of the tests, and communicating audit results to management through presenting findings and recommendations to various committees, boards, and councils. She also has state and federal grant management experience including CARES, construction grants, and Federal Highway Administration grants while employed in both a university and state government setting.

Education

Bachelor of Arts in Applied Music, Wartburg College

Master of Public Administration, University of Kansas

Areas of Expertise

- ▶ Risk Assessment Services
- ▶ Contracts Audits
- ▶ Operations Audits
- ▶ Performance Audits
- ▶ Compliance Audits
- ▶ Assurance Audits
- ▶ Grants Administration
- ▶ Local/State Government Strategy & Operations
- ▶ Local/State Government and Higher Education Financial Analysis, Planning and Budgeting

Professional Certifications

- ▶ Certified Internal Auditor (CIA)

Professional Involvement

- ▶ Institute of Internal Auditors (IIA)

Rachel Drishinski**Senior Associate, Cherry Bekaert Advisory LLC****Government & Public Sector Risk Advisory Services**

Rachel has 10 years of accounting experience including the four years of experience performing compliance audits for all types of industries with the Washington State Department of Revenue. This involved planning, organizing, and conducting audits in a regulatory environment with the responsibility and authority to address compliance issues and mitigate material risks with businesses and their affiliates in accordance with GAAS, GAGAS, and GAAP. Rachel's responsibilities include conducting fieldwork and investigations on accounts while creating and maintaining solid working relationships with business owners, accountants, CPAs, executives, board members, and other business staff members; evaluating business activities, including both internal and external controls, and accounting records to assess risks, materiality, tax issues, and areas of improvement; preparing and documenting audit findings on workpapers and presenting findings to clients; providing education on tax laws and compliance to ensure accuracy, and writing formal reports expressing the audit findings, issues, and risks.

Education

BS in Accounting, University of Phoenix and Brigham Young University – Idaho

Areas of Expertise

- ▶ Compliance Audit
- ▶ Risk Assessment Services
- ▶ Internal Audit
- ▶ Risk Advisory
- ▶ Accounting Advisory

Professional Involvement

- ▶ American Institute of Certified Public Accountants (AICPA)
- ▶ Institute of Internal Auditors (IIA)
- ▶ Association of Government Accountants (AGA)

Stephanie Ratajczak**Senior Associate, Cherry Bekaert Advisory LLC****Government & Public Sector Advisory Services**

As a Senior Associate in Cherry Bekaert's Government & Public Sector (GPS) Advisory group, Stephanie supports clients through their indirect cost projects. She creates cost allocation plans for clients to allow for more accurate budget forecasting by giving an increased awareness of their organization's indirect costs.

Stephanie has performed work on numerous cost recoveries and helped clients who wanted to develop their own cost plan in-house using our Cost Allocation Software. She gives them the tools to be able to succeed and help their organization be as efficient as possible.

Prior to joining Cherry Bekaert, Stephanie worked as a Cost Plan Analyst and an Indirect Cost Expert.

Education

B.A. Psychology, University of New Haven, 2009

Areas of Expertise

- ▶ Cost Allocation Plans
- ▶ Indirect Cost Rates
- ▶ Full Cost Recovery

Civic Involvement

- ▶ Community Center Volunteer, Sacramento LGBT Center – Sacramento, CA
- ▶ Community Garden Volunteer, The Table - Sacramento, CA

Relevant Experience

- ▶ Provided support services for Cost Allocation Plans, Indirect Cost Rate Proposals and User Fee Studies
- ▶ Provided support services for cloud-based platform clients.

5.5 Technical Approach

Vendor's proposal shall include, in narrative, outline, and/or graph form the Vendor's approach to accomplishing the tasks outlined in the Scope of Work section of this RFP. A description of each task and deliverable and the schedule for accomplishing each shall be included.

Listed below are Cherry Bekaert's technical approaches to the services requested under this RFP. Tasks, schedules, and deliverables vary by service. If selected for a specific project, we will work with management to set clear expectations on timing and detailed tasks to be performed.

Operational/Performance Audit

We perform operational/performance audits that identify improvements which will increase effectiveness, efficiency and adaptability. We serve a broad range of public sector entities, and we offer a pressure-tested, proven methodology to help you achieve your objectives.

Understanding how to improve a process starts with getting the right context. We start by clearly identifying risks to management objectives, including financial reporting, operations and compliance objectives at both the entity-level and activity-level. When risks are clearly understood, the purpose of a process becomes evident – as do potential process improvements needed to address risks and achieve management objectives.

We recognize that clients will benefit from insights to help embed risk management and control maturity into departmental and team culture. When this occurs, sensible practices in risk and control maturity lead to competitive advantages.

To this end, we employ a risk-based approach to perform an independent and systematic evaluation of an organization's activities, which may include financial, operational and compliance risks across various areas. The primary source of information is your organization's policies and procedures, defined internal controls and ability of the organization to meet its objectives in an effective, efficient manner. Our approach includes testing of the internal systems, procedures and controls to determine alignment with those policies and procedures and whether they operate as stated and designed. We identify gaps in those controls that present risks to the organization and provide recommendations for ways to mitigate gaps and reduce risks. While each engagement will have different objectives, our collaborative approach provides the detail of how we work with you and your team to tailor the final approach for your specific needs.

Phase I: Planning and Information Gathering

- ▶ Form team with the stakeholders to agree on scope, project objectives and timeframe.
- ▶ Work with management to understand the audit and scope to be evaluated.
- ▶ Define the team with levels, applicable standards, estimated timing, cost and budget related items.
- ▶ Define project success measures, performance metrics and risk factors relevant to the scope.
- ▶ Confirm operational/performance requirements.
- ▶ Understand business area and develop audit program, including specific steps.
- ▶ Establish protocols and schedule on-site visit, as applicable.
- ▶ Present to the leadership and representatives if requested.
- ▶ Obtain approval on final audit program.

Phase II: Fieldwork & Testing of Internal Controls	▶ Conduct interviews with management and perform detailed walkthroughs of the current process and controls currently in place. ▶ Document our understanding of classes of transactions through initiation, authorization, processing, recording/accounting, and reporting, if applicable. ▶ Document our understanding of how information systems facilitate transaction processing and control activities, if applicable. ▶ Walk through controls placed in service and evaluate control design criteria. ▶ Perform control testing, identify internal control gaps, and document control testing results. ▶ Assess the overall level of control maturity using an agreed upon maturity scale. ▶ Identify and recommend solutions that address relevant risks and help achieve operational/performance requirements. ▶ Confirm findings with process and control owners prior to upward communication. ▶ Assimilate audit scope, objectives, program, procedures, risk analysis, evidence and findings for an audit report (and scope limitations, if applicable). ▶ Develop audit findings and recommendations. ▶ Draft audit report and recommendations.
Phase III: Exit Conference and Reporting	▶ Provide completed workpapers and supporting documents. ▶ Provide a draft report for review and discussion and approval. ▶ Deliver a report in an agreed upon format summarizing all exceptions identified during internal control testing with recommendations for corrective action. ▶ Collaborate with management to discuss how recommendations can be implemented. ▶ Conduct exit conference with program and executive leadership. ▶ Obtain responses for inclusion in the report. ▶ Finalize the audit report and obtain all signoffs. ▶ Issue final report in accordance with policies and procedures.

Investigative Audit Services

Our multi-layered approach limits audit exposure by knowing the regulations, assessing your practices and internal controls and completing investigations in a timely, responsive and objective manner. Investigative services will be performed in accordance with the AICPA's Statement on Standards for Forensic Services (SSFR #1).

Our approach for performing investigations is as follows:

- ▶ **Define Protocol:** A clear process for submitting inbound investigative requests must be established to completely and accurately record, assess and respond to allegations in a timely manner. Prior to conducting any investigation, we shall agree on a strict investigation process that consists of the following phases: Identification, Delegation, Prioritization, Due Diligence Investigation, Resolution and Reporting.



- ▶ **Conduct Investigation:** All investigations will be performed objectively using available information, priorities and client instruction. We view our role as an assessor of the facts. We expect each case to be unique, and we expect to handle each case in a tailored manner that adheres to a core set of principles across our investigative team: independence, objectivity and compliance. All investigative procedures shall be documented and supported in an agreed upon manner with your Compliance teams.
- ▶ **Report Risk Perspectives:** For each allegation, we will conclude on whether each case is substantiated or unsubstantiated. We will recommend next steps to adjudicate and resolve the matters. Depending on the volume and complexity of cases, we recommend having regular status calls to discuss casework, findings, trends and to complete action items required to resolve open matters. Upon completing all fieldwork, we will provide a written report to the client which documents all investigative processes and outcomes of the investigations performed.

Each investigation will leverage templates to ensure complete, accurate and consistent procedures. The templates also allow Cherry Bekaert and clients to track progress along the phases of the investigation process outlined above; both at the individual case level and at a consolidated level. We will develop templates specifically for clients as needed.

Compliance Audit

As a major provider of state/local government audit services, we are well versed in performing reviews of operations, financial transactions and/or activities to determine how well they conform with established State/Federal laws, standards, regulations and organizational policies/procedures. Our compliance audit procedures are designed to:

- ▶ Understand the regulatory requirements specific to selected audit areas;
- ▶ Assess internal controls over governance and compliance; and,
- ▶ Test to determine whether internal controls were carried out in accordance with the provisions of laws, rules, contracts and grantor agreements applicable to the client and program.

We follow a similar approach for conducting operational/performance audits presented in the previous section and conduct our audits in accordance with standards applicable to the Institute of Internal Audits and the Audit Manual of North Carolina. Our reports will note instances of noncompliance, if any, and provide perspective on the adequacy of internal controls designed to ensure compliance with policy, statute, law and related regulations.

Information Systems Audits

To address your needs around General Controls Reviews, Systems and Applications, System Development and Client/Server, we will apply our custom assessment methodologies based on industry best practices. We are highly collaborative with management when working in an outsourced environment.

We recognize that our clients benefit from not only a risk assessment, but insights to help you embed risk management and control maturity into the organizational culture. Our “top down and risk based” approach minimizes over-auditing, business disruption, and excessive costs, using a tailored control maturity model with the risk assessment process to define and agree on control maturity levels used to assess residual risk.

	Scale	Model Levels	Control Maturity Model
Maturity Evolution	3	Formal	Business process and control defined and documented
	2	Functional	Written policy but procedures not documented
	1	Informal	Lack of clarity on objectives and ownership

We employ a four (4) phase approach considering the COSO [1], NIST Cybersecurity Framework [2] and ISO 27002 [3] criteria:

- ▶ [1] Committee of Sponsoring Organizations of the Treadway Committee (COSO) 2013 Internal Control-Integrated Framework (the COSO criteria)
- ▶ [2] NIST Framework for Improving Critical Infrastructure Cybersecurity, Version 1.0, February 12, 2014
- ▶ [3] ISO/IEC 27002:2013 Information technology -- Security techniques -- Code of practice for information security controls

Phase I Planning, Mobilization, and Information Gathering of Control Environment	▶ Meet with management to understand the cybersecurity governance and entity-level control environment through inquiries and reading policy and procedure documentation. ▶ Complete and review security questionnaires with IT management. Read policies and review IT entity level control environment and information on the environment in scope. ▶ Work with management to tailor risk assessment tools. ▶ Obtain an understanding of the internal network architecture and information system infrastructure from management and technical representatives of your company. ▶ Perform the necessary pre-planning to identify the relevant areas to be covered in the assessment objectives, including a customized program around the most current risk assessment results. ▶ Perform walk-throughs with key control owners and document results. ▶ Request and evaluate supporting policies, procedures, and other relevant documentation. ▶ Determine the nature, timing, and extent of the necessary testing procedures around the customized assessment objectives. ▶ Provide cost benefit recommendations on the resolution and risk of any identified issues. ▶ Schedule and conduct important site visits to the environment in scope. Meet with operations personnel to gain an overview and any insights into network and security operations and specific risk concerns.
Phase II Risk and Control Assessments	The assessment phase will generally encompass evaluating the following areas customized based on the engagement scope: Identify: ▶ <i>Cybersecurity / InfoSec Program</i> ○ Information security governance ○ Information security organization ○ Business environment ○ Information security policies and procedures ○ Risk management ○ Asset management ○ Cyber security strategic management Protect: ▶ <i>Network & System Administration</i>

- System administration policies and procedures
- Installation and configuration
- Testing and troubleshooting
- Upgrades and patch management
- Change management
- Documentation
- ▶ *Security Management and Administration*
 - Human resource (personnel security)
 - Information protection
 - Antivirus/spam/malware
 - End-user and endpoint management
 - Content management
 - Encryption management
 - Host security
 - Application security
 - Email and messaging security
 - Mobile media protection
 - Awareness and training
- ▶ *Network and Security Architecture*
 - Network and system topology and design
 - Security design
 - Functional data flow
 - Third Party Integration
- ▶ *Logical Security*
 - Authentication
 - Access controls, access rights, profiles, and permissions
 - System and network access
 - Remote access
- ▶ *Physical & Environmental Security*
 - Environmental design and controls
 - Access control
 - Intrusion detection
 - Monitoring
- ▶ *System/Software Development and Acquisition*
 - Methodology review
 - Procurement and acquisition
 - Change management
- ▶ *Data Management*
 - Data classification

	○ Data storage ○ Confidentiality and privacy ○ Data retention and backup ▶ <i>Vender and Supply Chain Management</i> ○ Vendor risk management ○ Vender management policies and procedures Detect ▶ <i>Security and Incident Response Management and Administration</i> ○ Incident response management ○ Antivirus/Spam/Malware ○ Intrusion detection and intrusion prevention ○ Logging and monitoring ○ Vulnerability management ○ Incident response ○ Threat hunting and intelligence ○ Anomaly and event correlation Respond ▶ <i>Incident and Threat Response</i> ○ Resource planning and allocation ○ Communication and notification ○ Incident and threat analysis ○ Threat mitigation ○ Process improvement and lessons learned Recover ▶ <i>Incident and Business Recovery</i> ○ Recovery planning ○ Improvements ○ Communication
Phase III Technical Security Assessment	Conduct a detailed application and system authentication, policy, and access control assessment, in addition to a detailed system and network device configuration management assessment. This includes the network, systems, firewalls, and routers.
Phase IV Review Results of Risk Assessments and Issue Report	Work with executive management to consolidate and report risk assessment results and observations noted. We then provide a full detailed report, as well as a truncated report for presentation purposes.

**Phase V -
OPTIONAL**

**Develop and
Present 3-Year
IT and
Cybersecurity
Audit Plan**

Propose and present a 3-year IT security audit plan with responses to risk assessment areas in the form of control maturity initiatives and internal audit testing to ensure risk exposures are within management and leadership's risk tolerances.

COSO 2013 *Internal Control-Integrated Framework* Considerations

While public company regulators have not issued specific guidance on implementing the COSO 2013 framework control criteria, SEC regulations do require adoption and implementation of a control framework pursuant to Regulation S-K Item 308. Our approach considers that the Company will need to meet the following 17 "Principles" related to each of the five components of the 2013 COSO *Internal Control Integrated Framework* in order to demonstrate an effective system of internal control. Some of the most significant differences between the 1992 COSO and the 2013 COSO are the explicit criteria and guidance below:

Principles and Points of Focus. In 2006, COSO adopted a principles-based approach to the design and evaluation of internal controls, as reflected in its guidance document, *Internal Control over Financial Reporting – Guidance for Smaller Public Companies*. Drawing from this concept, COSO 2013 includes 17 principles developed around the 1992 framework's five components of internal control (see "Framework Principles" below). Moreover, the guidance explicitly presumes that if a principle is not attained, then there is evidence that the related component is not working and therefore a component is not present and functioning; hence, internal control is deficient. Other portions of the document address whether a deficiency is considered significant.

Fraud Risk Consideration. Because the nature of fraud risk is so unique, one of the 17 principles states that it must be assessed as part of internal control. Fraud risk is not limited to financial statements; it should also be included in compliance and operations risk assessments.

IT Controls. Information security risks have become ubiquitous. Companies are increasingly relying on cloud computing; inter-organizational connectivity has expanded by leaps and bounds; computer hacking is commonplace; and data is often shared instantly without human review. All of these factors led to COSO's conclusion that IT controls must be explicitly considered.

Supplemental Guidance on External Financial Reporting. The framework's supplemental guidance discusses how the 17 principles, and their corresponding points of focus, can be applied to external financial reporting. The guidance also includes numerous examples, each drawn from existing practice.

The 17 Principles across the five COSO components are included below:

Control Environment Components:

- ▶ The organization demonstrates a commitment to integrity and ethical values.
- ▶ The board of directors demonstrates independence from management and exercises oversight for the development and performance of internal control.
- ▶ Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.
- ▶ The organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with the objectives.
- ▶ The organization holds individuals accountable for their internal control responsibilities in the pursuit of objectives.

Risk Assessment Components:

- ▶ The organization specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.
- ▶ The organization identifies risks to the achievement of its objectives across the entity and analyzes risks as a basis for determining how the risks should be managed.
- ▶ The organization considers the potential for fraud in assessing risks to the achievement of objectives.
- ▶ The organization identifies and assesses changes that could significantly impact the system of internal control.

Control Activities Components:

- ▶ The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.
- ▶ The organization selects and develops general control activities over technology to support the achievement of objectives.
- ▶ The organization deploys control activities through policies that establish what is expected and in procedures that put policies into action.

Information and Communication Components:

- ▶ The organization obtains or generates and uses relevant, quality information to support the functioning of other components of internal control.
- ▶ The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of other components of internal control.
- ▶ The organization communicates with external parties regarding matters affecting the functioning of other components of internal control.

Monitoring Activities Components:

- ▶ The organization selects, develops, and performs ongoing and/ or separate evaluations to ascertain whether the components of internal control are present and functioning.
- ▶ The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the board of directors, as appropriate.

NIST Considerations

We conduct our cybersecurity assessments and risk and control methodologies using best practices considerations such as the NIST Cybersecurity framework. This approach considers the following core areas for coverage as defined by the NIST Framework for Improving Critical Infrastructure Cybersecurity version 1.0 dated February 12, 2014.

- ▶ **Identify:** Develop the organizational understanding to manage cybersecurity risk to systems, assets, data, and capabilities.
- ▶ **Protect:** Develop and implement the appropriate safeguards to ensure delivery of critical infrastructure services.
- ▶ **Detect:** Develop and implement the appropriate activities to identify the occurrence of a cybersecurity event.
- ▶ **Respond:** Develop and implement the appropriate activities to take action regarding a detected cyber security event.
- ▶ **Recover:** Develop and implement the appropriate activities to maintain plans for resilience and to restore any capabilities or services that were impaired due to a cybersecurity event.

ISO/IEC 27002:2013 Considerations

We conduct our assessment in consideration with relevant objectives that have been developed to align with the following 14 control components of ISO 27002, found in the table below. We assess the maturity of each of the below ISO components to represent the degree of formality at which an organization operates information technology and

cybersecurity activities. A tailored control maturity model is used to help management understand process capability of each area assessed in the context of the Information Security Program.

ISO Control Components	Component Description
1. Information security policies	Expresses organizations intent with regard to information security.
2. Organization of information security	How organization manages its information security across the entire enterprise, including how the institutional leadership commits its support and provides overall direction.
3. Asset management	The ways to identify, track, classify, and assign ownership for the most important assets to ensure they are adequately protected.
4. Human resources security	Safeguards and processes for ensuring that all employees are qualified for and understand their roles and responsibilities of their job duties and that access is removed once employment is terminated.
5. Physical and environmental security	Steps taken to protect systems, buildings, and related supporting infrastructure against threats associated with their physical environment.
6. Operations Security	Formalized policies, procedures, and controls, which assist in network management and operation and data and system protection.
7. Communications security	Formalized policies, procedures, and controls, which assist in network management.
8. Access control	Administrative, physical, or technical security features to manage how users and systems communicate and interact with other information resources.
9. Cryptography	Policies on the use of cryptography (encryption) and key management.
10. Information systems acquisition, development and maintenance	Security requirements established as an integral part of the development or implementation of an information system.
11. Supplier relationships	How an institution interacts with third parties to adequately secure the information and technology resources that third parties access, process, and manage.
12. Information security incident management	Program to ensure personnel are trained and equipped to detect, report, and respond to adverse events.
13. Business continuity management	Managed, organized method for the development of procedures to ensure the continuity of operations under extraordinary circumstances, including the maintenance of measures to ensure the privacy and security of its information resources.
14. Compliance	Processes for staying current with legal and contractual requirements to protect sensitive information assets.

Data Analytics/Continuous Monitoring

Cherry Bekaert's Analytics and Business Intelligence practice develops solutions which integrate systems, streamline workflows, optimize operations, drive automation, and deliver timely and actionable analytics. Our methodology and process begins with engaging and collaborating with stakeholders at all levels of your organization. We focus on gaining clarity and expanding our comprehension of the current data state and needs throughout the enterprise.

We focus our efforts on key areas to help you utilize your data to the fullest extent in order for you to make business decisions, understand what happened historically and why, and help predict what may happen in the future in order to proactively plan for future growth or identify areas of concern that can be proactively addressed.

We start any analytics project with a strategic meeting to understand your overall goals and objectives and develop a roadmap based on your priorities. A Project Charter will be created to ensure alignment across teams. Once priorities are established, we will scope each project and provide you with an estimated level of effort and time to completion, as well as resources needed during the scope of the project. We hold weekly status meetings with the team to review status, progress and next steps. A full review of the overall project will be done to ensure all your goals and objectives have been addressed prior to final sign-off and completion of each project. A sample engagement approach is below:

Activities and Timeline

Phase	Activity	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6
Discovery	Interviews/Exploratory Data Analysis, Requirements, Prioritization of Dashboard	Discovery					
Development	Design/Mockup, Build and Data Load, Test, Documentation			Develop and Deploy Dashboards			
Transition	Go Live Support/Transition					Test/Go Live	

Kick-off meetings/calls are facilitated by the engagement team leaders for each project. This meeting will focus on:

- ▶ Validating the goals
- ▶ Discussion of the current situation
- ▶ Data architecture and connectivity
- ▶ Identifying key analysis drivers
- ▶ Mutual agreement on engagement roles and expectations.

Your goals will be achieved through Cherry Bekaert's proven approach for developing and deploying data analytics solutions. A phased integration will provide structure with clear and measurable deliverables throughout the process. The phases will focus on achieving the stated goals within a defined period and be aligned to meet budget parameters. Each phase provides checkpoints to facilitate goal adjustment, modify the engagement parameters and ensure organizational alignment. Throughout the engagement, the Cherry Bekaert Project Manager will foster tight communication and collaboration with weekly status calls with the blended project team to evaluate progress and identify additional analysis opportunities.

A summary of each phase is below, followed by a detailed list of goals:

- ▶ **Phase I, Discovery:** Data Discovery; Maturity Assessment; Technology Review; Roadmap
- ▶ **Phase II, Foundation:** Technology Selection; Design; Adjust based on feedback; Manage project aligned to stated & revised goals
- ▶ **Phase III, Core:** Integration of Core Data; Development; Adjust based on feedback; Manage project aligned to stated & revised goals
- ▶ **Phase IV, Augmentation:** Integration of Additional Data; Adjust based on feedback; Manage project aligned to stated & revised goals
- ▶ **Phase V, Support:** Training; Education on best practices; Maintenance Services

Phase I, Discovery Goals

- ▶ Understand client's overall architecture and systems that store data to develop a long-term project roadmap

- ▶ Gain an in-depth understanding of the available data and how it can be consumed.
- ▶ Determine system of record (i.e., authoritative truth) for each piece of data.
- ▶ Understand how various user groups and systems will leverage data.
- ▶ Identify where automation can be leveraged to eliminate manual processes that monopolize time and resources.

Phase II, Foundation Goals

- ▶ Select and deploy technology stack that best suits client and its project roadmap.
- ▶ Define entities within ecosystem and relationships among the various entities.
- ▶ Establish connection to source systems.
- ▶ Identify core data.
- ▶ Construct initial data architecture diagrams.
- ▶ Build in an agile fashion, gathering user feedback through the process to incorporate improvements to design and workflow.
- ▶ Develop, test and implement desired security architecture.

Phase III, Core Goals

- ▶ Build and schedule load routines which move core data into central repository.
- ▶ Build cleanup routines to cleanse, standardize and transform core data into suitable parts for use within analytics or as integration components.
- ▶ Develop integration routines, if required, to pass data between systems.
- ▶ Build in an agile fashion, gathering user feedback through the process to incorporate improvements to development and integrations.
- ▶ Identify next round of data to ingest.

Phase IV, Augmentation Goals

- ▶ Build and schedule load routines which move identified data into central repository.
- ▶ Build cleanup routines to cleanse, standardize and transform data into suitable parts for use within analytics or as integration components.
- ▶ Develop integration routines, if required, to pass data between systems.
- ▶ Build in an agile fashion, gathering user feedback through the process to incorporate improvements to development and integrations.
- ▶ Repeat for remaining data sources as budget allows.

Phase V, Support Goals

- ▶ Roll out access to central repository to all identified stakeholders and departments.
- ▶ Provide user training to enhance client's ability to analyze data and coach through best visualization practices.
- ▶ Provide support for load routines and integrations as requested by client.

Risk Assessment & Audit Plan Development

We provide risk assessments to identify, evaluate and rate risks across core processes, organizational structure and internal controls to incorporate improved risk management practices into your operations. The results of the risk assessment will be used to create a multi-year internal audit plan that will help you better manage risks and improve your ability to achieve your objectives.

Cherry Bekaert can evaluate risk landscapes and provide meaningful risk perspectives through:

- ▶ A risk assessment methodology successfully deployed across NC at numerous State Departments/Agencies, Counties and Municipalities.
- ▶ Information technology risk assessments, audits and process improvement solutions, including a multi-year plan based these assessments.
- ▶ Internal Audit service delivery that aligns with your objectives, while adding value by providing a proven, systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal controls and governance processes.
- ▶ An independent, objective assurance and consulting activity, performed by experienced professionals with insight and expertise, designed to add value and improve operations.
- ▶ Deep knowledge of internal control framework standards, Internal Auditing Standards and their application to the NC public sector.
- ▶ A team with prior state and local internal audit leaders and demonstrated experience with NC public entities, including multiple state agencies.



Using a collaborative approach, we will work with key stakeholders to assess core process risks, assess the sufficiency of internal controls and recommend opportunities to improve risk management practices. Cherry Bekaert uses a methodology based on active participation of process owners to tailor our risk assessment to your unique organizational needs. Our risk and control diagnostics and risk assessments help participants clearly see risks, identify important controls, challenge non-valued activities and consider the need for control maturity within in-scope business processes.

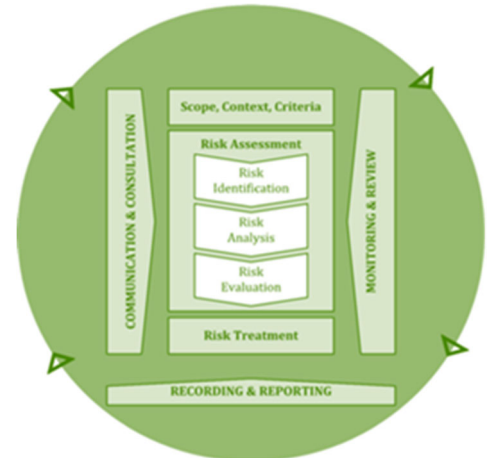
The risk assessment process starts with defining the audit universe and agreeing on a common set of risk criteria by which audit risk is measured. The specific risk criteria used are tailored to each organization. We complete our risk assessments through a collaborative process in which we conduct cross-functional workshops to solicit, capture and synthesize feedback from audit area stakeholders.

We often deploy technology to facilitate and complete the risk assessment workshops, which typically take one to two hours per audit area to allow for robust discussion of key risk factors, likelihood, inherent and residual risk, time horizon, and potential impact to the organization.

We determine the number of workshops required based on the scope and nature of the audit universe that we will work with the organization to define. Each workshop will result in a qualitative assessment of risk for each area evaluated. We generally summarize risk as an aggregate risk score by activity (across risk criteria) to facilitate prioritization for subsequent audit planning purposes.

Key steps in our risk assessment methodology and audit planning process are noted below:

- ▶ **Control Environment:** Work with client leadership to understand the organizational structure, culture, and control framework, and review policies, procedures and other pertinent information for a holistic understanding of the organization.
- ▶ **Objectives:** Discuss, define and agree on the objectives of the risk assessment.
- ▶ **Risk Tolerances:** Discuss with client management and define the risk tolerances for the organization as a whole and at a department level.
- ▶ **Audit Universe:** Work with the client to define audit universe, including departments, functions and processes.
- ▶ **Risk Criteria:** Agree on risk criteria by which audit area risk is evaluated and measured.
- ▶ **Risk Assessment Workshops:** Conduct risk assessment workshops with appropriate input and participation from all departments.
- ▶ **Analyze Risk:** Aggregate and analyze risk and corroborate with client leadership.
- ▶ **Define Audit Response:** Develop audit plan based on risk assessment results and available resources.



Source: ISO 31000:2018

Tailored Risk Assessment Approach

The following table details the risk assessment process and can be modified to meet your needs. The risk and control assessment establishes the baseline for where we need to focus improvement priorities and internal audit activities.

Tailored Approach to Risk Assessment & Audit Plan Development	
Phase 1: Plan Risk Criteria and Audit Universe Development	▶ Work with client leadership to define and formalize audit universe components (departments, functions, programs). ▶ Form team with client leadership to agree on project objectives. ▶ Define project success measures and risk factors relevant to the scope. ▶ Confirm applicable regulatory and compliance requirements. ▶ Agree on framework on which to base risk assessment and subsequent audit planning procedures. ▶ Define risk criteria on which to measure audit area risk. ▶ Engage client stakeholders to schedule working sessions.
Phase 2: Assess Risk Conduct Risk Assessment Working Sessions & Measure Risk	▶ Conduct risk assessment workshops with client stakeholders. ▶ Corroborate risk ratings for reasonableness based on underlying evidence and documentation, as needed. ▶ Socialize risk ratings and related risk responses with the client to obtain buy-in on relative risk measures proposed. ▶ Prioritize risk criteria and/or aggregate risk measures to identify population of higher risk audit areas and processes as candidates for subsequent audit procedures.

Phase 3: Audit Plan

Develop an Audit Plan

- ▶ Agree on principles related to the nature, timing and extent of internal audit procedures required.
- ▶ Develop an internal audit plan to incorporate agreed upon time period, principles, and to achieve sufficient coverage with available resources.
- ▶ Evaluate available client resources, both internal and external.
- ▶ Propose level of effort and staffing plan for defined audit program.
- ▶ Document and deliver a draft risk assessment outcome, proposed audit plan, audit universe and schedule for project completion to the organization as a deliverable.
- ▶ Present the draft to client's leadership team, considering client's input in final draft.
- ▶ Deliver final documents to the client.

Risk Assessment Toolkit

We use a Risk and Control Diagnostic toolset to quickly assess risks and control maturity as part of our approach. We use tailored risk criteria and pre-built activity catalogs to benchmark processes, identify relevant risk events and assess the maturity of related internal controls, process efficiency and risk management practices currently in place to meet management objectives. Our toolkit used in the risk assessment process includes:

- ▶ Quick start project kick-off packet that accelerates change management and project understanding.
- ▶ Risk criteria library, including ratings and measurement guidelines.
- ▶ Control capability model.
- ▶ Risk and control diagnostic library for all major business cycles across public sector departments.
- ▶ Audit universe model.
- ▶ Audit Plan templates.

The toolkit calls out areas of regulatory and contractual risk to quickly evaluate internal control maturity over important areas such as contract compliance and the grant administration process. Its scope covers governance requirements and administrative processes all the way through closeout and audit preparation to ensure comprehensive evaluation and identification of potential gaps.

An illustrative example of a risk and control diagnostic below:

[illegible]

Risk Assessment Deliverables

The engagement will result in several deliverables, including:

- ▶ Schedule for project completion.
- ▶ Weekly project status updates during the project period to include timely notification to the Internal Audit Office of any issues or concerns relevant to the project.
- ▶ Agreed upon audit universe consisting of departments/functions/processes.
- ▶ Documented risk assessment using agreed upon risk criteria and audit universe defined jointly by Cherry Bekaert and the client.
- ▶ Proposed internal audit plan that provides optimal coverage of higher risk audit areas. The audit plan will provide engagement objectives and an approximate level of effort for each proposed in-scope audit area identified. The audit plan will also propose staffing options that consider cost efficiency and technical competencies required.
- ▶ Communication of draft and final risk assessment and audit plan to the client leadership team.
- ▶ Completed work papers, supporting documents, tools and templates upon completion of the engagement.
- ▶ Final report summarizing the risk assessment methodology and information and training (if required) on how to use the tools.

Financial Audit, Accounting & Financial Services

While other professional services firms may have significant governmental accounting expertise or a significant advisory practice, Cherry Bekaert has dedicated team of professionals who provide accounting and financial advisory services for specifically for governmental (GASB) clients. This provides our clients with the confidence that their needs will not be placed second to competing audit regulatory deadlines and that you will not have to spend time trying to explain differences between FASB and GASB to your advisors.

Our service approach follows three phases: understand, assess and reconcile/report. Combined with an emphasis on accountability and collaboration, we help government and public sector organizations overcome accounting challenges, maintain compliance and meeting reporting deadlines successfully.

Understand

We meet with management and establish the scope and timing of immediate needs. This typically includes evaluation of current documents utilized by the client and interviews with key personnel involved. Based on these initial discussions, we build out the reconciliation/audit plan and assign resources based on the skill needed for the particular engagement. We bring a national team to these engagements, and while most are performed virtually, we can provide services in person when necessary. We can be flexible with the timeline to best meet your needs.

Assess

Next, we assess the procedures necessary to complete the job. For certain reconciliation projects this includes identifying the appropriate additional financial reports needed and templates or processes we need to create to streamline reconciliation. For projects requiring evaluation of large sets of data this also includes looking for key identifiers or other financial or non-financial data that can be combined or manipulated to achieve the client's results. On our Annual Comprehensive Financial Report (ACFR) writing projects this includes creating the groupings and mapping necessary from the final client trial balance to prepare the document in accordance with the Government Finance Officers Association's (GFOA) best practices.

Reconcile/Report

All work is compiled as the required deliverables, such as reconciled bank statements or subledgers, executive-level presentation on internal control best practices identified as part of the accounting and financial services or audit process, or a financial statement ready for issuance. Any deliverable that is prepared for the client is rigorously reviewed by multiple Cherry Bekaert accounting advisory personnel as part of our quality control process.

Accountability & Collaboration

Successful accounting and financial services engagement require accountability and collaboration. We utilize weekly or bi-weekly check-ins where we go over our accountability tool known as the “Status of Tasks”. This allows both Cherry Bekaert and our client to reestablish what was promised since the last meeting, what was performed, and what next steps are needed. We stand by our commitments to our clients, and these status meetings allow us to show progress and allow clients a forum to ask questions and participate in the process. We communicate up front if anything unexpected arise during our accounting and financial services engagement. We do not hold bad (or good) news until the end of our engagement. We proactively communicate with our clients so we are all on the same page every step of the engagement.

Managerial Advisory Services

To enable governments and the public sector to harness their full potential, we help:

- ▶ Identify potential organizational efficiencies or cost reduction opportunities.
- ▶ Forecast budget, revenue and economic factors.
- ▶ Perform research and analysis of unmet demand for public services.
- ▶ Conduct strategic planning and project implementation.
- ▶ Enhance constituent experience to further an agency's statutory mandates and directives.

Typically, we combine these services into our Cost and Finance Transformation practice. Our Cost Management Maturity model, depicted in section 4.4, is based on our Federal experience and industry best practices to provide an innovative way to guide cost accounting projects. The model provides a layered capabilities view, with its orientation based on the types of questions that an agency is trying to answer. Maturity levels are not mutually exclusive; rather, the previous level must be achieved to graduate to the next higher level. Achievement of all levels will allow the organization to:

- ▶ Predict the impact of forecasted product demand on the organization from both a resource capacity and cost perspective.
- ▶ Show the need for more resources—to get more funding or to realign resources and funding to achieve desired outcomes.
- ▶ Understand and cost the impact of unused capacity and/or the impact of increased utilization of fixed and variable resources; and
- ▶ Adjust pricing/costing strategies for full cost recovery.

Our approach is rooted in Statement of Federal Financial Accounting Standards 4: *Managerial Cost Accounting Standards and Concepts*, and typically involves the following in cost studies:

- ▶ Review of existing policies/service level agreements and content
- ▶ Conduct virtual / in-person meetings for team interviews, operation discovery sessions, and observations of currently deployed processes.
- ▶ Gain an understanding of the perceived challenges and gain an understanding of the ‘to-be’ state.
- ▶ Review account nomenclature to understand cost accumulation.
- ▶ Review the nature of costs incurred.
- ▶ Understand drivers and purpose of incurred costs.
- ▶ Assess current cost relationships and allocations and identify what is fixed vs. variable in nature.
- ▶ Understand budgeting process, assumptions, escalations, indices, and other factors that could impact out year forecasts and the potential impact to indirect rates.
- ▶ Develop a backlog, budget or waterfall to identify cost drivers that will impact the indirect costs.

- ▶ Work with management to design and model potential cost allocation scenarios to ensure costs are appropriately captured.
- ▶ Present the Customer with our findings and recommendations to potentially refine the indirect rate structure and cost allocation methodologies to optimize indirect rate or pricing options.
- ▶ Develop a working indirect rate/allocation model (most likely based on historical actual data or FY with additional assumption for future contract changes).
- ▶ Refine model with any new budget assumptions and runs scenarios to final cost objectives.
- ▶ Assist with preparing policies and procedures based on the system walkthroughs and ensure allocations consistent to the practices outlined in the indirect rate model.

Use of Technology

Leveraging the power of technology is critical as financial and operational systems become more complex, remote work continues, and regulatory requirements change. Cherry Bekaert employs and offers expertise in a wide range of solutions and platforms to improve the efficiency, quality, compliance, integration and speed of our engagements. Our audit and consulting services will combine data analysis software, wireless technology and engagement management software. As such, our documentation is virtually paperless with procedures documented in an automated environment and files shared through encrypted wireless technology among engagement team members. We will also provide a secure client portal for transmitting information to the engagement team over the internet.

Tableau

Data Visualization, Data Management, Analytics



Nintex

Business Process Automation and Robotic Process Automation



Alteryx

Data Preparation, Advanced Analytics, Analytics Automation



SmartSheet

Collaboration, secure document transmittal, project execution



Microsoft PowerBI

Power Platform and Power Apps



Gold Cloud Platform
Silver Cloud Productivity
Silver Data Analytics
Silver Enterprise Mobility Management

FiveTran

Automated Data Extraction and Management from ERP, financial systems, marketing systems and other standard applications

IDEA

Tailored sample selections, performance of audit tests applied to the entire population of transaction

Coordination & Communication Using Smartsheet®

To ensure seamless delivery and efficient communication, we will utilize Smartsheet® throughout the engagement process. Cherry Bekaert utilizes this powerful cloud-based tool to track and manage the entire engagement in real-time through a highly secure platform. You can attach documents, log comments and notes, schedule check-in meetings, share screens and show request status and progress throughout the year the process, enhancing collaboration between DNCR and your engagement team.

Information Security Statement: The Firm takes the security of all our clients' data very seriously. Smartsheet® encryption and access controls protect your data at rest and in transit. In addition, Cherry Bekaert maintains Information Security Policies and monitoring procedures that only allow authorized individuals to access client data within Smartsheet® based on their job function. For more information on how Smartsheet® delivers secure solutions, please visit: <https://www.smartsheet.com/security-info>.

Key Personnel Qualifications – Education/Background, Experience

Please see **section 5.4 Project Staffing** for detailed biographies for key personnel proposed for services under this RFP, which includes education/background and experience information.

Quality Management

We will plan and perform our professional services under your direction using Statements on Standards for Consulting Services (SSCS) issued by the American Institute of Certified Professional Accountants (AICPA) and the International Standards for the Professional Practice of Internal Auditing (*the Standards*) issued by the Institute of Internal Auditors. As such, the internal audit services shall conform to the Standards for the Professional Practice of Internal Auditing, the Code of Ethics contained in the Professional Practices Framework as promulgated by the Institute of Internal Auditors, and generally accepted government auditing standards. We also expect to leverage the COSO 2013 *Internal Control-Integrated Framework*.

Pursuant to Institute of Internal Auditors (IIA) Standards, ongoing monitoring is an integral part of the day-to-day supervision, review and measurement of the internal audit activity. Ongoing monitoring is incorporated into the routine policies and practices used to manage the internal audit activity and uses processes, tools, and information considered necessary to evaluate conformance with the Code of Ethics and the Standards.

We consider the training of our professionals to be extremely important to best meet the evolving needs of our profession and provide the highest quality of service to our clients. We believe that to consistently offer our clients the most current information, continuing education of our personnel is a mission-critical objective. It is the policy of Cherry Bekaert that all professional personnel:

- ▶ Comply with the continuing professional education requirements of the AICPA, the SEC Practice Section of the AICPA Division for Firms, the appropriate state boards of accountancy, the U.S. Government Accountability Office, Yellow Book requirements and other regulatory agencies as applicable.
- ▶ Maintain an adequate awareness and understanding of current developments in technical literature; and
- ▶ Assist in the training and development of staff members under their supervision.

In our commitment to training, we require all client service professionals complete at least 20 hours of qualifying CPE every year and at least 120 hours every three (3) years. In addition, all client service professionals who serve governmental entities are required to complete 80 hours of CPE every two (2) years with at least 24 hours in subjects that directly relate to government auditing and/or the government environment. CPE is obtained through various sources, including AICPA, national and state GFOA conferences, state society of CPA industry conferences and webinars, other industry conferences (example: AHACPA's annual Public Housing Authority conference) and internally provided seminars and webinars.

6.1 Contract Manager & Customer Service

The Vendor shall be required to designate and make available to the State a contract manager. The contract manager shall be the State's point of contact for Contract related issues and issues concerning performance, progress review, scheduling, and service.

Contract Manager Point of Contact	
Name:	Denise Lippuner, CPA, CGFM, CRMP-FED
Office Phone #:	703.584.0274
Mobile Phone #:	703.928.2945
Email:	denise.lippuner@cbh.com

The Vendor shall be required to designate and make available to the State for customer service. The customer service point of contact shall be the State's point of contact for customer service-related issues.

Customer Service Point of Contact - Risk Advisory	
Name:	Christine Homack, CPA/CFF, CFE, MBA
Office Phone #:	813.251.1010
Mobile Phone #:	813.417.1825
Email:	christine.homack@cbh.com

Customer Service Point of Contact - Accounting/Assurance	
Name:	Danny Martinez, CPA, CGFM
Office Phone #:	512.838.3176
Mobile Phone #:	505.917.0488
Email:	danny.martinez@cbh.com

Customer Service Point of Contact - IS Audits	
Name:	Brook Conner, CISSP
Office Phone #:	703.506.4440
Mobile Phone #:	703.506.4440
Email:	brook.conner@cbh.com

Customer Service Point of Contact - Data Analytics/Continuous Monitoring	
Name:	Jen Tobin
Office Phone #:	919.740.7635
Mobile Phone #:	919-740-7635
Email:	jennifer.tobin@cbh.com

Customer Service Point of Contact - Managerial Advisory Services	
Name:	Aurpon Bhattacharya, PMP, CGFM, CSA, CSM
Office Phone #:	703.581.2492
Mobile Phone #:	703.581.2492
Email:	aurpon.bhattacharya@cbh.com

Appendix A. Financial Statements

Included are our recent audited financial statements prepared by an independent certified public accountant (CPA).

CHERRY BEKAERT ADVISORY HOLDCO LLC

CONSOLIDATED FINANCIAL STATEMENTS

*As of December 31, 2022 and for the Period from
July 1, 2022 Through December 31, 2022*

And Report of Independent Auditor

CHERRY BEKAERT ADVISORY HOLDCO LLC
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Independent Auditor's Report

To the Board of Managers
Cherry Bekaert Advisory Holdco LLC

Opinion

We have audited the consolidated financial statements of Cherry Bekaert Advisory Holdco LLC and its subsidiaries (the "Company"), which comprise the consolidated balance sheet as of December 31, 2022 and the related consolidated statements of operations, members' deficit, and cash flows for the period from July 1, 2022 to December 31, 2022, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and the results of its operations and its cash flows for the period from July 1, 2022 to December 31, 2022 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of the Company and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

To the Board of Managers
Cherry Bekaert Advisory Holdco LLC

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Plante & Moreau, PLLC

May 23, 2023

CHERRY BEKAERT ADVISORY HOLDCO LLC
CONSOLIDATED BALANCE SHEET

DECEMBER 31, 2022

ASSETS

Current Assets:

Cash and cash equivalents	\$ 11,909,261
Receivables, net	48,545,242
Due from Cherry Bekaert LLP	18,011,532
Other receivables	2,217,852
Prepaid software expenses	4,165,191
Other prepaid expenses and current assets	5,891,002
Total Current Assets	<u>90,740,080</u>

Noncurrent Assets:

Property and equipment, net	12,971,656
Goodwill	58,937,389
Intangible assets, net	18,454,561
Operating lease right-of-use assets, net	42,238,654
Other noncurrent assets	4,195,785
Total Noncurrent Assets	<u>136,798,045</u>

Total Assets \$ 227,538,125

LIABILITIES AND MEMBERS' DEFICIT

Current Liabilities:

Accounts payable	\$ 5,261,654
Accrued expenses	13,774,926
Contract liabilities	10,173,543
Notes payable, current portion, net	1,386,951
Operating lease liability, current portion	4,620,688
Other current liabilities	4,724,602
Total Current Liabilities	<u>39,942,364</u>

Long-Term Liabilities:

Revolving credit facility	15,000,000
Notes payable, noncurrent portion, net	279,628,461
Operating lease liability, net of current portion	47,339,094
Other liabilities	360,000
Total Long-Term Liabilities	<u>342,327,555</u>
Total Liabilities	382,269,919

Members' Deficit (154,731,794)

Total Liabilities and Members' Deficit \$ 227,538,125

The accompanying notes to the consolidated financial statements are an integral part of these statements.

CHERRY BEKAERT ADVISORY HOLDCO LLC
CONSOLIDATED STATEMENT OF OPERATIONS

PERIOD FROM JULY 1, 2022 THROUGH DECEMBER 31, 2022

Professional services revenue, net	\$ 115,874,110
Service fees	<u>37,783,294</u>
Total Revenue, Net	153,657,404
Costs of revenue	<u>92,989,769</u>
Gross Margin	60,667,635
General and administrative expenses	<u>57,937,140</u>
Net Income from Operations	2,730,495
Other Income (Expense):	
Gain on sale of Cherry Bekaert Wealth Management	13,417,042
Other expense	(286,677)
Transaction-related costs	(2,198,756)
Interest expense	<u>(12,487,076)</u>
Income before equity in net earnings of affiliates	1,175,028
Equity in net earnings of affiliates	<u>179,774</u>
Net Income	<u><u>\$ 1,354,802</u></u>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

CHERRY BEKAERT ADVISORY HOLDCO LLC
CONSOLIDATED STATEMENT OF MEMBERS' DEFICIT

PERIOD FROM JULY 1, 2022 THROUGH DECEMBER 31, 2022

Balance, July 1, 2022	\$ (170,773,873)
Net transfer of investment in Cherry Bekaert Wealth Management	(117,403)
Unit-based compensation	14,804,680
Net income	<u>1,354,802</u>
Balance, December 31, 2022	<u><u>\$ (154,731,794)</u></u>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

CHERRY BEKAERT ADVISORY HOLDCO LLC
CONSOLIDATED STATEMENT OF CASH FLOWS

PERIOD FROM JULY 1, 2022 THROUGH DECEMBER 31, 2022

Cash flows from operating activities:

Net income	\$ 1,354,802
Adjustments to reconcile net income	
to net cash flows from operating activities:	
Depreciation	2,153,874
Amortization	1,154,036
Loss on disposal of fixed assets	321,838
Bad debt expense, net of recoveries	814,450
Amortization of debt issuance costs	754,356
Amortization of operating lease right-of-use assets	3,955,452
Unit-based compensation	14,804,680
Gain on sale of Cherry Bekaert Wealth Management	(13,417,042)
Change in operating assets and liabilities:	
Receivables, net	6,396,769
Due from Cherry Bekaert LLP	(16,313,607)
Other receivables	136,385
Prepaid software expenses	(1,584,708)
Other prepaid expenses and current assets	23,182
Other noncurrent assets	(373,748)
Accounts payable	626,788
Accrued expenses	2,764,093
Contract liabilities	(3,511,427)
Operating lease liability	(5,710,049)
Other current liabilities	672,586
Net cash flows from operating activities	<u>(4,977,290)</u>

Cash flows from investing activities:

Business acquisitions, net of cash acquired	(40,551,466)
Proceeds from sale of Cherry Bekaert Wealth Management	10,278,951
Distributions from affiliates	262,413
Purchases of property and equipment	(834,321)
Net cash flows from investing activities	<u>(30,844,423)</u>

Cash flows from financing activities:

Principal payments on finance leases	(58,458)
Proceeds from revolving credit facility	25,000,000
Payments on revolving credit facility	(10,000,000)
Proceeds from notes payable	44,200,000
Payments of notes payable	(1,225,000)
Payment of debt issuance costs	(442,000)
Payment of accrued undistributed earnings	(38,566,913)
Net cash flows from financing activities	<u>18,907,629</u>

Net change in cash and cash equivalents	(16,914,084)
Cash and cash equivalents, beginning of period	28,823,345
Cash and cash equivalents, end of period	<u>\$ 11,909,261</u>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

CHERRY BEKAERT ADVISORY HOLDCO LLC
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

PERIOD FROM JULY 1, 2022 THROUGH DECEMBER 31, 2022

Supplemental disclosures of cash flow information:

Cash paid for interest	<u>\$ 11,545,541</u>
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Noncash investing and financing activity:

Operating lease assets obtained in exchange for lease liabilities	<u>\$ 6,780,082</u>
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Exchange of equity interests as part of disposition of Cherry Bekaert Wealth Management LLC for investment in Choreo	<u>\$ 3,465,200</u>
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Contingent consideration issued for business acquisition	<u>\$ 2,360,000</u>
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The accompanying notes to the consolidated financial statements are an integral part of these statements.

CHERRY BEKAERT ADVISORY HOLDCO LLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

Note 1—Organization and nature of business

Nature of Business – Cherry Bekaert Advisory Holdco LLC is a national accounting and consulting firm that provides guidance and support to help clients achieve their organizational goals. Acting through its subsidiaries, Cherry Bekaert Advisory Holdco LLC provides financial and advisory services to businesses, as well as individuals, governmental entities, and not-for-profit enterprises throughout the United States.

Basis of Presentation – The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Note 2—Summary of significant accounting policies

Principles of Consolidation – The consolidated financial statements include the accounts of Cherry Bekaert Advisory Holdco LLC and its wholly-owned subsidiaries, Cherry Bekaert Guarantor LLC and Cherry Bekaert Advisory LLC, as well as its wholly-owned subsidiary Cherry Bekaert Wealth Management LLC (“CBWM”) through December 30, 2022, and the wholly-owned subsidiaries acquired during the period which are discussed further in Note 6 (together, the “Company”). All material intercompany accounts and transactions are eliminated in consolidation.

The Company has determined that its relationship with Cherry Bekaert LLP (the “Attest Firm”), a registered public accounting firm with which the Company maintains an Administrative Service Agreement (“ASA”), does not require consolidation. Therefore, the accompanying consolidated financial statements do not reflect the operations or accounts of the Attest Firm. Refer to Note 16 for additional information.

Use of Estimates – The preparation of the consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Receivables – Receivables include trade receivables and unbilled revenue. Trade receivables include amounts billed and currently due from customers. Unbilled revenue includes amounts that are not yet billed but of which the Company has an unconditional right to receive. The amounts due are stated at their estimated net realizable value. The Company extends credit to its customers and does not require collateral. An allowance for doubtful accounts is maintained to provide for the estimated amount of receivables that will not be collected. The allowance is based upon an assessment of customer creditworthiness, historical payment experience, and the age of outstanding receivables. The Company charges off uncollectible receivables against the allowance when the likelihood of collection is remote. At December 31, 2022, receivables consist of the following:

Trade receivables	\$ 38,946,115
Unbilled revenue	13,075,839
Allowance for doubtful accounts	(3,476,712)
	<u>\$ 48,545,242</u>

CHERRY BEKAERT ADVISORY HOLDCO LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

Note 2—Summary of significant accounting policies (continued)

Property and Equipment – Property and equipment are carried at cost. Expenditures for major improvements that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation of property and equipment other than leasehold improvements is provided using the double declining balance method at rates based on the following useful lives:

Furniture and fixtures	5 to 10 years
Computers	5 years
Equipment	5 to 7 years

Leasehold improvements are amortized using the straight-line method over the shorter of their estimated useful lives or the remaining respective lease term. The cost of software purchased or developed for internal use is capitalized and amortized using the straight-line method over an estimated useful life not to exceed five years. At December 31, 2022, no software was included in property and equipment.

Management reviews property and equipment for impairment when circumstances indicate the carrying amount of an asset may not be recoverable based on the undiscounted future cash flows of the asset. If the carrying amount of an asset may not be recoverable, a write-down to fair value is recorded. Fair values are determined based on the discounted cash flows, quoted market values, or external appraisals, as applicable. Long-lived assets are reviewed for impairment at the individual asset or the asset group level for which the lowest level of independent cash flows can be identified.

Goodwill – Goodwill represents the cost in excess of the fair value of net assets acquired in transactions accounted for as business combinations. The Company evaluates goodwill for impairment on an annual basis or when a triggering event occurs that indicates that the fair value of a reporting unit may be below its carrying amount. The Company has the option to first assess qualitative factors to determine whether the quantitative impairment test is necessary. If the qualitative assessment indicates that it is more likely than not that goodwill is impaired, the Company performs the quantitative test to compare the reporting unit's fair value with its carrying amount. The goodwill impairment loss, if any, represents the excess of the carrying amount of the reporting unit over its fair value. Based on the assessments performed, the Company does not believe that it is more likely than not that the carrying value of the reporting unit exceeds its fair value and, therefore no impairment loss was recorded during the period from July 1, 2022 through December 31, 2022.

Intangible Assets – The Company amortizes intangible assets with finite lives on a straight-line basis over the following estimated useful lives:

Customer relationships	7 years
Trade names	2 to 3 years

Intangible assets are reviewed annually for impairment or when events or circumstances indicate their carrying amount may not be recoverable. The Company measures the carrying amount of the asset (or asset group) against the estimated undiscounted future cash flows associated with it. If the undiscounted cash flows are less than the long-lived asset's (or asset group's) carrying amount, the Company determines the fair value of the long-lived asset (or asset group) and recognizes an impairment loss if the carrying amount of the long-lived asset (or asset group) exceeds its fair value. The evaluation of asset impairment requires the Company to make assumptions about future cash flows over the life of the asset (or asset group) being evaluated. These assumptions require significant judgment and actual results may differ from assumed and estimated inputs. No impairment loss was recorded during the period from July 1, 2022 through December 31, 2022.

CHERRY BEKAERT ADVISORY HOLDCO LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

Note 2—Summary of significant accounting policies (continued)

Equity Investments – Investments in which the Company does not have a majority voting or financial controlling interest but has the ability to exercise influence are accounted for under the equity method of accounting. Investments accounted for under the equity method are initially recorded at cost and the Company subsequently increases or decreases the investment by its proportionate share of the net income or loss of the investee. Equity investments in unconsolidated affiliates are included in other noncurrent assets and accumulated losses of unconsolidated affiliates in excess of investment are included in other current liabilities in the accompanying consolidated balance sheet.

Business Combinations – The Company recognizes and measures identifiable tangible and intangible assets acquired and liabilities assumed as of the acquisition date at fair value. Fair value measurements require extensive use of estimates and assumptions, including estimates of future cash flows to be generated by the acquired assets. The operating results of acquired businesses are included in the consolidated financial statements beginning on the date of acquisition. The purchase price is equivalent to the fair value of consideration transferred. Goodwill is recognized for the excess of purchase price over the net fair value of assets acquired and liabilities assumed.

Contingent Consideration – Contingent purchase price liabilities consisting of future cash payments result from the Company's business acquisitions and are recorded at fair value at the time of acquisition. The fair value of the contingent purchase price liabilities, which is valued based on Level 3 unobservable inputs, is reassessed at each reporting period. Any change in the fair value estimate is recorded in the earnings of that period.

Revenue Recognition – The Company recognizes revenue when goods or services promised are transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services by following a five-step process: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price, and (5) recognize revenue when or as the Company satisfies a performance obligation. Revenue subject to variability is constrained to an amount which will not result in a significant reversal in future periods when the contingency that creates variability is resolved.

Capitalized Contract Costs – The Company capitalizes contract acquisition costs that are incremental to obtaining customer sales contracts and are recoverable under the contract, which consist primarily of sales commissions. Capitalized costs are amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Sales commissions are paid only for initial contracts and are amortized over an average benefit period of seven years, consistent with the revenue recognition pattern of the performance obligations in the related contracts including expected renewals. Capitalized costs to obtain contracts are included in other noncurrent assets in the accompanying consolidated balance sheet and totaled \$729,790 as of December 31, 2022. The Company recognized \$155,848 of general and administrative expense related to the amortization of capitalized costs to obtain contracts in the accompanying consolidated statement of operations for the period from July 1, 2022 through December 31, 2022.

Contract Liabilities – Contract liabilities represent deferred revenue and include amounts collected or billed in excess of recognizable revenue. Such amounts are recognized by the Company as the Company meets the revenue recognition criteria. All contract liabilities are expected to be recognized within a year.

Costs of Revenue – Costs of revenue represent costs of service and other costs incurred to operate our business and are primarily comprised of personnel costs and billable expenses.

CHERRY BEKAERT ADVISORY HOLDCO LLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

Note 2—Summary of significant accounting policies (continued)

Unit-Based Compensation – The measurement of all unit-based compensation arrangements is based on their respective grant date fair value. The estimated grant-date fair values of the incentive units were determined using an Option Pricing Method (“OPM”). The expense related to time vesting incentive unit awards is recognized over the requisite service period which is generally five years. Certain incentive units vest based on a performance condition. No compensation will be recognized on these units until the performance condition is considered probable.

Unit-based compensation expense is recorded in the accompanying consolidated statement of operations as costs of revenue or general and administrative expenses, depending on where the respective individual’s compensation is recorded.

Income Taxes – The Company does not incur income taxes; instead, the Members are taxed on their proportionate share of the Company’s taxable income. Therefore, no provision or liability for federal income taxes has been included in the consolidated financial statements, and the Company recognizes only state income taxes in the consolidated financial statements.

Advertising – Advertising costs are expensed as incurred. Total advertising costs were \$5,540 for the period from July 1, 2022 through December 31, 2022, and are included in general and administrative expenses.

Concentrations of Credit Risk – The Company places its cash and cash equivalents on deposit with financial institutions in the United States, which are insured by the Federal Deposit Insurance Corporation for up to \$250,000 for each institution. The Company’s cash balances at times exceeded federally insured limits.

Fair Value of Financial Instruments – U.S. GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset and liability, in an orderly transaction which requires an entity to maximize the use of observable inputs when measuring fair value. U.S. GAAP defines three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the measurement date;

Level 2 – Inputs to the valuation methodology are other than unadjusted quoted prices in active markets, which are either directly or indirectly observable as of the measurement date, and fair value can be determined through the use of models or other valuation methodologies; and

Level 3 – Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Recently Adopted Accounting Pronouncements – In October 2021, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*. The ASU amends Accounting Standards Codification (“ASC”) 805 to require an acquirer to, at the date of acquisition, recognize and measure contract assets and contract liabilities acquired in accordance with ASU 2014-9, *Revenue from Contracts with Customers (Topic 606)*, as if the entity had originated the contracts. The Company early adopted this ASU effective July 1, 2022 and has applied the amendments prospectively to all business combinations occurring on or after the effective date.

CHERRY BEKAERT ADVISORY HOLDCO LLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

Note 2—Summary of significant accounting policies (continued)

Recent Accounting Pronouncements – In June 2016, FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326)* and subsequently related amendments (ASU 2018-19, ASU 2019-04, ASU 2019-05, ASU 2019-10, ASU 2019-11, and ASU 2022-02). This guidance replaces the existing incurred loss impairment guidance and establishes a single allowance framework for financial assets carried at amortized cost based on expected credit losses. The estimate of expected credit losses requires the incorporation of historical information, current conditions, and reasonable and supportable forecasts. This ASU will be effective for the year ending December 31, 2023. The Company is currently evaluating the effect the adoption of this ASU will have on the consolidated financial statements.

Note 3—Revenue

Revenue primarily consists of professional service fees derived from traditional accounting services, tax return preparation, administrative services, financial and risk advisory, consulting, and valuation services, as well as sales of hardware and software products. Clients are billed for these services based upon a fixed fee, an hourly rate, or an outcome-based fee. Time related to the performance of all services is maintained in a time and billing system.

Revenue for fixed fee arrangements is recognized over time with the performance obligation measured in hours worked and anticipated realization. Anticipated realization is defined as the fixed fee divided by the product of the hours anticipated to complete a performance obligation and the standard billing rate. Anticipated realization rates are applied to hours charged to a contract when recognizing revenue. At the end of each month, the Company evaluates the work performed to date to ensure that the amount of revenue recognized in each reporting period for the client arrangement is equal to the performance obligations met.

Revenue for time and expense arrangements is recognized over time with progress measured towards completion with value being transferred through an hourly fee arrangement at expected net realizable rates per hour, plus agreed-upon out-of-pocket expenses. The Company has a right to invoice for work completed to date. The cumulative impact on any subsequent revision in the estimated realizable value of unbilled fees for a particular client project is reflected in the period in which the change becomes known.

Prior to recognizing revenue for outcome-based arrangement, the Company estimates the transaction price, including variable consideration that is subject to a constraint based on risks specific to the arrangement. The Company evaluates the estimate in each reporting period and recognizes revenue to the extent it is probable that a significant reversal of revenue will not occur. Revenue is recognized when the constraint is lifted at a point in time when the value is determined and verified by a third party.

In contracts for the sale of hardware and software, the Company acts as an agent and recognizes the sales revenue net of the costs of the hardware or software sold. This revenue is recognized at the point in time when the sale between the end customer and the principal is made.

CHERRY BEKAERT ADVISORY HOLDCO LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

Note 3—Revenue (continued)

Certain contracts represent “stand ready” obligations to provide clients with access to the Company’s services and to perform an unspecified quantity of services during the contract period. Stand ready performance obligations are comprised of a series of distinct daily services that are substantially the same and have the same pattern of transfer. The Company has concluded that these performance obligations should be recognized straight-line over the contract term.

Revenue transferred at a point in time	\$ 514,330
Revenue transferred over time	112,634,620
Revenue for reimbursement of expenses	2,725,160
	<u>\$ 115,874,110</u>

CBWM is a registered Investment Advisory Firm that was wholly owned by the Company until December 30, 2022. Refer to Note 13. CBWM had two material revenue streams: Investment Management and Transaction Fees. Investment management fees are typically billed upfront on a quarterly basis based on a percentage of the fair value of assets managed and recognized ratably throughout the quarter. Transaction fees are recognized when the services are provided.

The Company also earns service fees through the ASA with the Attest Firm. Refer to Note 16 for additional information.

The beginning and ending contract balances were as follows:

	December 31, 2022	July 1, 2022
Receivables, net	\$ 48,545,242	\$ 52,788,111
Contract liabilities	10,173,543	12,098,073

Payment for services becomes legally enforceable as services are provided but typically invoiced based on a billing schedule or at project completion. The Company’s performance obligations generally relate to contracts with durations of one year or less and there is no financing component. As a result, the Company is not required to separately disclose aggregate amounts of unsatisfied (or partially satisfied) performance obligations as of the end of the period. The Company’s contracts may contain more than one performance obligation. Materially all performance obligations are performed over the same period and would be recognized using the same method to measure progress toward satisfaction and are treated as a single performance obligation. When performance obligations cannot be treated as a single performance obligation, they are allocated a portion of the transaction price based on their relative standalone selling prices.

The Company has adopted certain practical expedients. The Company has elected to apply the portfolio approach practical expedient to evaluate contracts with customers that share the same revenue recognition patterns as the result of evaluating them as a group will have substantially the same result as evaluating them individually. The Company has elected to expense the cost of obtaining a contract when the amortization of such costs would be one year or less. The Company has elected not to recognize a financing component when the time between delivery of services and payment for those services is one year or less.

CHERRY BEKAERT ADVISORY HOLDCO LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

Note 4—Property and equipment

The historical cost of the Company's property and equipment and related accumulated depreciation balance consists of the following at December 31, 2022:

Furniture and fixtures	\$ 10,406,620
Leasehold improvements	14,311,317
Computers	7,371,103
Equipment	<u>7,601,062</u>
	39,690,102
Less accumulated depreciation	<u>(26,718,446)</u>
Property and equipment, net	<u>\$ 12,971,656</u>

Depreciation expense was \$2,153,874 for the period from July 1, 2022 through December 31, 2022.

Note 5—Notes payable and revolving credit facility

On June 30, 2022, the Company entered into a credit agreement with related party lenders (the "Lenders"), which provides the Company various forms of financing, including a term loan in an initial aggregate principal amount equal to \$245,000,000, a revolving credit commitment in an initial aggregate principal amount of \$50,000,000, a delayed draw term loan in an initial aggregate principal amount of \$100,000,000, and one or more letters of credit to be issued from time to time (the "Credit Agreement"). The Lenders under the Credit Agreement are Members that own a minority share of the Company.

Debt under the Credit Agreement consists of the following:

	December 31, 2022
Term loan payable with quarterly principal installments of \$612,500 plus interest at a base rate or secured overnight financing rate ("SOFR") plus an applicable margin. All unpaid outstanding principal is due at maturity of June 30, 2028. The interest rate was 9.82% at December 31, 2022.	\$ 243,775,000
Revolving credit commitment payable in full on June 30, 2028. Interest is paid monthly at a base rate or SOFR plus an applicable margin. The interest rate was 9.82% at December 31, 2022. The Company is required to pay a quarterly fee equal to 0.5% of the unused commitment, which was \$35,000,000 at December 31, 2022. The fees during the period amounted to \$106,111 and are included in interest expense for the period ended December 31, 2022.	15,000,000
Delayed draw term loan payable in quarterly principal installments of .25% of the aggregate principal amount at that time, or \$110,500 as of December 31, 2022. All unpaid outstanding principal is due at maturity of June 30, 2028. Interest is paid monthly at a base rate or SOFR plus an applicable margin. The interest rate was 9.82% at December 31, 2022. The Company is required to pay a quarterly fee equal to 1.0% of the unused commitment, which was \$55,800,000 at December 31, 2022. The fees during the period amounted to \$466,478 and are included in interest expense for the period ended December 31, 2022.	<u>44,200,000</u>
Total	302,975,000
Less total unamortized debt issuance costs	<u>(6,959,588)</u>
Total notes payable and revolving credit facility, net	<u>\$ 296,015,412</u>

CHERRY BEKAERT ADVISORY HOLDCO LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

Note 5—Notes payable and revolving credit facility (continued)

Debt issuance costs are reported on the consolidated balance sheet as a direct deduction from the face amount of debt and are amortized to interest expense over the life of the loan. Amortization of debt issuance costs of \$754,356 for the period from July 1, 2022 through December 31, 2022 was reported as interest expense.

Loan maturities for each of the five years following December 31, 2022 and thereafter are as follows:

2023	\$ 2,892,000
2024	2,892,000
2025	2,892,000
2026	2,892,000
2027	2,892,000
Thereafter	<u>288,515,000</u>
Total	302,975,000
Less total unamortized debt issuance costs	<u>(6,959,588)</u>
Total notes payable and revolving credit facility, net	<u><u>\$ 296,015,412</u></u>

The Credit Agreement contains certain affirmative and negative covenants, including financial ratios. At December 31, 2022, the Company was in compliance with all covenants. The Credit Agreement is collateralized by equity in the Company and certain related entities, as well as substantially all assets of the Company.

Note 6—Business combinations

During the period from July 1, 2022 through December 31, 2022, the Company completed the following acquisitions in order to expand our advisory service offerings:

Effective October 14, 2022, the Company acquired 100% of the membership interests of The Outsourcing Partnership, L.L.C., d/b/a Accume Partners ("Accume"). Accume is a provider of internal audit, regulatory compliance, risk management, and technology advisory services to financial, commercial, public sector, and not-for-profit clients.

Effective December 13, 2022, the Company acquired 100% of the membership interests of Treacy & Company, LLC ("Treacy"). Treacy is engaged in the business of providing consulting services, including growth strategies, innovation, business optimization, and operations.

During the period from July 1, 2022 through December 31, 2022, the Company recorded \$1,241,120 in transaction expenses related to these acquisitions, which is recorded in transaction-related costs in the accompanying consolidated statement of operations.

CHERRY BEKAERT ADVISORY HOLDCO LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

Note 6—Business combinations (continued)

The fair value of the consideration and purchase price allocation for the acquisitions completed during the period from July 1, 2022 through December 31, 2022 are as follows:

Consideration:	Accume	Treacy
Cash paid	\$ 12,388,081	\$ 31,112,301
Contingent consideration	2,360,000	-
Total consideration	<u>\$ 14,748,081</u>	<u>\$ 31,112,301</u>
Net Assets Acquired:		
Cash	\$ -	\$ 2,948,916
Receivables	610,949	2,357,401
Other receivables	175,000	-
Prepaid expenses	141,663	42,670
Property and equipment	84,907	-
Identifiable intangible assets	3,850,000	6,490,000
Accounts payable	(112,628)	(133,382)
Accrued expenses	(357,291)	(1,513,161)
Contract liabilities	<u>(948,548)</u>	<u>(638,349)</u>
Total net assets acquired	<u>3,444,052</u>	<u>9,554,095</u>
Goodwill	<u>\$ 11,304,029</u>	<u>\$ 21,558,206</u>

The fair value of the receivables approximates the gross contractual amounts receivable. The fair value of the contingent consideration was estimated using an OPM, whereby the underlying metrics for the contingent consideration were simulated over the relevant period using a Geometric Brownian Motion. There were no changes in the contingent consideration during the period from July 1, 2022 through December 31, 2022, other than the addition noted above. The contingent consideration liability is recorded with a current portion of \$2,000,000 in other current liabilities on the accompanying consolidated balance sheet at December 31, 2022, which was paid in February 2023 as discussed in Note 17. The remaining noncurrent portion of the contingent consideration can range between \$-0- and \$2,000,000, of which \$360,000 has been included in other liabilities on the accompanying consolidated balance sheet at December 31, 2022. Significant assumptions used in the valuation of the contingent consideration liability include revenue volatility, operating leverage, counterparty risk, and risk adjusted rate of return.

The following table summarizes the goodwill and intangible asset amounts acquired during the period from July 1, 2022 through December 31, 2022:

Goodwill	\$ 32,862,235
Customer relationships	8,900,000
Trade name	<u>1,440,000</u>
Total goodwill and intangible assets acquired	<u>\$ 43,202,235</u>

CHERRY BEKAERT ADVISORY HOLDCO LLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

Note 6—Business combinations (continued)

Goodwill is calculated as the difference between the aggregated purchase price and the fair value of the net assets acquired. Goodwill represents the value of expected future earnings and cash flows, as well as the synergies created by the integration of the new businesses within our organization, including cross-selling opportunities expected within the Company, to help strengthen our existing service offerings and expand our market position. Customer relationships generally have an expected life of seven years, and other intangibles, primarily trade names, have an expected life of two to three years. Customer relationships and trade names are valued using an income approach based on management estimates of future cash flows from such assets. Significant assumptions used in the valuation of these intangible assets include revenue growth rates, royalty rates, customer retention rates, and required rates of return.

Note 7—Leases

The Company leases certain office space across the United States in its various locations as well as some pieces of equipment such as copiers and postage meters. The Company determines whether a contract contains a lease at inception by determining if the contract conveys the right to control the use of identified property, plant, or equipment for a period of time in exchange for consideration. The Company has lease agreements with lease and non-lease components, which are generally accounted for as a single component.

Right-of-use (“ROU”) assets and lease liabilities are recognized at the commencement date based on the present value of the future minimum lease payments over the lease term. Renewal and termination clauses that are factored into the determination of the lease term if it is reasonably certain that these options would be exercised by the Company. Lease assets are amortized over the lease term unless there is a transfer of title or purchase option reasonably certain of exercise, in which case the asset life is used. Certain of the Company’s lease agreements include variable payments. Variable lease payments not dependent on an index or rate primarily consist of common area maintenance charges and are not included in the calculation of the ROU asset and lease liability and are expensed as incurred. In order to determine the present value of lease payments, the Company uses the implicit rate when it is readily determinable. As most of the Company’s leases do not provide an implicit rate, management uses the risk-free rate based on the information available at lease commencement to determine the present value of lease payments.

The Company’s lease agreements do not contain any material residual value guarantees or material restrictive covenants. The Company does not have leases where it is involved with the construction or design of an underlying asset. The Company does not have any material sublease activities. The Company does not have significant commitments for operating leases that have been signed but not yet commenced as of December 31, 2022.

Practical Expedients Elected

The Company has elected the practical expedient not to recognize leases with terms of 12 months or less on the balance sheet and instead recognize the lease payments on a straight-line basis over the term of the lease and variable lease payments in the period in which the obligation for the payments is incurred. Therefore, short-term lease expense for the period does not reflect the Company’s ongoing short-term lease commitments.

The Company has elected to account for lease and non-lease components as a single component.

The Company has elected to utilize the risk-free discount rate to calculate lease assets and liabilities.

CHERRY BEKAERT ADVISORY HOLDCO LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

Note 7—Leases (continued)

Classifications of ROU assets and lease liabilities as of December 31, 2022 are as follows:

Lease-Related Balance	Classification	
Assets:		
Operating right-of-use assets	Operating lease right-of-use assets, net	\$ 42,238,654
Finance right-of-use assets	Property and equipment, net	117,374
Total lease assets		<u>\$ 42,356,028</u>
Liabilities:		
Operating lease liability, current	Operating lease liability, current portion	\$ 4,620,688
Finance lease liability, current	Accrued expenses	117,831
Operating lease liability, noncurrent	Operating lease liability, net of current portion	47,339,094
Finance lease liability, noncurrent	Other liabilities	-
Total lease liabilities		<u>\$ 52,077,613</u>

Future minimum lease payments as of December 31, 2022 are as follows:

Years Ending December 31,	Operating	Finance
2023	\$ 5,574,999	\$ 118,176
2024	8,557,556	-
2025	7,664,280	-
2026	7,652,483	-
2027	6,175,428	-
Thereafter	21,077,191	-
Total lease payments	56,701,937	118,176
Less interest	(4,742,155)	(345)
Present value of lease liabilities	<u>\$ 51,959,782</u>	<u>\$ 117,831</u>

Required supplemental information relating to leases for the period from July 1, 2022 through December 31, 2022 is as follows:

Operating Leases:	
Operating lease expenses, included in general and administrative expenses	\$ 3,990,463
Short-term lease expenses, included in general and administrative expenses	44,955
Variable lease payments, included in general and administrative expenses	861,541
Finance Leases:	
Amortization of assets, included in depreciation expense	58,687
Interest, included in interest expense	516
Less sublease income, included in general and administrative expenses	(130,335)
Net operating and finance lease cost	<u>\$ 4,825,827</u>

CHERRY BEKAERT ADVISORY HOLDCO LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

Note 7—Leases (continued)

Supplemental Cash Flow Information:

Cash paid for amounts included in measurement of lease liabilities:

Operating cash flows from operating leases	\$ 5,590,106
Operating cash flows from finance leases	\$ 630

Lease Term and Discount Rate (in years):

Weighted average remaining lease term—Operating leases	7.25
Weighted average remaining lease term—Finance leases	1.00
Weighted average discount rate—Operating leases	1.89%
Weighted average discount rate—Finance leases	0.78%

Note 8—Members' deficit and unit-based compensation

Members' deficit consists of three classes of member interests. The Company is authorized to issue 311,524,407 Class A, 4,500,000 Class O, and 35,939,402 Class P member units. The following is information regarding the units outstanding of those different member classes at December 31, 2022.

Class A:

A-1 Units	311,524,407
A-2 Units	-
Total Class A Units	311,524,407

Class O

4,500,000

Class P

35,939,402

Voting Rights

The Members holding Class A-1 Units are entitled to one vote per Class A-1 Unit and entitled to vote on all matters. The Members holding Class A-2 Units, the Members holding Class O Units, and the Members holding Class P Units shall have no voting rights. At December 31, 2022, there were no outstanding A-2 Units.

Allocation, Distribution, and Liquidation Rights

Profits and losses shall be allocated among Members in accordance with their proportional ownership interest. Upon liquidation all remaining assets of the Company shall be distributed to the Members in accordance with their distribution preference.

All distributions shall be made when declared by the Board of Managers (the "Board") to the Members in the following priority:

First, ratably to the holders of Class A Units; then, once the "Class O Catch-up Threshold", defined as when the Institutional Investors', as defined in the Company's Limited Liability Company Agreement (the "Agreement"), cash outflows equal their inflows, has been reached;

Second, ratably to the holders of Class O Units until the aggregate amount received for each Class O Unit equals \$1.00; then

Third, ratably to the holders of Class A Units, Class O Units, and Class P Units. Class P Units have various participation thresholds. No amount shall be distributed with respect to any Class P Unit unless the amount to be distributed to Class A Units exceeds the Class P Unit's respective participation threshold.

CHERRY BEKAERT ADVISORY HOLDCO LLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

Note 8—Members' deficit and unit-based compensation (continued)

Transferability

Other than certain Institutional Investors, no Member has the right to transfer any ownership interest unless approved by the Board or in certain limited permitted transfers.

Member's Preemptive Rights

Except for certain excluded issuances (e.g., Class O and Class P Units), if the Company issues any additional units, then each Class A Unit holder has the right to purchase such additional units on a pro rata basis relative to their then current ownership percentage and on the same terms as the additional units being issued or sold.

Investor Call Option

For a seven-year period ending June 30, 2029, a certain Institutional Investor has the option, but not the obligation, to purchase \$125,000,000 in additional Class A Units at any time, exercisable in whole or in part, and at one time or multiple times, at \$1 per unit or as defined in the Agreement. The investor call option is subject to Member's preemptive rights.

Institutional Investor's Right of Sale

A certain Institutional Investor has the right to unilaterally approve the sale of the Company on the terms and conditions so approved by the Institutional Investor. Upon exercise of this right, all Members are obligated to vote in approval of such sale and take all necessary actions to consummate such sale. Upon such a sale, the Compensation and Partnership Committee has the sole right to determine each Executive Member's "rollover" units, if any.

Cancellation and Repurchase Rights

The Company has the right, but not the obligation, to repurchase any Executive Member's units if such units are transferred pursuant to an operation of law such as divorce or bankruptcy or in the case of a material breach of any obligation by the Executive Member. The Compensation and Partnership Committee has the right, but not the obligation, to repurchase any Executive Member's units pursuant to a decrease in employment or separation. If the Company does not elect to repurchase an Executive Member's units upon the aforementioned events, then a certain Institutional Investor has the right of repurchase. If neither the Company nor the Institutional Investor exercises their repurchase right, then all or any portion of the units held by such Executive Member shall be cancelled without compensation. In the event that the repurchase option is elected, the purchase price will be the fair market value of such units at the time of the event that triggered the repurchase option. If the repurchase option is triggered by a separation due to certain qualified resignations or retirements, the purchase price may be reduced by up to 15%.

Limited Put Right

In the event of separation by an Executive Member due to death or disability, the Executive Member or their estate shall have the right to sell their Class A Units to the Company equal to the lower of i) 20% of such Class A Units; or ii) a number of Class A Units with a fair market value of \$1,000,000.

Issuance of Additional Units

The Board, in its sole discretion, may issue additional units in such amounts, at such price, and on such other terms and conditions as determined by the Board. In addition, the Board, in its sole discretion, may provide that any new Class A Unit issued is not entitled to share in distributions until each Class A Unit outstanding immediately prior to the issuance of the new Class A Units has received distributions.

CHERRY BEKAERT ADVISORY HOLDCO LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

Note 8—Members’ deficit and unit-based compensation (continued)

In conjunction with the spinoff of the Company (see Note 16 for additional information), the Members of the Attest Firm received rollover shares of Class A-1 Units (“Rollover A Units”) in the Company which contain service requirements. The Rollover A Units have graded vesting over a five-year period, with 40% vesting upon the second anniversary of issuance and the remaining 60% vesting quarterly over three years thereafter.

In conjunction with the purchase of Treacy, the Members of Treacy received rollover shares of Class A-1 Units (“Treacy A Units”) in the Company which contain service requirements. The Treacy A Units have graded vesting over a five-year period, with 40% vesting upon the second anniversary of issuance and the remaining 60% vesting quarterly over three years thereafter.

The estimated grant-date fair values of the incentive units were determined using an OPM approach. Under the OPM approach, the fair value of the total equity of the Company was first estimated using a back-solve method wherein the equity value is derived from a recent transaction in the Company’s own securities, and then the total equity value is allocated to the various components of the capital structure using an OPM or a waterfall approach based on the specific rights of each of the equity classes. The Company accounts for any forfeitures of incentive units when they occur. Previously recognized compensation cost for an award is reversed in the period that the award is forfeited.

During the period from July 1, 2022 through December 31, 2022, the Company recorded compensation expense related to these units of \$12,099,402. The estimated grant-date fair values of the incentive units were determined using the OPM approach and the following assumptions:

	Rollover A Units	Treacy A Units
Expected dividend yield	-	-
Risk-free interest rate	3.01%	3.66%
Expected term in years	5	5
Expected volatility	46.00%	46.00%
Weighted average fair value of incentive units granted	\$ 1.00	\$ 1.10

The expected volatility was based on the historical volatility of various comparable companies. The risk-free rate for the expected term of the units was based on the U.S. Treasury yield curve in effect at the time of the grant. The expected term was based on the period of time for which the units are expected to be outstanding.

The Company grants Class O and Class P incentive units to select Members and employees. The different classes of incentive units have similar terms but are granted with differing participation thresholds. The time vesting incentive units have graded vesting over a five-year period, with 40% vesting upon the second anniversary of issuance and the remaining 60% vesting quarterly over three years thereafter. The performance vesting incentive units fully vest upon the sale of the Company and continued employment for a period thereafter. The Company has concluded that because the sale of the Company is a performance vesting condition that is not probable of occurring until such time as there is a sale, therefore no expense should be recognized until and unless said sale occurs. During the period from July 1, 2022 through December 31, 2022, the Company recorded compensation expense related to these time vesting incentive units of \$692,280.

CHERRY BEKAERT ADVISORY HOLDCO LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

Note 8—Members' deficit and unit-based compensation (continued)

The estimated grant-date fair values of the incentive units were determined using the OPM approach and the following assumptions:

	Class O	Class P- \$1.00	Class P- \$2.00	Class P- \$3.00	Class P- \$1.36
Expected dividend yield	-	-	-	-	-
Risk-free interest rate	3.01%	3.01%	3.01%	3.01%	3.66%
Expected term in years	5	5	5	5	5
Expected volatility	46.00%	46.00%	46.00%	46.00%	46.00%
Weighted average fair value of incentive units granted	\$ 0.68	\$ 0.38	\$ 0.19	\$ 0.11	\$ 0.43

The following is an analysis of incentive units issued and outstanding:

	Class A	Class O	Class P- \$1.00	Class P- \$2.00	Class P- \$3.00	Class P- \$1.36
Outstanding, July 1, 2022	121,947,244	3,000,000	9,985,730	9,985,730	9,985,730	-
Granted	9,563,791	1,500,000	1,503,875	1,503,875	1,503,875	1,470,587
Exercised	-	-	-	-	-	-
Cancelled	(1,829,998)	-	-	-	-	-
Outstanding, December 31, 2022	<u>129,681,037</u>	<u>4,500,000</u>	<u>11,489,605</u>	<u>11,489,605</u>	<u>11,489,605</u>	<u>1,470,587</u>

As of December 31, 2022, all incentive units are nonvested. Compensation cost of approximately \$125,972,904 had not yet been recognized on these nonvested awards. The weighted average period over which it is expected to be recognized is 4.5 years.

Management has elected the practical expedient to use a value determined by the reasonable application of a reasonable valuation method as the current price of the underlying unit when determining the fair value of an award classified as equity at the grant date.

In conjunction with the sale of CBWM, four partners received an acceleration of their Rollover A Units vesting. The accelerated vesting was treated as a modification under ASC 718, *Compensation—Stock Compensation*, and resulted in additional compensation of \$2,012,998. The estimated acceleration date fair value of these modified units was determined using the OPM approach and the following assumptions:

	Accelerated Vesting
Expected dividend yield	-
Risk-free interest rate	3.66%
Expected term in years	5
Expected volatility	46.00%
Weighted average fair value of incentive units granted	\$ 1.10

CHERRY BEKAERT ADVISORY HOLDCO LLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

Note 9—Related party transactions

The Lenders under the Credit Agreement are Members that own a minority share of the Company. Refer to Note 5 for additional information on the Credit Agreement.

The Company earns service fees from the Attest Firm. Refer to Note 16 for additional information.

The Company has a Management Services Agreement (“MSA”) with a Member and its affiliates (collectively, the “Manager”), in which the Manager acts as the Company’s business advisor and renders operational support services and transaction support services to the Company. The MSA has a term of four years, or less upon certain transactions. Under the MSA, the Company pays a quarterly management fee in an annual amount equal to 0.65% of the aggregate equity invested by certain Members. Additionally, under the MSA the Company will pay to the Manager 1% of the aggregate gross value of any future transactions, such as acquisitions, divestitures, financings, or recapitalizations, plus other expenses incurred by the Manager. Fees paid by the Company under the MSA are recorded as a component of general and administrative expenses in the accompanying consolidated statement of operations and were \$613,136 for the period from July 1, 2022 through December 31, 2022.

At December 31, 2022, the Company has a receivable from an entity that is owned by certain Members of the Company. The receivable of \$678,812 is included in other receivables on the accompanying consolidated balance sheet at December 31, 2022.

At December 31, 2022, the Company also has amounts included in accounts payable to its Members and employees related to reimbursement of expenses and accrued compensation.

Note 10—Goodwill and intangible assets

A summary of changes in the carrying amount of goodwill for the period from July 1, 2022 through December 31, 2022 is as follows:

Balance, beginning of period	\$ 26,075,154
Goodwill acquired	<u>32,862,235</u>
Balance, end of period	<u><u>\$ 58,937,389</u></u>

As of December 31, 2022, the carrying basis and accumulated amortization of recognized intangible assets are as follows:

Customer relationships	\$ 23,845,377
Trade name	<u>1,440,000</u>
	25,285,377
Less accumulated amortization	<u>(6,830,816)</u>
	<u><u>\$ 18,454,561</u></u>

CHERRY BEKAERT ADVISORY HOLDCO LLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

Note 10—Goodwill and intangible assets (continued)

Amortization expense for the period from July 1, 2022 through December 31, 2022 was \$1,154,036. Future amortization for the next five years and thereafter as of December 31, 2022 is as follows:

2023	\$ 3,911,482
2024	3,836,344
2025	3,412,083
2026	2,457,143
2027	1,947,619
Thereafter	2,889,890
	<u>\$ 18,454,561</u>

Note 11—Commitments and contingencies

The Company accrues a liability when matters present loss contingencies that are both probable and estimable. The Company accrues expenses related to these matters such as legal and other ancillary costs. The Company's consolidated financial statements reflect the Company's current best estimate of probable losses and anticipated costs, including legal fees, associated with these matters. At December 31, 2022, the Company has accrued \$2,141,500 related to expected settlement and associated costs. This legal accrual is included in other current liabilities in the accompanying consolidated balance sheet. The actual costs of resolving these matters may exceed the amounts reserved. Additionally, the Company expects to receive \$740,539 in insurance settlements related to these matters under the Company's professional liability policy, for which a receivable has been recorded in other receivables in the accompanying consolidated balance sheet at December 31, 2022.

Securities Class Action

On January 16, 2019, the United States District Court for the Northern District of Georgia (the "Court") entered an order consolidating two purported securities class actions (MacPhee v. MiMedx Group, Inc., et al. filed February 23, 2018 and Kline v. MiMedx Group, Inc., et al. filed February 26, 2018). The order also appointed Carpenters Pension Fund of Illinois ("CPFI") as lead plaintiff. On May 1, 2019, CPFI filed a consolidated amended complaint, naming as defendants a predecessor to the Company, MiMedx Group, Inc., and the individual former officers of MiMedx Group, Inc. (the "Defendants"). The amended complaint alleged violations of Section 10(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), Rule 10b-5 promulgated thereunder, and Section 20(a) of the Exchange Act. It asserted a class period of March 7, 2013 through June 29, 2018. Following the filing of motions to dismiss by the various defendants, CPFI was granted leave to file an amended complaint. CPFI filed its amended complaint against the Defendants on March 30, 2020; defendants filed motions to dismiss on May 29, 2020. On March 25, 2021, the Court granted the Defendants' respective motions to dismiss, finding that CPFI lacked standing to bring the underlying claims and also could not establish loss causation because it sold all of its shares in MiMedx Group, Inc. prior to any corrective disclosures, and dismissed the case. On April 22, 2021, CPFI filed a motion for reconsideration of the dismissal and for leave to amend to add a new plaintiff to attempt to cure the standing and loss causation issues. The Company opposed CPFI's motions and the hearing on the same was held on September 24, 2021.

On January 28, 2022, the Court denied CPFI's motion to reconsider and motion to substitute class representative. On February 25, 2022, CPFI filed a Notice of Appeal in the 11th Circuit Court of Appeals. Oral arguments were held on January 24, 2023.

CHERRY BEKAERT ADVISORY HOLDCO LLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

Note 11—Commitments and contingencies (continued)

Based on the Company's current knowledge, the Company has determined that the amount of any reasonable possible loss and legal expenses resulting from the securities class action is not estimable. The Company also believes any potential loss and legal expenses should be covered by insurance subject to deductibles and limitations. However, the Company cannot predict the outcome of this lawsuit or the potential for future litigation.

Other Matters

The Company has various agreements in which it may be obligated to indemnify the other party with respect to certain matters. Generally, these indemnification clauses are included in contracts arising in the normal course of business under which the Company customarily agrees to hold the other party harmless against losses arising from a breach of representations, warranties, covenants, or agreements related to matters such as title to assets sold and certain tax matters. Payment by us under such indemnification clauses are generally conditioned upon the other party making a claim. Such claims are typically subject to challenge by us and to dispute resolution procedures specified in the particular contract. Further, the Company's obligations under these agreements may be limited in terms of time and/or amount and, in some instances, the Company may have recourse against third parties for certain payments made by us.

The Company is, from time to time, subject to claims and lawsuits arising in the ordinary course of business. We cannot predict the outcome of all such matters or estimate the possible loss, if any. Although the proceedings are subject to uncertainties in the litigation process and the ultimate disposition of these proceedings is not presently determinable, we intend to vigorously defend these matters.

Company personnel are, from time to time, subject to investigations or disciplinary review by governmental authorities, institute of accountants, standards board, or similar professional bodies. These personnel vigorously defend these matters. Although the proceedings are subject to uncertainties in the process, the ultimate disposition of these proceedings is not expected to materially affect the Company.

Acquisitions

The fair value of the contingent purchase price consideration is recorded at the date of acquisition and re-measured each reporting period based on the acquired business's expected future performance until the liability is settled. Amounts paid may exceed the amounts recorded. See further discussion in Note 6.

Note 12—Investment in affiliates

The table below set forth the carrying values of the Company's equity investments in unconsolidated affiliates or accumulated losses of unconsolidated affiliates in excess of investment, and the Company's share of their earnings or losses, as of December 31, 2022 and for the period from July 1, 2022 through December 31, 2022, respectively.

	Investments	Earnings
Cherry Bekaert USI Uniondale NY LLC	\$ 41,797	\$ 109,487
The Innovate Fund LLC	(210,732)	70,287
	<u>\$ (168,935)</u>	<u>\$ 179,774</u>

The Company owned 40% of Cherry Bekaert USI Uniondale NY LLC and 49% of The Innovate Fund LLC at December 31, 2022. The carrying value of the Company's investments at December 31, 2022 approximates the Company's underlying equity in the net assets of the investees.

CHERRY BEKAERT ADVISORY HOLDCO LLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

Note 13—Sale of Cherry Bekaert Wealth Management LLC

On December 30, 2022, the Company sold its controlling interest in CBWM to Choreo, LLC (“Choreo”), an entity controlled by a Member of the Company, for \$10,278,951 in cash, \$3,465,200 in rollover equity of Choreo, and contingent consideration. The contingent consideration is based on a revenue-weighted client retention percentage and net incremental client fees through December 2023. In conjunction with the sale of CBWM, the Company and certain Members exchanged Class A-1 Units in the Company for interests in CBWM, which was then exchanged for rollover equity in Choreo, as discussed in Note 8. The fair value of the rollover equity was determined to be \$3,465,200 received by the Company based on the pro rata share of the purchase price and is included in other noncurrent assets in the accompanying consolidated balance sheet. The Company recognized a gain of \$13,417,042 on the transaction representing the difference between the fair value of consideration received and the carrying value of the net assets of CBWM. The contingent consideration was not recognized because it did not meet the contingent gain recognition criteria in ASC 450-30, *Gain Contingencies*.

Choreo is a private entity without publicly available information necessary to estimate fair value or net asset value per unit. Therefore, in accordance with the measurement alternative under ASU 2016-01, the Company will account for its ownership in Choreo at cost adjusted for impairment and observable price changes, when available.

Note 14—Retirement plan contributions

The Company sponsors two defined contribution plans (the “Plans”) covering substantially all employees. The Plans allow eligible employees to defer a portion of their compensation up to the maximum percentage allowable under tax laws. Such deferrals accumulate on a tax-deferred basis until the employee withdraws the funds. The Company may match a portion of the employee’s contributions, which is discretionary, or may contribute a profit-sharing payment, which is also discretionary. The total contribution to the Plans was \$1,831,904 for the period from July 1, 2022 through December 31, 2022.

Additionally, the Company sponsored a cash balance pension plan for its Members. This plan was terminated during 2022, and participant balances were distributed or rolled over into other plans. There were no contributions by the Company to this plan for the period from July 1, 2022 through December 31, 2022.

Note 15—Self-insurance

The Company provides self-funded health coverage including medical, prescription drug, and dental benefits to its eligible employees. The Company’s coverage includes specific stop loss amounts of \$275,000 per claimant. Included in accrued expenses in the accompanying consolidated balance sheet as of December 31, 2022 is \$892,000 for amounts due related to claims incurred.

Note 16—Alternative practice structure

Prior to the formation of the Company, the Attest Firm operated as an attestation, tax, and advisory professional services firm. In June 2022, the Attest Firm created an alternative practice structure by forming a new wholly owned subsidiary, the Company, contributing substantially all of the Attest Firm’s assets and liabilities to the Company, and making a pro rata distribution of the Company’s partnership units to the Attest Firm’s members (i.e., a “spinoff”). The transaction was determined to be a common control transaction, and therefore, amounts contributed have been recognized at historical cost basis.

CHERRY BEKAERT ADVISORY HOLDCO LLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

Note 16—Alternative practice structure (continued)

After the spinoff, the Attest Firm performs only attestation services. In conjunction with this transaction, the Company and the Attest Firm entered into the ASA, whereby the Company provides certain administrative, marketing, and other services in support of the Attest Firm's performance of services for its clients. The services provided by the Company include leasing personnel to the Attest Firm, however, the partners of the Attest Firm remain responsible for the performance of the Attest Firm's services. These tasks are not separate performance obligations because the Company provides a service of integrating the services together into a bundle of services that represents a combined output which is a single promise to provide outsourced staffing and administrative services. The Company has determined that each month is a distinct performance obligation that is substantially the same and has the same pattern of transfer over time. As such, the Company has elected to account for contract as a series of monthly services. In addition, because the Company's level of effort each month corresponds to the Attest Firm's net client fees for that month, the Company allocates the variable transaction price to each monthly service based on the net client fees of the Attest Firm for that month.

In exchange for the services, the Attest Firm pays a service fee to the Company equal to 87.5% of net client fees. Fees earned by the Company under the ASA are recorded as a component of revenue in the accompanying consolidated statement of operations. Service fees were \$37,783,294 for the period from July 1, 2022 through December 31, 2022. At December 31, 2022, the Company had a receivable of \$18,011,532 from the Attest Firm, which is included as Due from Cherry Bekaert LLP in the accompanying consolidated balance sheet. While certain minority Members of the Company are also Members of the Attest Firm, the Attest Firm is a separate legal entity with separate governing bodies and officers. The Company has no ownership interest in the Attest Firm, and neither the existence of the ASA nor the provision of services thereunder is intended to constitute control of the Attest Firm by the Company.

The Company's evaluation of whether it qualifies as the primary beneficiary of the Attest Firm is highly complex and involves significant judgments, estimates, and assumptions. The Company determined it has a variable interest in the Attest Firm and that the Attest Firm is a variable interest entity ("VIE"). However, the Company determined it is not the primary beneficiary of the VIE because it does not have the power to control the activities that most significantly affected the economic performance of the VIE. The power to control the activities that most significantly affect the economic performance of the VIE is held by the VIE's Board of Directors. The Company and the VIE have, and are required to maintain, separate Boards and Officers with no overlap. Furthermore, because power to control the activities that most significantly affect the economic performance of the VIE are not shared (e.g., unanimous votes, veto rights, etc.) between related parties and because there is not a single decision maker, a related party "tie-breaker" test was not required. As a result, the Company's conclusion is that it is not the primary beneficiary of the Attest Firm and thus should not consolidate the Attest Firm.

Note 17—Subsequent events

The Company has evaluated subsequent events through May 23, 2023, which is the date the Company's consolidated financial statements were available to be issued.

In January 2023, the Company entered into a lease amendment to modify and extend the term of an existing office lease. The lease includes total fixed lease payments of approximately \$5,800,000 which will be due through 2033.

In February 2023, the Company paid \$2,000,000 of contingent consideration related to the acquisition of Accume.

ATTACHMENT A: PRICING FORM

COST SCHEDULE

Vendor shall provide its best hourly rates in the form of base rate and upper rate for an auditor, audit supervisor and audit executive in the appropriate columns provided below or a duplicate of this form. For staff, supervisor, and executive descriptions, see Section 4.9 of the RFP.

This table captures audit staff compensation rates only and does not include travel or related business expenses. All travel and business expenses, if any, will be subject to North Carolina state travel guidelines and requirements and are required to be presented as part of the issuance of a specific SOW, after approved Vendors have been selected. Chapter 5 of the North Carolina Budget Manual provides primary guidance on state travel guidelines and restrictions and can be found at:

<https://www.osbm.nc.gov/budget/budget-manual>

					OTHER PROFESSIONAL STAFF <i>Vendors may enter provide rates for additional staff categories, if applicable.</i>		
Services Category	Staff Base Rate	Staff Upper Rate	Supervisor	Executive			
Operational/Performance Audit	\$150	\$185	\$215	\$255			
Investigative Audit	\$185	\$250	\$295	\$335			
Compliance Audit	\$150	\$185	\$215	\$255			
Information System Audit	\$185	\$250	\$295	\$335			
Risk Assessment and Audit Plan	\$150	\$185	\$215	\$255			
Development	\$150	\$185	\$215	\$255			
Financial Audit	\$150	\$185	\$215	\$255			
Data Analytic Services	\$150	\$185	\$215	\$255			
Managerial Advisory Services	\$150	\$185	\$215	\$255			
Accounting Services	\$150	\$185	\$215	\$255			



NORTH CAROLINA GENERAL TERMS & CONDITIONS

1. PERFORMANCE:

- a) It is anticipated that the tasks and duties undertaken by the Vendor under the contract which results from the State solicitation in this matter (Contract) shall include Services, and/or the manufacturing, furnishing, or development of goods and other tangible features or components, as deliverables.
- b) Except as provided herein, and unless otherwise mutually agreed in writing prior to award, any deliverables not subject to an agreed Vendor license and provided by Vendor in performance of this Contract shall be and remain property of the State. During performance, Vendor may provide proprietary components as part of the deliverables that are identified in this Contract. Vendor grants the State a personal, permanent, non-transferable license to use such proprietary components of the deliverables and other functionalities, as provided under this Contract. Any technical and business information owned by Vendor or its suppliers or licensors made accessible or furnished to the State shall be and remain the property of the Vendor or such other party, respectively. Vendor agrees to perform under the Contract in at least the same or similar manner provided to comparable users and customers. The State shall notify the Vendor of any defects or deficiencies in performance or failure of deliverables to conform to the standards and specifications provided in this Contract. Vendor agrees to timely remedy defective performance or any nonconforming deliverables on its own or upon such notice provided by the State.
- c) Vendor has a limited, non-exclusive license to access and use State Data provided to Vendor, but solely for performing its obligations under and during this Agreement and in confidence as further provided for herein or by law.
- d) Vendor or its suppliers, as specified and agreed in the Contract, shall provide support assistance to the State related to all Services performed or other deliverables procured hereunder during the State's normal business hours. Vendor warrants that its support, customer service, and assistance will be performed at a minimum in accordance with generally accepted and applicable industry standards.
- e) The State may document and take into account in awarding or renewing future procurement contracts the general reputation, performance and performance capabilities of the Vendor under this Contract as provided by G.S. 143-52 and 143-135.9 (a) and (b) (Best Value).

2. DEFAULT AND TERMINATION:

- a) In the event of default by the Vendor, the State may, as provided by NC law, procure goods and services necessary to complete performance hereunder from other sources and hold the Vendor responsible for any excess cost occasioned thereby. See, G.S. 25-2-712. In addition, and in the event of default by the Vendor under the Contract, or upon the Vendor filing a petition for bankruptcy or the entering of a judgment of bankruptcy by or against the Vendor, the State may immediately cease doing business with the Vendor, terminate the Contract for cause, and take action to recover relevant damages, and if permitted by applicable law, debar the Vendor from doing future business with the State. 01 NCAC 05B.1520.
- b) If, through any cause, Vendor shall fail to fulfill in a timely and proper manner the obligations under the Contract, including, without limitation, in these North Carolina General Terms and Conditions, the State shall have the right to terminate the Contract by giving thirty days written notice to the Vendor and specifying the effective date thereof. In that event, any or all finished or unfinished deliverables that are prepared by the Vendor under the Contract shall, at the option of the State, become the property of the State (and under any applicable Vendor license

to the extent necessary for the State to use such property), and the Vendor shall be entitled to receive just and equitable compensation for any acceptable deliverable completed (or partially completed at the State's option) as to which such option is exercised. Notwithstanding, Vendor shall not be relieved of liability to the State for damages sustained by the State by virtue of any breach of the Contract, and the State may withhold any payment due the Vendor for the purpose of setoff until such time as the exact amount of damages due the State from such breach can be determined. The State, if insecure as to receiving proper performance or provision of goods deliverables, or if documented Vendor Services performance issues exist, under this Contract, may require at any time a performance bond or other alternative performance guarantees from a Vendor without expense to the State as provided by applicable law. G.S. 143-52(a); 01 NCAC 05B.1521; G.S. 25-2-609.

- c) If this Contract contemplates deliveries or performance over a period of time, the State may terminate this Contract for convenience at any time by providing 60 days' notice in writing from the State to the Vendor. In that event, any or all finished or unfinished deliverables prepared by the Vendor under this Contract shall, at the option of the State, become its property, and under any applicable Vendor license to the extent necessary for the State to use such property. If the Contract is terminated by the State for convenience, the State shall pay for those items or Services for which such option is exercised, less any payment or compensation previously made.

3. INTERPRETATION, CONFLICT OF TERMS:

- a) The definitions in the Instructions to Vendors in the relevant solicitation for this Contract, and in 01 NCAC 05A.0112 are specifically incorporated herein.
- b) If federal funds are involved in the transactions under this Contract, the Vendor shall comply with all applicable state and federal requirements and laws, except where State requirements are more restrictive. See the additional federal requirements included in the "Federal Funds Provisions" section below.
- c) "Purchasing Agency" herein is as defined in 01 NCAC 05A.0112, except that if this Contract has been entered into by the NC Department of Administration, Division of Purchase and Contract (P&C) as indicated in the Contract (e.g., a State Term Contract), then P&C will then be a Purchasing Agency for the purposes herein and in the Federal Funds Provisions, below.
- d) Contracts made in contravention of General Statutes, Chapter 143, Article 3 and the Rules in 05 NCAC Chapter 5, are void. G.S. 143-58.
- e) In cases of conflict between specific provisions in this Contract and any other referenced documents, the Order of Precedence shall be (high to low) (1) any special terms and conditions specific to this Contract, including any negotiated terms; (2) requirements, specifications and administrative terms; (3) these NORTH CAROLINA GENERAL TERMS AND CONDITIONS, including the Federal Funds Provisions; (4) Definitions and other provisions in INSTRUCTIONS TO VENDORS in this solicitation, which is specifically incorporated in this Contract; (5) PRICING, and (6) Vendor's Bid, to the extent specifically and mutually incorporated into this Contract.
- f) In the event of conflict of terms between applicable provisions of the Federal Funds Provisions and the other provisions of these North Carolina General Contract Terms and Conditions, the more restrictive provision will govern.

- 4. **GOVERNMENTAL RESTRICTIONS:** In the event any Governmental restrictions are imposed which necessitate alteration of the goods, material, quality, workmanship, or performance of the Services offered, prior to acceptance, it shall be the responsibility of the Vendor to notify the State Contract Lead or Administrator indicated in the Contract at once, in writing, indicating the specific regulation which requires such alterations. The State reserves the right to accept any such alterations, including any price adjustments occasioned thereby, or to cancel the Contract.

- 5. **AVAILABILITY OF FUNDS:** Any and all payments to the Vendor shall be dependent upon and subject to the availability of funds appropriated or allocated to the agency for the purpose set forth in the Contract.

6. TAXES: Any applicable taxes shall be invoiced as a separate item.

- a) G.S. 143-59.1 bars the Secretary of Administration from entering into Contracts with Vendors if the Vendor or its affiliates meet one of the conditions of G.S. 105-164.8(b) and refuses to collect use tax on sales of tangible personal property to purchasers in North Carolina. Conditions under G.S. 105-164.8(b) include: (1) Maintenance of a retail establishment or office, (2) Presence of representatives in the State that solicit sales or transact business on behalf of the Vendor and (3) Systematic exploitation of the market by media-assisted, media-facilitated, or media-solicited means. By execution of the proposal document the Vendor certifies that it and all of its affiliates, (if it has affiliates), collect(s) the appropriate taxes.
- b) The agency(ies) participating in the Contract are exempt from Federal Taxes, such as excise and transportation. Exemption forms submitted by the Vendor will be executed and returned by the using agency.
- c) Prices offered are not to include any personal property taxes, nor any sales or use tax (or fees) unless required by the North Carolina Department of Revenue.

7. SITUS AND GOVERNING LAWS:

- a) This Contract is made under and shall be governed by and construed in accordance with the laws of the State of North Carolina, including, without limitation, the relevant provisions of G.S. Chapter 143, Article 3, and the Rules in 01 NCAC Chapter 05, and any applicable successor provisions, without regard to its conflict of laws rules, and within which State all matters, whether sounding in Contract, tort or otherwise, relating to its validity, construction, interpretation and enforcement shall be determined. G.S. 22B-3.
- b) Vendor shall comply with all laws, ordinances, codes, rules, regulations, and licensing requirements that are applicable to the conduct of its business and its performance in accordance with the Contract, including those of federal, state, and local agencies having jurisdiction and/or authority, and including, without limitation, the applicable requirements in the Federal Funds Provisions, below.
- c) Non-resident Vendor corporations not formed under NC law must be domesticated in the Office of the NC Secretary of State in order to contract with the State of North Carolina. G.S. 55A-15-01.

8. NON-DISCRIMINATION COMPLIANCE:

Wholly State Funded Contracts.

- a) The Vendor will take affirmative action in complying with all State requirements and laws concerning fair employment and employment of people with disabilities, and concerning the treatment of all employees without regard to discrimination by reason of race, color, religion, sex, national origin or disability or rights, such as preserved by Governor Roy Cooper Order E.O. 24 or 25, and will take necessary action to ensure that its internal employee policies and procedures are consistent with Executive Order #82 (Roy Cooper, December 6, 2018), which extends workplace protections and accommodations to pregnant employees.
- b) Federal Law, such as the following, applies as provided for therein: Titles VI and VII of the Civil Rights Act of 1964 (PL 88-352), and the regulations issued pursuant thereto (prohibiting discrimination on the basis race, color, national origin and ensuring that individuals are employed, and that employees are treated during employment, without regard to their race, color, creed, national origin, sex, or age); Title IX of the Education Amendments of 1972 (codified as amended at 20 U.S.C. § 1681 et seq.) (prohibiting discrimination on the basis of sex); Titles I, II, III, IV, and V of the Americans with Disability Act of 1990 (prohibiting discrimination on the basis of disability); Section 504 of the Rehabilitation Act of 1973 (codified as amended at 29 U.S.C. § 794) (prohibiting discrimination on the basis of handicap); the Age

Discrimination Act of 1975 (codified as amended at 42 U.S.C. § 6101 et seq.) (prohibiting age discrimination); Executive Order 11063 as amended by Executive Order 2259; and Section 109 of the Housing and Community Development Act of 1974, as amended.

Contracts Partially or Wholly Federally Funded.

To the extent federal funding is involved in this procurement, in whole or in part, compliance with the following is required:

- c) The Vendor shall comply with all Federal Funds Provisions requirements (below) and not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, gender identity, or national origin. The Vendor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, sexual orientation, gender identity, or national origin. Such action shall include, but not be limited to the following:

Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Vendor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause.

- d) The Vendor shall, in all solicitations or advertisements for employees placed by or on behalf of the Vendor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, sexual orientation, gender identity, or national origin:
- e) The Vendor will not discharge or in any other manner discriminate against any employee or applicant for employment because such employee or applicant has inquired about, discussed, or disclosed the compensation of the employee or applicant or another employee or applicant. This provision shall not apply to instances in which an employee who has access to the compensation information of other employees or applicants as a part of such employee's essential job functions discloses the compensation of such other employees or applicants to individuals who do not otherwise have access to such information, unless such disclosure is in response to a formal complaint or charge, in furtherance of an investigation, proceeding, hearing, or action, including an investigation conducted by the employer, or is consistent with the Vendor's legal duty to furnish information.
- f) The Vendor will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or workers' representatives of the Vendor's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- g) The Vendor shall comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.
- h) The Vendor shall furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and shall permit access to his books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- i) In the event of the Vendor's noncompliance with the nondiscrimination clauses of this Contract or with any of the said rules, regulations, or orders, this Contract may be canceled, terminated, or suspended in whole or in part and the Vendor may be declared ineligible for further Government contracts or federally assisted construction Contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

- j) The Vendor shall include the portion of the sentence immediately preceding paragraph (a) and the provisions of paragraphs (a) through (g) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Vendor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, that in the event a Vendor (or herein "applicant," as applicable in context within these Federal Funds Provisions) becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency, the Vendor may request the United States to enter into such litigation to protect the interests of the United States.
 - k) The Vendor further agrees that it shall be bound by the above equal opportunity clause with respect to its own employment practices when it participates in federally assisted construction work: Provided, that if the Vendor so participating is a State or local government, the above equal opportunity clause is not applicable to any agency, instrumentality or subdivision of such government which does not participate in work on or under the Contract.
 - l) The Vendor agrees that it shall assist and cooperate actively with the administering agency and the Secretary of Labor in obtaining the compliance of Vendors and subcontractors with the equal opportunity clause and the rules, regulations, and relevant orders of the Secretary of Labor, that it shall furnish the administering agency and the Secretary of Labor such information as they may require for the supervision of such compliance, and that it shall otherwise assist the administering agency in the discharge of the agency's primary responsibility for securing compliance.
 - m) The Vendor further agrees that it shall refrain from entering into any contract or contract modification subject to Executive Order 11246 of September 24, 1965, with a Vendor debarred from, or who has not demonstrated eligibility for, Government Contracts and federally assisted construction contracts pursuant to the Executive Order and will carry out such sanctions and penalties for violation of the equal opportunity clause as may be imposed upon Vendors and subcontractors by the administering agency or the Secretary of Labor pursuant to Part II, Subpart D of the Executive Order. In addition, the Vendor agrees that if it fails or refuses to comply with these undertakings, the administering agency may take any or all of the following actions: Cancel, terminate, or suspend in whole or in part any relevant grant (contract, loan, insurance, guarantee); refrain from extending any further assistance to the Vendor under the program with respect to which the failure or refund occurred until satisfactory assurance of future compliance has been received from such Vendor; and refer the case to the Department of Justice for appropriate legal proceedings.
9. **PAYMENT TERMS:** Payment terms are net not later than 30 days after receipt of a correct invoice or acceptance of goods, whichever is later. The Procuring Agency is responsible for all payments to the Vendor under the Contract. Payment by some agencies may be made by procurement card. If the Vendor accepts Visa, MasterCard, etc., from other customers, it shall accept procurement card payment by the State under the terms provided for the procurement card. 01 NCAC 05B.1523. If payment is made by procurement card, then payment for amounts then due may be processed immediately by the Vendor.

The State does not agree in advance, in contract, pursuant to Constitutional limitations, to pay costs such as interest, late fees, penalties or attorney's fees. This Contract will not be construed as an agreement by the State to pay such costs and will be paid only as ordered by a court of competent jurisdiction.

10. **CONDITION AND PACKAGING:** Unless otherwise expressly provided by special terms and conditions or specifications in the Contract or by express, specific federal law or rule, it is understood and agreed that any item offered or shipped has not been sold or used for any purpose, is newly manufactured,

and shall be in first class condition. All containers/packaging shall be suitable for handling, storage or shipment.

11. INTELLECTUAL PROPERTY WARRANTY AND INDEMNITY: Vendor shall hold and save the State, its officers, agents and employees, harmless from liability of any kind, including costs and expenses, resulting from infringement of the rights of any third party in any Services or copyrighted material, patented or patent-pending invention, article, device or appliance delivered in connection with the Contract.

- a) Vendor warrants to the best of its knowledge that:
 - 1. Performance under the Contract does not infringe upon any intellectual property rights of any third party; and
 - 2. There are no actual or threatened actions arising from, or alleged under, any intellectual property rights of any third party.
- b) Should any deliverables supplied by Vendor become the subject of a claim of infringement of a patent, copyright, trademark or a trade secret in the United States, the Vendor, shall at its option and expense, either procure for the State the right to continue using the deliverables, or replace or modify the same to become non-infringing. If neither of these options can reasonably be taken in Vendor's judgment, or if further use shall be prevented by injunction, the Vendor agrees to cease provision of any affected deliverables and refund any sums the State has paid Vendor for such deliverables and make every reasonable effort to assist the State in procuring substitute deliverables. If, in the sole opinion of the State, the cessation of use by the State of any such deliverables due to infringement issues makes the retention of other items acquired from the Vendor under this Agreement impractical, the State shall then have the option of terminating the Agreement, or applicable portions thereof, without penalty or termination charge; and Vendor agrees to refund any sums the State paid for unused Services or other deliverables.
- c) The Vendor, at its own expense, shall defend any action brought against the State to the extent that such action is based upon a claim that the deliverables supplied by the Vendor, their use or operation, infringe on a patent, copyright, trademark or violate a trade secret in the United States. The Vendor shall pay those costs and damages finally awarded or agreed in a settlement against the State in any such action. Such defense and payment shall be conditioned on the following:
 - 1. That the Vendor shall be notified within a reasonable time in writing by the State of any such claim; and
 - 2. That the Vendor shall have the sole control of the defense of any action on such claim and all negotiations for its settlement or compromise provided, however, that the State shall have the option to participate in such action at its own expense.
- d) Vendor will not be required to defend or indemnify the State to the extent any claim by a third party against the State for infringement or misappropriation results solely from the State's material alteration of any Vendor-branded deliverables or Services, or from the continued use of the Services or other deliverables after receiving written notice from the Vendor of the claimed infringement.

12. ADVERTISING: Vendor agrees not to use the existence of the Contract or the name of the State of North Carolina as part of any commercial advertising or marketing of products or Services except as provided in 01 NCAC 05B.1516. A Vendor may inquire whether the State is willing to be included on a listing of its existing customers.

13. ACCESS TO PERSONS AND RECORDS: During, and after the term hereof during the relevant period required for retention of records by State law (G.S. 121-5, 132-1 *et seq.*, typically five years), the State Auditor and any Purchasing Agency's internal auditors shall have access to persons and records related to the Contract to verify accounts and data affecting fees or performance under the Contract, as provided in G.S. 143-49(9). However, if any audit, litigation or other action arising out of or related

in any way to this project is commenced before the end of the such retention of records period, the records shall be retained for one (1) year after all issues arising out of the action are finally resolved or until the end of the record retentions period, whichever is later.

14. ASSIGNMENT OR DELEGATION OF DUTIES:

- a) As a convenience to the Vendor, the State may include any person or entity designated by the Vendor in writing as a joint payee on the Vendor's payment check. In no event shall such approval and action obligate the State to anyone other than the Vendor.
- b) If Vendor requests any assignment, or delegation of duties, the Vendor shall remain responsible for fulfillment of all Contract obligations. Upon written request, the State may, in its unfettered discretion, approve an assignment or delegation to another responsible entity acceptable to the State, such as the surviving entity of a merger, acquisition or a corporate reorganization if made as part of the transfer of all or substantially all of the Vendor's assets. 01 NCAC 05B.1507. Any purported assignment or delegation made in violation of this provision shall be void and a material breach of the Contract. G.S. 143-58.

15. INSURANCE: This section provides minimum insurance coverage rates that are applicable to most moderate risk solicitations. Agency Risk Analysis will determine if higher insurance coverage amounts are needed based on the likelihood and severity of exposure to the State. The analysis is documented in writing in the official file and considers the following non-exclusive factors:

1. Potential for damage to State property or property of a third party,
2. Potential for bodily injury to State employees or third parties,
3. Whether Vendor will transport State property, clients, or employees,
4. Use of a vehicle to accomplish the work or to travel to or from State locations,
5. Anticipated physical contacts of the Vendor with the State,
6. Anticipated number and activity of Vendor personnel within the State, and
7. Any other unique considerations that could result in harm, bodily injury, or property damage.

The Purchasing Agency has specified elsewhere in this Contract any increase in the minimum insurance coverage requirements below if the risk from the above factors is high.

a) REQUIREMENTS - Providing and maintaining adequate insurance coverage is a material obligation of the Vendor and is of the essence of the Contract. All such insurance shall meet all laws of the State of North Carolina. Such insurance coverage shall be obtained from companies that are authorized to provide such coverage and that are authorized by the NC Commissioner of Insurance to do business in North Carolina. The Vendor shall at all times comply with the terms of such insurance policies, and all requirements of the insurer under any such insurance policies, except as they may conflict with existing North Carolina laws or the Contract. The limits of coverage under each insurance policy maintained by the Vendor shall not be interpreted as limiting the Vendor's liability and obligations or the indemnification requirements under the Contract. As provided above, a State agency is authorized, upon written evaluation and substantiation in the official file of the significant risk of bodily injury and/or property or other damage in the contract, to require and enforce higher coverage limits to mitigate the potential risk of liability to the State.

b) COVERAGE - During the term of the Contract, the Vendor at its sole cost and expense shall provide commercial insurance of such type and with such terms and limits as may be reasonably associated with the Contract. At a minimum, the Vendor shall provide and maintain the following coverage and limits, subject to higher requirements by an agency after the risk analysis indicated above:

1. **For Small Purchases** as defined under North Carolina Administrative Code 01 NCAC 05A.0112 (35) and 05B.0301 (1), the minimum applicable insurance requirements for Worker's Compensation and Automobile Liability will apply as required by North Carolina law. The Purchasing Agency may require Commercial General Liability coverage consistent with the assessed risks involved in the procurement.
2. **For Contracts valued in excess of the Small Purchase threshold, but up to \$1,000,000.00 the following limits shall apply:**

- i. **Worker's Compensation** - The Vendor shall provide and maintain Worker's Compensation Insurance, as may be required by the laws of North Carolina, as well as employer's liability coverage, with minimum limits of \$250,000.00, covering all of Vendor's employees who are engaged in any work under the Contract in North Carolina. If any work is sub-Contracted, the Vendor shall require the sub-contractor to provide the same coverage for any of its employees engaged in any work under the Contract within the State.
- ii. **Commercial General Liability** - General Liability Coverage on a Comprehensive Broad Form on an occurrence basis in the minimum amount of \$500,000.00 Combined Single Limit. Defense costs shall be in excess of the limit of liability.
- iii. **Automobile** - Automobile Liability Insurance, to include liability coverage covering all owned, hired and non-owned vehicles, used within North Carolina in connection with the Contract. The minimum combined single limit shall be \$250,000.00 bodily injury and property damage; \$250,000.00 uninsured/under insured motorist; and \$2,500.00 medical payment.

3. For Contracts valued in excess of \$1,000,000.00 the following limits shall apply:

- i. **Worker's Compensation** - The Vendor shall provide and maintain Worker's Compensation Insurance, as may be required by the laws of North Carolina, as well as employer's liability coverage, with minimum limits of \$500,000.00, covering all of Vendor's employees who are engaged in any work under the Contract in North Carolina. If any work is sub-Contracted, the Vendor shall require the sub-contractor to provide the same coverage for any of its employees engaged in any work under the Contract within the State.
- ii. **Commercial General Liability** - General Liability Coverage on a Comprehensive Broad Form on an occurrence basis in the minimum amount of \$1,000,000.00 Combined Single Limit. Defense costs shall be in excess of the limit of liability.
- iii. **Automobile** - Automobile Liability Insurance, to include liability coverage covering all owned, hired and non-owned vehicles, used within North Carolina in connection with the Contract. The minimum combined single limit shall be \$500,000.00 bodily injury and property damage; \$500,000.00 uninsured/under insured motorist; and \$5,000.00 medical payment.

16. GENERAL INDEMNITY:

- a) The Vendor shall indemnify, defend and hold and save the State, its officers, agents, and employees, harmless from liability of any kind, including all claims and losses accruing or resulting to any other person, firm, or corporation furnishing or supplying work, Services, materials, or supplies in connection with the performance of the Contract, and also from any and all claims and losses accruing or resulting to any person, firm, or corporation that may be injured or damaged by the Vendor in the performance of the Contract that are attributable to the negligence or intentionally tortious acts of the Vendor, provided that the Vendor is notified in writing within 30 days from the date that the State has knowledge of such claims.
- b) The Vendor, at its own expense shall defend any action brought against the State, under this section. The Vendor shall have the sole control of the defense of any action on such claim and all negotiations for its settlement or compromise, provided, however, that the State shall have the option to participate in such action at its own expense.
- c) The Vendor represents and warrants that it shall make no claim of any kind or nature against the State's agents who are involved in the delivery or processing of Vendor deliverables or Services as part of this Contract with the State.

- d) As part of this provision for General indemnity, if federal funds are involved in this procurement, the Vendor warrants that it will comply with all relevant and applicable federal requirements and laws, and will indemnify, defend and hold and save the State harmless from any claims or losses resulting to the State from the Vendor's noncompliance with such federal requirements or law in the performance of this Contract. The representations and warranties in the preceding two sentences shall survive the termination or expiration of the Contract.
- e) The State does not participate in indemnification due to Constitutional restrictions, or arbitration, which effectively and unacceptably waives jury trial. See, G.S. 22B-3, -10.

17. ELECTRONIC PROCUREMENT: (G.S. 143-48.3)

GENERALLY APPLICABLE TO GOODS AND SERVICES PURCHASES:

- a) Purchasing shall be conducted through the Statewide E-Procurement Service. The State's third-party agent shall serve as the Supplier Manager for this E-Procurement Service. The Vendor shall register for the Statewide E-Procurement Service within two (2) business days of notification of award in order to receive an electronic purchase order resulting from award of this Contract.
- b) The Supplier Manager will capture an order from a State approved user, including the shipping and payment information, and submit the order in accordance with E-Procurement Service procedures. Subsequently, the Supplier Manager will send those orders to the appropriate Vendor on State Contract. The State or State-approved user, not the Supplier Manager, shall be responsible for the solicitation, bids received, evaluation of bids received, award of Contract, and the payment for goods delivered.
- c) Vendor shall at all times maintain the confidentiality of its username and password for the Statewide E-Procurement Services. Vendor shall be responsible for all activity and all charges by its agents or employees. Vendor agrees not to permit a third party to use its E-Procurement Services account. If there is a breach of security through the Vendor's account, Vendor shall immediately change its password and notify the Supplier Manager of the security breach by email. Vendor shall cooperate with the State and the Supplier Manager to mitigate and correct any security breach.

E-PROCUREMENT FEES – APPLICABLE ONLY TO GOODS PURCHASES

- d) **THE SUCCESSFUL BIDDER(S) SHALL PAY A TRANSACTION FEE, CURRENTLY 1.75% (.0175), ON THE TOTAL DOLLAR AMOUNT (EXCLUDING SALES TAXES) FOR THE AMOUNT OF ANY GOODS INCLUDED ON EACH PURCHASE ORDER ISSUED THROUGH THE STATEWIDE E-PROCUREMENT SERVICE (OR ANY OFFICIAL REPLACEMENT SERVICE). G.S. 66-58.12; See, *NC E-Procurement Terms of Use*.** This applies to all purchase orders, regardless of the quantity or dollar amount of the purchase order. The transaction fee shall not be stated or included as a separate item on the invoice. Vendor will receive a credit for transaction fees they paid for the purchase of any item(s) if an item(s) is returned through no fault of the Vendor. Transaction fees are non-refundable when an item is rejected and returned, or declined, due to the Vendor's failure to perform or comply with specifications or requirements of the Contract.
- e) Vendor or its Authorized Reseller, as applicable, will be invoiced monthly for the State's transaction fee by the E-Procurement Supplier Manager (Supplier Manager), based on a) purchase activity for the prior month, or b) purchases for which the supplier invoice has been paid. Unless the Supplier Manager receives written notice from the Vendor identifying with specificity any errors in an invoice for the transaction fee within thirty (30) days of the receipt of invoice, such invoice shall be deemed to be correct and Vendor shall have waived its right to later dispute the accuracy and completeness of the invoice. Payment of the transaction fee by the Vendor is due to the account designated by the State within thirty (30) days after receipt of the invoice for the transaction fee, or it shall be considered a material breach of Contract.

Pursuant to G.S. 147-86.23, the service will charge 1) interest on past due balances at the rate set by the Secretary of Revenue pursuant to G.S. 105-241.21 as of the date the balances are past due, and, 2) late payment penalties, currently ten percent (10%) of the account receivable. No interest shall be charged on disputed and overdue amounts to the extent the State agrees to reduce or adjust the amount in dispute. The Supplier Manager shall provide, whenever reasonably requested by the Vendor in writing (including electronic documents), supporting documentation from the E-Procurement Service that accounts for the amount of the invoice.

- 18. SUBCONTRACTING:** Performance under the Contract by the Vendor shall not be subcontracted without prior written approval of the State's assigned Contract Lead. Unless otherwise agreed in writing, acceptance of a Vendor's proposal shall include approval to use the subcontractor(s) that have been specified therein.
- 19. CONFIDENTIALITY:** Vendor information that cannot be shown to be, e.g., a trade secret, may be subject to public disclosure under the terms of the State Public Records Act (SPRA), beginning at G.S. 132.1. Blanket assertions of confidentiality are not favored, but confidentiality of specific material meeting one or more exceptions in the SPRA will be honored. Vendors are notified that if the confidentiality of material is challenged by other parties, the Vendor has the responsibility of defending the assertion of confidentiality. G.S. 143-52(a).
- 20. CARE OF STATE DATA AND PROPERTY:** Any State property, information, data, instruments, documents, studies or reports given to or prepared or assembled by or provided to the Vendor under the Contract shall be kept as confidential, used only for the purpose(s) required to perform the Contract and not divulged or made available to any individual or organization without the prior written approval of the State.

The State's data and property in the hands of the Vendor shall be protected from unauthorized disclosure, loss, damage, destruction by a natural event or another eventuality. The Vendor agrees to reimburse the State for loss or damage of State property while in Vendor's custody. Such State Data shall be returned to the State in a form acceptable to the State upon the termination or expiration of this Agreement.

The Vendor shall notify the State of any security breaches within 24 hours as required by G.S. 143B-1379. For further information, see, G.S. 75-60 *et seq.* **Notice** is given to the Vendor that the NC Department of Information Technology (DIT) has requirements relating to the security of the State network, and rules relating to the use of the State network, IT software and equipment, that the Vendor must comply with, as applicable. See, e.g., G.S. 143B-1376.

- 21. OUTSOURCING:** Any Vendor or subcontractor providing call or contact center services to the State of North Carolina or any of its agencies shall disclose to inbound callers the location from which the call or contact center services are being provided.

If, after award of a Contract, and consistent with any applicable NC DIT security provisions, the Contractor wishes to relocate or outsource any portion of performance to a location outside the United States, or to contract with a subcontractor for any such performance, which subcontractor and nature of the work has not previously been disclosed to the State in writing, prior written approval must be obtained from the State Purchasing Agency. Vendor shall give notice to the Purchasing Agency of any relocation of the Vendor, employees of the Vendor, subcontractors of the Vendor, or other persons providing performance under a State Contract to a location outside of the United States. See, G.S. 143-59.4.

- 22. ENTIRE AGREEMENT:** The Contract (including any documents mutually incorporated specifically therein) resulting from a relevant solicitation represents the entire agreement between the parties and supersedes all prior oral or written statements or agreements. All promises, requirements, terms, conditions, provisions, representations, guarantees, and warranties contained herein shall survive the Contract expiration or termination date unless specifically provided otherwise herein, or unless superseded by applicable Federal or State statutes of limitation.

- 23. ELECTRONIC RECORDS:** The State will digitize all Vendor responses to the relevant solicitation, if not received electronically, as well as any awarded Contract together with associated procurement-related documents. These electronic copies shall constitute a preservation record and shall serve as the official record of this procurement with the same force and effect as the original written documents

comprising such record. Any official electronic copy, printout or other output readable by sight shown to reflect such record accurately shall constitute an "original."

24. AMENDMENTS: This Contract may be amended only by a written amendment duly executed by the State and the Vendor.

25. NO WAIVER: Notwithstanding any other language or provision in the Contract or in any Vendor-supplied material, nothing herein is intended nor shall be interpreted as a waiver of any right or remedy otherwise available to the State under applicable law. The waiver by the State of any right or remedy on any one occasion or instance shall not constitute or be interpreted as a waiver of that or any other right or remedy on any other occasion or instance.

26. FORCE MAJEURE: Neither party shall be deemed to be in default of its obligations hereunder if and so long as it is prevented from performing such obligations as a result of events beyond its reasonable control, including, without limitation, fire, power failures, any act of war, hostile foreign action, nuclear explosion, riot, strikes or failures or refusals to perform under subcontracts, civil insurrection, earthquake, hurricane, tornado, other catastrophic epidemic or pandemic, natural event or Act of God.

27. SOVEREIGN IMMUNITY: Notwithstanding any other term or provision in the Contract, nothing herein is intended nor shall be interpreted as waiving any claim or defense based on the principle of sovereign immunity or other State or federal constitutional provision or principle that otherwise would be available to the State under applicable law.

28. FEDERAL FUNDS PROVISIONS:

Where federal funds are utilized in connection with this procurement, and to the extent applicable and absent stricter or controlling State provisions, the following federal provisions (in addition to the North Carolina General Terms and Conditions above) may apply consistent with Uniform Guidance in 2 C.F.R. § 200.326 and 2 C.F.R. Part 200, and its Appendix II. Relevant federal authorities may require additional provisions depending on the scope and context of the Contract. Failure or unwillingness of the Vendor to continually meet any of these requirements, as applicable, may result in Contract termination.

Any links to websites not maintained by the State are provided as a courtesy. The State does not warrant or guarantee the accuracy of the hyperlink or the information contained therein.

- a) **No governmental non-competes.** Vendor shall not impose or enforce any non-competition agreement upon the employees included in Vendor's bid that would prevent those employees from accepting any offer of employment from the State of North Carolina outside of the first Term of the Contract. By executing this Contract, the Vendor affirms this condition. This affirmation is a material condition for the State's award of any work under this Contract.
- b) **Program Monitoring.** Vendor agrees to assist and cooperate with the Federal grantor or funding agency and the relevant Purchasing Agency or their duly designated representatives in the monitoring of the project or projects to which this Contract relates, and to provide in form and manner approved by the Purchasing Agency such monitoring reports, progress reports, and the like as may be required and to provide such reports at the times specified.
- c) **Remedies and Termination.** For purposes of this section the State Remedies and Termination provisions above apply as written.
- d) **Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708).**

Compliance with the Contract Work Hours and Safety Standards Act.

- 1. **Overtime requirements.** No Vendor or subcontractor contracting for any part of the Contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-

half times the basic rate of pay for all hours worked in excess of forty hours in such workweek.

2. *Violation; liability for unpaid wages; liquidated damages.* In the event of any violation of the clause set forth in 29 C.F.R. §5.5(b)(1) the Vendor and any subcontractor responsible therefor shall be liable for the unpaid wages. In addition, such Vendor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in 29 C.F.R. §5.5(b)(1), in the sum of \$26 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in 29 C.F.R. §5.5(b)(1).
3. *Withholding for unpaid wages and liquidated damages.* The Purchasing Agency shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld, from any moneys payable on account of work performed by the Vendor or subcontractor under any such contract or any other Federal contract with the same prime Vendor, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime Vendor, such sums as may be determined to be necessary to satisfy any liabilities of such Vendor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in 29 C.F.R. §5.5(b)(2).
4. *SubContracts.* The Vendor or subcontractor shall insert in any subcontracts the clauses set forth in paragraph (b)(1) through (4) of 29 C.F.R. §5.5 and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime Vendor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in 29 C.F.R. §5.5(b)(2) through (4).

e) CLEAN AIR ACT AND THE FEDERAL WATER POLLUTION CONTROL ACT.

Clean Air Act

1. The Vendor agrees to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act, as amended, 42 U.S.C. § 7401 et seq.
2. The Vendor agrees to report each violation to the Purchasing Agency and understands and agrees that the Purchasing Agency will, in turn, report each violation as required to assure notification to the Federal Emergency Management Agency, and the appropriate Environmental Protection Agency Regional Office.
3. The Vendor agrees to include these requirements in each subcontract exceeding \$150,000 financed in whole or in part with Federal assistance.

Federal Water Pollution Control Act

1. The Vendor agrees to comply with all applicable standards, orders, or regulations issued pursuant to the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251 et seq.
2. The Vendor agrees to report each violation to the Purchasing Agency and understands and agrees that the Purchasing Agency will, in turn, report each violation as required to assure notification to the federal agency providing funds hereunder, and the appropriate Environmental Protection Agency Regional Office.
3. The Vendor agrees that these requirements will be included in each subcontract exceeding \$150,000 financed in whole or in part with Federal assistance.

f) Debarment and Suspension.

1. This Contract, if federal funding is used, is a covered transaction for purposes of 2 C.F.R. pt. 180 and 2 C.F.R. pt. 3000. As such, the Vendor is required to verify that none of the Vendor's principals (defined at 2 C.F.R. § 180.995) or its affiliates (defined at 2 C.F.R. § 180.905) are excluded (defined at 2 C.F.R. § 180.940) or disqualified (defined at 2 C.F.R. § 180.935).
2. The Vendor must comply with 2 C.F.R. pt. 180, subpart C and 2 C.F.R. pt. 3000, subpart C, and must include a requirement to comply with these regulations in any lower tier covered transaction it enters into.
3. This certification is a material representation of fact relied upon by a federal agency providing federal funds herein and the Purchasing Agency. If it is later determined that the Vendor did not comply with 2 C.F.R. pt. 180, subpart C and 2 C.F.R. pt. 3000, subpart C, in addition to remedies available to federal agency providing federal funds herein and the Purchasing Agency, the Federal Government may pursue available remedies, including but not limited to suspension and/or debarment.
4. The Vendor agrees to comply with the requirements of 2 C.F.R. pt. 180, subpart C and 2 C.F.R. pt. 3000, subpart C while this offer is valid and throughout the period of the Contract resulting from a relevant solicitation herein. The Vendor further agrees to include a provision requiring such compliance in its lower tier covered transactions.

g) Byrd Anti-Lobbying Amendment (31 U.S.C. 1352) (as Amended).

To the extent applicable, Vendors that apply or bid for an award of \$100,000 or more shall file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, officer or employee of Congress, or an employee of a Member of Congress in connection with obtaining any Federal Contract, grant, or any other award covered by 31 U.S.C. § 1352. Each tier shall also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the recipient who in turn will forward the certification(s) to the awarding agency.

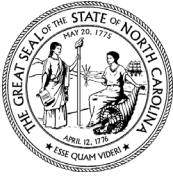
Required Certification. If applicable, Vendors must sign and submit to the Purchasing Agency the certification. See the latest version of "Certification for Contracts, Grants, Loans, and Cooperative Agreements" found at <https://ncadmin.nc.gov/documents/vendor-forms>.

h) Procurement of Recovered Materials.

1. Unless specified otherwise in the Contract, in the performance of this Contract, the Vendor shall make maximum use of products containing recovered materials that are EPA-designated items unless the product cannot be acquired:
 - Competitively within a timeframe providing for compliance with the Contract performance schedule;
 - Meeting Contract performance requirements; or
 - At a reasonable price.
2. Information about this requirement, along with the list of EPA designated items, is available at EPA's Comprehensive Procurement Guidelines web site:
<https://www.epa.gov/smm/comprehensive-procurement-guideline-cpg-program>
3. The Vendor also agrees to comply with all other applicable requirements of Section 6002 of the Solid Waste Disposal Act."

- i) **Access to Records.** In addition to the North Carolina General Contract Terms & Conditions section entitled “**ACCESS TO PERSONS AND RECORDS**” included in this Contract, the following access to records requirements apply to this Contract:
1. The Vendor agrees to provide the Purchasing Agency, the Administrator of the federal agency providing funds hereunder, the Comptroller General of the United States, or any of their authorized representatives access to any books, documents, papers, and records of the Vendor which are directly pertinent to this Contract for the purposes of making audits, examinations, excerpts, and transcriptions.
 2. The Vendor agrees to permit any of the foregoing parties to reproduce by any means whatsoever or to copy excerpts and transcriptions as reasonably needed.
 3. The Vendor agrees to provide the Administrator of the federal agency providing funds hereunder or his authorized representative access to construction or other work sites pertaining to the work being completed under the Contract.
 4. In compliance with the Disaster Recovery Act of 2018, the Purchasing Agency and the Vendor acknowledge and agree that no language in this Contract is intended to prohibit audits or internal reviews by the Administrator of the federal agency providing funds hereunder or the Comptroller General of the United States.
- j) **Modifications to Contract.** Modifications to the Contract are governed by the North Carolina General Contract Terms & Conditions section above entitled “**AMENDMENTS**,” except as approval and signature by any federal official may also be required.
- k) **Records Retention.** All records required to be kept on the project shall be maintained for at least five (5) years after final payments and until all other pending matters under the grant for this project have been closed. However, if any audit, litigation or other action arising out of or related in any way to this project is commenced before the end of the five (5) year period, the records shall be retained for one (1) year after all issues arising out of the action are finally resolved or until the end of the five (5) year period, whichever is later.
- l) **Energy Efficiency.** All participants in the projects funded hereby shall recognize mandatory standards and policies relating to energy efficiency, which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act (PL 94-163).
- m) **Program Fraud and False or Fraudulent Statements or Related Acts.** Vendor acknowledges that 31 U.S.C. Chapter 38 (Administrative Remedies for False Claims and Statements) applies to its actions pertaining to the Contract.
- n) **No Obligation by Federal Government.** The Federal Government is not a party to this Contract and is not subject to any obligations or liabilities to the non-Federal entity, Vendor, or any other party pertaining to any matter resulting from the Contract.
- o) **Compliance with Federal Law, Regulations, and Executive Orders.** This is an acknowledgement that federal financial assistance will be used to fund all or a portion of the Contract. The Vendor will comply with all applicable Federal law, regulations, executive orders, the policies of the federal agency(ies) providing funding, procedures, and directives.
- p) **Federal Seals, Logos, and Flags.** In addition to the prohibitions of the North Carolina General Contract Terms & Conditions section above entitled “**ADVERTISING**,” the Vendor shall not use the seal(s), logos, crests, or reproductions of flags of a federal agency providing funding herein, or likenesses of federal agency officials without specific pre-approval of the relevant federal agency.
- q) **System for Awards Management.** Vendor shall be responsible to ensure that it has checked the federal System for Awards Management (SAM) <https://www.sam.gov/SAM/> and the State Debarred Vendors Listing, <https://ncadmin.nc.gov/documents/nc-debarred-vendors> to verify that Contractors

or sub-Recipients have not been suspended or debarred from doing business with federal or State government.



ATTACHMENT D: HUB Supplemental Vendor Information

Solicitation #: DPC-646236801-MT

Vendor Name: Cherry Bekaert Advisory LLC

Historically Underutilized Businesses (HUBs) consist of minority, women, and disabled business firms that are at least fifty-one percent owned and operated by an individual(s) from one of these categories. Also included in this category are disabled business enterprises and non-profit work centers for the blind and severely disabled.

Pursuant to G.S. 143B-1361(a), 143-48 and 143-128.4, the State invites and encourages participation in this procurement process by businesses owned by minorities, women, the disable, disabled business enterprises, and non-profit work centers for the blind and severely disabled. This includes utilizing individual(s) from these categories as subcontractors to perform the functions required in this Solicitation.

The Vendor shall respond to questions below, as applicable.

PART I: HUB CERTIFICATION

Is Vendor a NC-certified HUB entity? ☐ Yes ☒ No

If **yes**, provide Vendor #: _____

If **no**, does Vendor qualify for certification as HUB? ☐ Yes ☒ No

Vendors that check "yes" will be referred to the HUB Office for assistance in acquiring certification.

PART II: PROCUREMENT OF GOODS - SUPPLIERS

For *Goods* procurements, are you using Tier 2 suppliers? ☐ Yes ☐ No

If **yes**, then provide the following information:

Company Name	Company Address	Website Address	Contact Name	Contact Email	Contact Phone	NC HUB certified?	Percent of total bid price

PART III: PROCUREMENT OF SERVICES - SUBCONTRACTORS

For *Services* procurements, are you using Subcontractors to perform any of the services being procured under this solicitation? ☐ **Yes** ☒ **No**

If **yes**, then provide the following information:

Company Name	Company Address	Website Address	Contact Name	Contact Email	Contact Phone	NC HUB certified?	Percent of total bid price

Need more information?

Questions concerning the completion of this form should be presented during the Q&A period through the process defined in the Solicitation document.

Questions concerning NC HUB certification, contact the [North Carolina Office of Historically Underutilized Businesses](#) at 984-236-0130 or huboffice.doa@doa.nc.gov



ATTACHMENT E: CUSTOMER REFERENCE TEMPLATE

Solicitation #: DPC-646236801-MT

Vendor Name: Cherry Bekaert Advisory LLC

Instructions: Vendor shall use this template to submit five (5) customer references with its offer.

Name of Customer Organization:	North Carolina Department of Public Safety ("DPS"), Office of Recovery and Resiliency ("NCORR")
Customer Reference Name:	Amanda Stapleton, Compliance Director, NCORR Compliance Department
Customer Reference Address:	3030 Hammond Business Place, Raleigh NC 27603
Customer Reference Email:	Amanda.stapleton@ncdps.gov
Start Date:	December 2021
End Date:	Current Client
Explanation of contract, service agreement, or type of products and quantity provided to the organization:	Performed a risk assessment to evaluate the risks and related controls over NCORR's Housing Opportunities and Prevention of Evictions (HOPE) Program. An Audit Schedule was developed based on the risk assessment results and conclusions to address the highest risk areas, which included Audit Areas, Audit Objectives, Audit Type (Financial/Compliance/Operational/Performance) and Level of Effort and Hours by project and in total. Based on the audit schedule we performed three audits on the highest risk areas identified (compliance audit to assess the program's compliance with statutory requirements and 2 operational/performance audits to evaluate the internal systems and procedures for efficiency and effectiveness). The operational/performance audits resulted in recommendations to improve the accuracy and workflow of reviewed processes. We are also conducting Fraud, Waste, and Abuse (FWA) investigations based on allegations of unusual or suspicious activity received for the HOPE program. This was done by collecting and analyzing data to determine whether the FWA claim is substantiated or unsubstantiated and preparing a report to document the findings of our analysis. Substantiated claims are referred on to State law enforcement for further investigation.

Name of Customer Organization:	City of Fayetteville, NC
Customer Reference Name:	Jeffrey Yates, Assistant City Manager
Customer Reference Address:	433 Hay Street, Fayetteville, NC 28301-5537
Customer Reference Email:	jeffreyyates@fayettevillenc.gov
Start Date:	January 2023
End Date:	Current Client
Explanation of contract, service agreement, or type of products and quantity provided to the organization:	Wide range of accounting, financial and pre-financial audit services for their fiscal year 2022 audit. Gained an understanding of the entity's system of internal controls after an ERP implementation, similar to what would have been done in a financial statement audit, to develop tailored accounting and financial reconciliation procedures for significant transaction cycles that had yet to be reconciled. The reconciliations included bank reconciliations (including pooled cash), accounts receivable and payable subledgers, capital assets, and fund balance classification, among others. Portions of the reconciliations were fully outsourced while others were done in conjunction with City finance staff. As part of the co-sourced account and financial closing process, we proposed journal entries and assisted with preparation of the final trial balance for the auditors. The City was required to implement GASB 87 as part of their fiscal year 2022 closing procedures and also decided to implement GASB 96 a year early. We assisted with the implementation of both of these standards, which included template creation for departments lease/subsorption contract identification, detailed review of contracts, data analytics on the City's General Ledger to identify embedded leases, assistance developing go-forward policies and procedures, and required journal entries and disclosures. We also assisted with note disclosures and other procedures related to the drafting of the Annual Comprehensive Financial Report.

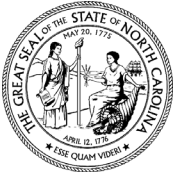
Name of Customer Organization:	United States Patent and Trademark Office (USPTO)
Customer Reference Name:	Amy Windsor, Office of Finance
Customer Reference Address:	600 Dulany Street, Alexandria, VA 22314
Customer Reference Email:	Amy.windsor@uspto.gov
Start Date:	Mar 01, 2023
End Date:	Current Client
Explanation of contract, service agreement, or type of products and quantity provided to the organization:	Developed cost data from Activity Based Information (ABI) models and performed analyses and reporting, supporting six key areas (ABI Model Management, Financial Statement and Performance Reporting, Revenue and Fee Analysis, Advisory Support, Benchmarking and Trending, Reporting Enhancements and Additional Data Analysis). See Section 4.5, page 102 of our proposal for complete details.



ATTACHMENT E: CUSTOMER REFERENCE TEMPLATE

Name of Customer Organization:	Maryland State Library
Customer Reference Name:	Yana Demireva, Research & Evaluation Coordinator
Customer Reference Address:	25 S. Charles St., Suite 1310. Baltimore, MD 21201
Customer Reference Email:	y.demireva@gmail.com
Start Date:	June 2016
End Date:	May 2021
Explanation of contract, service agreement, or type of products and quantity provided to the organization:	Prince George County Memorial Library System (PGCMLS) in Maryland was actively seeking strategic growth opportunities through exploring what they could do with their data. With 19 locations and more than 500 card holders and 1.2 million in circulation, the library system was buried in spreadsheets and disparate data sets with countless hours of manual analysis. PGCMLS enlisted the expertise of Cherry Bekaert. By leveraging Tableau, a leading analytics and data visualization software, Cherry Bekaert and PGCMLS transformed the way the system stored, accessed, and leveraged their data. The project saw huge returns as PGCMLS was able to reduce their reporting time to county, state, and federal governments by 60%, increase their system-wide circulation, and provide more targeted community outreach programs. See Section 4.4, pages 93-94 for complete details.

Name of Customer Organization:	Indian River County, Florida
Customer Reference Name:	Edward Halsey, Director - Internal Audit Division
Customer Reference Address:	1801 27th Street, Vero Beach, Florida 32960
Customer Reference Email:	EHalsey@clerk.indian-river.org
Start Date:	October 2019
End Date:	July 2021
Explanation of contract, service agreement, or type of products and quantity provided to the organization:	Conducted a comprehensive assessment of IT infrastructure, encompassing IT audit and application technology assessments. We evaluated the following areas: Cyber Security / InfoSec Program; Network & System Administration; Security Management and Administration; Network and Security Architecture; Logical Security; Physical & Environmental Security; System/Software Development and Acquisition; Data Management; Vendor and Supply Chain Management; Security and Incident Response Management and Administration; Incident and Threat Response; Incident and Business Recovery; Application Security (Control validation on the input, processing and output of data through critical systems and applications). Our assessment provided valuable insights into Indian River County's cybersecurity posture and IT infrastructure. We identified areas of strength and areas needing improvement across various domains, aligning with industry best practices and standards. Based on our findings, we recommended specific actions to enhance security, resilience, and operational effectiveness in both cybersecurity and IT infrastructure.



ATTACHMENT F: LOCATION OF WORKERS UTILIZED BY VENDOR

Solicitation #: DPC-646236801-MT

Vendor Name: Cherry Bekaert Advisory LLC

In accordance with NC General Statute G.S. 143-59.4, Vendor shall detail the location(s) at which performance will occur, as well as the manner in which it intends to utilize resources or workers outside of the United States in the performance of The Contract.

Vendor shall complete items 1 and 2 below.

1. Will any work under this Contract be performed outside of the United States? ☐ YES ☒ NO

If "YES":

- a) List the location(s) outside of the United States where work under the Contract will be performed by the Vendor, any subcontractors, employees, or any other persons performing work under the Contract.

N/A

- b) Specify the manner in which the resources or workers will be utilized:

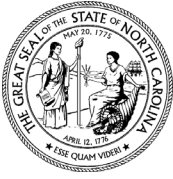
N/A

2. Where within the United States will work be performed?

Primary location: 3800 Glenwood Ave Ste 200, Raleigh, NC 27612.
All work will be performed by employees in the United States.

NOTES:

1. The State will evaluate the additional risks, costs, and other factors associated with the utilization of workers outside of the United States prior to making an award.
2. Vendor shall provide notice in writing to the State of the relocation of the Vendor, employees of the Vendor, subcontractors of the Vendor, or other persons performing services under the Contract to a location outside of the United States.
3. All Vendor or subcontractor personnel providing call or contact center services to the State of North Carolina under the Contract **shall disclose** to inbound callers the location from which the call or contact center services are being provided.



ATTACHMENT G: CERTIFICATION OF FINANCIAL CONDITION

Solicitation #: DPC-646236801-MT

Vendor Name: Cherry Bekaert Advisory LLC

The undersigned hereby certifies that: [check all applicable boxes]

☒ The Vendor is in sound financial condition and, if applicable, has received an unqualified audit opinion for the latest audit of its financial statements.

Date of latest audit: May 23, 2023 (If no audit within past 18 months, explain reason below.)

☒ The Vendor has no outstanding liabilities, including tax and judgment liens, to the Internal Revenue Service or any other government entity.

☒ The Vendor is current in all amounts due for payments of federal and state taxes and required employment-related contributions and withholdings.

☒ The Vendor is not the subject of any current litigation or findings of noncompliance under federal or state law.

☒ The Vendor has not been the subject of any past or current litigation, findings in any past litigation, or findings of noncompliance under federal or state law that may impact in any way its ability to fulfill the requirements of this Contract.

☒ He or she is authorized to make the foregoing statements on behalf of the Vendor.

Note: This shall constitute a continuing certification and Vendor shall notify the Contract Lead within 30 days of any material change to any of the representations made herein.

If any one or more of the foregoing boxes is NOT checked, Vendor shall explain the reason(s) in the space below. Failure to include an explanation may result in Vendor being deemed non-responsive and its submission rejected in its entirety.

Handwritten signature of Christian Fuellgraf in black ink.

Signature

Christian Fuellgraf

Printed Name

August 23, 2023

Date

Partner

Title

[This Certification must be signed by an individual authorized to speak for the Vendor]