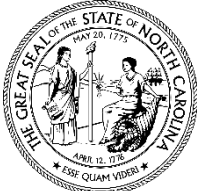
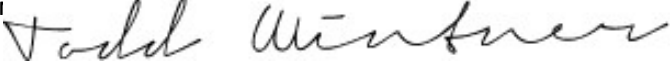


STATE OF NORTH CAROLINA Department of Administration Division of Purchase and Contract 	REQUEST FOR BEST AND FINAL OFFER NO. DPC-646236801-MT
Refer <u>ALL</u> inquiries regarding this BAFO to the procurement lead through the Events Message Board in the Sourcing Tool.	Offers will be received until: November 14, 2023 @ 2:00 PM ET Issue Date: November 9, 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 **2:00 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: McKinsey & Company, Inc. Washington D.C.	EMAIL: mckinsey_contracts@mckinsey.com	
STREET ADDRESS: 1200 19th Street NW, Suite 1000	P.O. BOX:	ZIP:
CITY & STATE & ZIP: Washington, DC 20036	TELEPHONE NUMBER: 202-961-2189	TOLL FREE TEL. NO:
TYPE OR PRINT NAME & TITLE OF PERSON SIGNING: Todd Wintner, Partner	FAX NUMBER:	
AUTHORIZED SIGNATURE: 	DATE: 11/20/2023	

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).

FOR STATE USE ONLY: Offer accept and Contract awarded this <u>30th</u> day of <u>November</u>, 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.

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.

1.3 LOCATION OF WORKERS UTILIZED BY VENDOR

In accordance with N.C.G.S. §143B-1361(b), Vendor must identify how it intends to utilize resources or workers located outside the U.S., and the countries or cities where such are located. The State will evaluate additional risks, costs, and other factors associated with the Vendor's utilization of resources or workers prior to making an award for any such Vendor's offer. The Vendor shall provide the following:

- a) The location of work to be performed by the Vendor's employees, subcontractors, or other persons, and whether any work will be performed outside the United States. The Vendor shall provide notice of any changes in such work locations if the changes result in performing work outside of the United States.
- b) Any Vendor or subcontractor providing support or maintenance Services for software, call or contact center Services shall disclose the location from which the call or contact center Services are being provided upon request.

Will Vendor perform any work outside of the United States?

☐ YES ☒ NO

If **YES**, please indicate below:

- a) where the work will be performed: _____
- b) what type of work is being performed (Help Desk, Coder, etc.): _____
- c) what type of work that employee performs (help desk support, coding, etc.): _____

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 of 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.

Vendor shall select which level of clearance it would like to be reviewed and approved:

☒ **Hosted on State Infrastructure**

☐ **Not Hosted on State Infrastructure**

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.

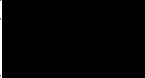
By executing this bid, Vendor certifies that it has read and agreed to the **INSTRUCTION TO VENDORS** and the **NORTH CAROLINA GENERAL TERMS AND CONDITIONS incorporated herein**. These documents can be accessed from the Ariba Sourcing Tool.

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: McKinsey & Company, Inc. Washington D.C.		
STREET ADDRESS: 1200 19th Street NW, Suite 1000	P.O. BOX:	ZIP: 20036
CITY & STATE & ZIP: Washington DC	TELEPHONE NUMBER: 202-662-0093	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: Tony D'Emidio, Partner		FAX NUMBER:

Proposal Number: DPC-646236801-MT

Vendor: McKinsey & Company, Inc. Washington D.C.

VENDOR'S AUTHORIZED SIGNATURE*: 	DATE: September 6, 2023	EMAIL: mckinsey_contracts@mckinsey.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)

Contents

1.0	PURPOSE AND BACKGROUND	5
1.1	PURPOSE	5
1.2	BACKGROUND.....	5
1.3	CONTRACT TERM.....	5
1.4	ESTIMATED SPEND	5
2.0	GENERAL INFORMATION.....	6
2.1	REQUEST FOR PROPOSAL DOCUMENT	6
2.2	E-PROCUREMENT FEE	6
2.3	NOTICE TO VENDORS REGARDING RFP TERMS AND CONDITIONS	6
2.4	RFP SCHEDULE	7
2.5	URGED AND CAUTIONED PRE-PROPOSAL CONFERENCE	7
2.6	PROPOSAL QUESTIONS	8
2.7	PROPOSAL SUBMITTAL	8
2.8	PROPOSAL CONTENTS	9
2.9	ALTERNATE PROPOSALS.....	10
2.10	DEFINITIONS, ACRONYMS, AND ABBREVIATIONS.....	10
3.0	METHOD OF AWARD AND PROPOSAL EVALUATION PROCESS.....	10
3.1	METHOD OF AWARD	10
3.2	CONFIDENTIALITY AND PROHIBITED COMMUNICATIONS DURING EVALUATION.....	10
3.3	PROPOSAL EVALUATION PROCESS.....	11
3.4	EVALUATION CRITERIA	11
3.5	PERFORMANCE OUTSIDE THE UNITED STATES	12
3.6	INTERPRETATION OF TERMS AND PHRASES.....	12
4.0	REQUIREMENTS	12
4.1	PRICING.....	12
4.2	INVOICES.....	13
4.3	HUB PARTICIPATION	13
4.4	VENDOR EXPERIENCE.....	13
5.0	SCOPE OF WORK	19
5.1	GENERAL	19
5.2	INTERNAL AUDIT ASSURANCE , ACCOUNTING & ADVISORY SERVICE CATEGORIES	19
5.3	VENDOR RESPONSIBILITIES.....	22
5.4	PROJECT STAFFING	22

5.5 TECHNICAL APPROACH 22

6.0 CONTRACT ADMINISTRATION.....23

EXHIBIT 1: STATE AGENCY AND UNIVERSITY LOCATIONS.....26

EXHIBIT 2: EXAMPLE OF AUDITOR’S PROFESSIONAL QUALIFICATIONS.....27

EXHIBIT 3: EXAMPLE OF STATEMENT OF WORK 29

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 with 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) Re 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:	[REDACTED]
Office Phone #:	[REDACTED]
Mobile Phone #:	[REDACTED]
Email:	mckinsey_contracts@mckinsey.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	
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.

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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 than 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.

Table of Contents

1.0	Title Page (RFP 2.8, a)	1
2.0	Executed Pages (RFP 2.8, b)	2
3.0	Signed Addenda (RFP 2.8, c)	3
4.0	Proposal (RFP 2.8, d)	4
4.1	Vendor Experience (RFP 4.4)	4
4.1.1	Understanding of Requirements & State of North Carolina	4
4.1.2	Company Background Information	4
4.1.3	Experience with Similar Projects	10
4.1.3.1	Operational / Performance Audit Experience	11
4.1.3.2	Data Analytics / Continuous Monitoring Experience	11
4.1.3.3	Managerial Advisory Services Experience	12
4.1.4	Personnel Qualifications and Experience	13
4.2	References (RFP 4.5)	16
4.2.1	Required contracts with references	16
4.2.1.1	Reference 1: NC Gen. Stat., 132-1.2	16
4.2.1.2	Reference 2: NC Gen. Stat., 132-1.2	18
4.2.1.3	Reference 3: NC Gen. Stat., 132-1.2	20
4.2.1.4	Reference 4: NC Gen. Stat., 132-1.2	21
4.2.1.5	Reference 5: NC Gen. Stat., 132-1.2	23
4.2.2	Additional contracts	25
4.2.2.1	NC Gen. Stat., 132-1.2	25
4.2.2.2	NC Gen. Stat., 132-1.2	27
4.2.2.3	NC Gen. Stat., 132-1.2	29
4.2.2.4	NC Gen. Stat., 132-1.2	30
4.2.2.5	NC Gen. Stat., 132-1.2	31
4.2.2.6	NC Gen. Stat., 132-1.2	33
4.2.2.7	NC Gen. Stat., 132-1.2	34
4.2.2.8	NC Gen. Stat., 132-1.2	36
4.2.2.9	NC Gen. Stat., 132-1.2	38
4.2.2.10	NC Gen. Stat., 132-1.2	39
4.2.3	Similar Services Provided	40
4.3	Legal Right to Practice in North Carolina (RFP 4.6)	44
4.4	External Reviews and Regulatory Action (RFP 4.7)	49
4.5	Financial Statement (RFP 4.8)	52

4.6	Cost Proposal (RFP 4.9)	68
4.6.1	Team-based client service.....	68
4.6.2	Best Value.....	69
4.6.3	At risk pricing.....	73
4.6.4	Attachment A: Cost Schedule	74
4.7	Project Staffing (RFP 5.4)	76
4.7.1	Our team	76
4.7.2	Professionalism & Quality Control	81
4.8	Technical Approach (RFP 5.5)	83
4.8.1	Overview of Approach	83
4.8.1.1	Operational/Performance Audit (RFP 5.2, a)	83
4.8.1.2	Data Analytics / Continuous Monitoring (RFP 5.2, e).....	90
4.8.1.3	Managerial Advisory Services (RFP 5.2, i)	97
4.8.2	Key Personnel.....	106
4.8.3	Professional Standards	107
4.9	Contract Management and Customer Service (RFP 6.1)	108
5.0	Attachment D: Hub Supplemental Vendor Information (RFP 2.8, f)	110
6.0	Attachment E: Customer Reference Form (RFP 2.8, g)	111
7.0	Attachment F: Location of Workers Utilized by Vendor (RFP 2.8, h)	112
8.0	Attachment G: Certification of Financial Condition (RFP 2.8, i)	113
9.0	Certification For Federal Contracts, Grants, Loans, and Cooperative Agreements (RFP 2.8, j)	114
Appendix A:	Resumes	A-1
Appendix B:	Disclosure.....	B-1

Table of Exhibits

Exhibit 1: Overview of relevant qualified and experienced personnel	13
Exhibit 2: Select examples of McKinsey's experience providing similar services.....	41
Exhibit 3: McKinsey's CPARS Scores	71
Exhibit 4: McKinsey average price and length of project vs. 16 similarly situated GSA Schedule contractors	72
Exhibit 5: High Value Consulting. Given the value at stake and the complexity of this effort, NC requires high value consulting.....	73
Exhibit 6: McKinsey staffing approach.....	77
Exhibit 7: Representative Subject Matter Experts.....	79

Exhibit 8: McKinsey Operational / Performance Audit Experience.....	84
Exhibit 9: Fundamentals of McKinsey's Distinctive Approach to Operational / Performance Audit	86
Exhibit 10: Example workplan of Operational / Performance audit engagement to improve operational performance at cyber security operations centers.....	89
Exhibit 11: Example workplan of a data analytics / continuous monitoring engagement.....	96
Exhibit 12: Workplan used to support NC.....	104
Exhibit 13: Key Personnel education/background and experience overview	106

1.0 Title Page (RFP 2.8, a)

<i>Company Name</i>	McKinsey & Company, Inc. Washington D.C.
<i>Address</i>	1200 19 th Street NW Suite 1000 Washington D.C. 20036
<i>Phone Number</i>	(202) 662-0093
<i>Authorized Representative</i>	Tony D'Emidio, Partner
<i>Proposal Number</i>	RFP #: DPC-646236801-MT

2.0 Executed Pages (RFP 2.8, b)

McKinsey has completed and signed a version of all Execution Pages, along with the body of the RFP and has uploaded this document in Section 6.1 of the Ariba Sourcing Tool portal.

3.0 Signed Addenda (RFP 2.8, c)

McKinsey has completed and signed receipt pages of Addenda released in conjunction with this RFP (Addenda 1, 2, 3, and modified 3), required to be returned, and uploaded in Section 6.1 of the Ariba Sourcing Tool portal.

4.0 Proposal (RFP 2.8, d)

4.1 Vendor Experience (RFP 4.4)

4.1.1 Understanding of Requirements & State of North Carolina

The State of North Carolina is a large and complex state with a population of almost 11 million and an economy of more than \$730 billion, the ninth and tenth largest in the United States, respectively. The State's government has total expenditures of more than \$60 billion a year and annual tax receipts in excess of \$30 billion. The 175 state agencies and offices employ ~74,000 people, inclusive of the University of North Carolina system.

North Carolina has a strong recent track record of robust growth powered by its diverse economy, strong institutions, and talented workforce. However, like many states across the US, North Carolina now faces an increasingly uncertain environment (e.g., from inflation, potential future recession, geopolitical uncertainty), and the State's response to disruptive forces will play a significant role into the future health, prosperity, and quality of life for all North Carolinians. With nearly \$2 trillion dollars in federal funding for infrastructure upgrades, clean energy, domestic semiconductor manufacturing, and science and technology innovation flowing into the US economy over the next 10 years, North Carolina has a unique opportunity to build off of the momentum it has achieved over the past decade and cement itself as a national leader across strategic industries and state government functions. Driven by three pieces of legislation—the Bipartisan Infrastructure Law (BIL), the Inflation Reduction Act (IRA), and the Creating Helpful Incentives to Produce Semiconductors and Science Act (CHIPS) – this funding aims to lower carbon emissions substantially and boost US economic competitiveness, innovation, and productivity, providing new opportunities for North Carolina. At the same time, new technologies, demographic changes, and legislative priorities bring operational challenges and opportunities for the State to improve livelihoods – for example, the upcoming Medicaid expansion (anticipated start date of October 1st, 2023) could enable access to care for an additional 600,000 North Carolinians and require the State to manage more applications and appeals than in the past.

As North Carolina continues to grow, these and many other challenges will likely have substantial influence on how North Carolinians live their lives. The ability of the State to prepare effectively against potential challenges while making the most of potential opportunities depends upon its operational performance, data analytics capabilities, and strategic outlook. Only by improving these areas can the State of North Carolina be prepared to face the future and best serve its citizens.

4.1.2 Company Background Information

Founded in 1926, McKinsey & Company, Inc. (McKinsey) is a global management consulting firm that serves private, public, and social sector institutions. We help clients such as, and including, the State of North Carolina make significant and lasting improvements to their performance and realize their most important goals. McKinsey has been a trusted advisor and counselor to many of the most influential businesses and public sector institutions in the world. We have served more than 35 US States, all 15 of the US Federal Government executive cabinet departments, and over 80% of companies on the Forbes Global 2000.

Given the complexities that North Carolina currently manages and expects to manage in the coming years, the State will benefit from McKinsey's expertise serving on topics ranging from operations and performance, data analytics, and managerial advisory and strategy to digital, implementation, and sustainability. Our experience serving industry leaders in the commercial world allows us to bring leading private sector practices and capabilities to public entities. In the last 5 years alone, we have successfully completed ~65,000 engagements for 6,300+ clients (including ~1,000 companies with \$10+ billion in annual revenue), and 85%+ of Fortune 100 companies on topics at the frontier of private sector capabilities, from cutting-edge technological transformations to achieving ambitious sustainability goals.

With our help, our clients have contributed to 20% of global GDP growth, created more than 1 million jobs, and exceeded peers in revenue growth by a factor of 3 since 2015. In addition, we have served over 1,600 public sector clients globally on over 9,300 projects. Our public sector clients include some of the largest and most complex US Government departments and agencies and US States, including [NC Gen. Stat., 132-1.2](#)

. Across all sectors, over 65% of consulting engagements are for clients that we have served for 5 years or longer in the last 10 years, a testament to our focus on and commitment to impact and the value our clients see in the support we provide.

We have served the State of North Carolina and North Carolina companies on a variety of engagements, including [NC Gen. Stat., 132-1.2](#)

over the past two decades. In addition, we count among our clients Fortune 500 enterprises who call North Carolina their home, including [NC Gen. Stat., 132-1.2](#)

Moreover, we have had a strong physical presence since 1996 in the State, where our Charlotte office employs more than 215 proud North Carolinians, and ~50 in the Research Triangle area. We also boast more than 600 colleagues who hold degrees from colleges and universities in North Carolina.

Our North Carolina Roots

- Our proposed leadership for each service area is familiar with the State of North Carolina – [all Executives have served a NC state agency in the last 5 years](#)
- We have completed [engagements with the State of North Carolina over the past 5 years](#), including [NC Gen. Stat., 132-1.2](#)
- McKinsey has had a physical presence in the State for **25+ years** (since 1996)
- Our office in **Charlotte** is home to **215+ employees**, plus **~50 employees** in the **Research Triangle** area.
- **600+** of our colleagues received degrees from higher education institutions in NC

MCG Publications of Interest

- [Customer-Centric Transformation in Government](#) (2023): Public sector works best when it designs from the perspective of communities served
- [Accelerating data and analytics maturity in the US public sector](#) (2022): Lessons on how to embed data-driven decision making at all levels of government.
- [US State and Local Economic Development](#) (2022): Insights to help U.S. state & local leaders and their business & civic partners build healthy and equitable economies

As a result of our close ties to the State, North Carolina can easily draw on McKinsey's investments in research and knowledge. Every year, we dedicate [NC Gen. Stat., 132-1.2](#) to knowledge development, learning, and capability building, to ensure we bring the latest thinking to our clients. For our public sector clients, [McKinsey's Center for Government](#) (MCG), a global hub for world-class research, analysis, and collaboration in government productivity and performance, has published extensively on research in improving government operations. Similarly, [McKinsey Global Institute](#) (MGI), conducts business and economics research that helps inform management and policy decisions, including [quantitative analyses about improving the labor productivity in different states and industries](#). By combining our hands-on work with research, we bring proven methodologies, tools, and experts that will support clients on the most critical transformational topics from issue diagnosis to delivering lasting impact.

McKinsey is qualified and capable to provide the State of North Carolina Department of Administration (DOA) Division of Purchasing & Contract (P&C) the following services:

- **Operational/Performance Audit (RFP 5.2.a)**
- **Data Analytics/Continuous Monitoring (RFP 5.2.e)**
- **Managerial Advisory Services (RFP 5.2.i)**

McKinsey offers the following relevant strengths, competitive advantage, and benefits to the State of North Carolina:

1. U.S. States and Federal entities, including North Carolina, have come to us for support on some of their most complex, urgent, and high-stakes challenges in our 95+ years of experience. We have extensive experience serving the U.S. public sector, having completed over 2,500 engagements with government entities, including all 15 US Federal Government executive cabinet departments, 37 US State governments, and many municipal entities. We have delivered significant impact for North Carolina and remain a trusted, strategic partner to

NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2 I. North Carolina can be confident in our ability to understand the unique challenges and nuances of supporting the State in addressing any current and potential complex challenges.

2. We are a nationally recognized industry leader, bringing private sector best practices that will directly translate to cutting-edge insights for North Carolina. We are a top firm for operational / performance audit, data analytics / continuous monitoring, and managerial advisory services firm having been formally recognized for our ability to successfully deliver sustainable impact in these areas to our clients by Vault, Forbes, ALM Vanguard, and other industry rankings. We are the only consulting firm in the world awarded the prestigious Shingo Institute Prize—an award for operational excellence given to organizations worldwide presented by the Shingo Institute at the Jon M. Huntsman School of Business, Utah State University—for our research and publications on operational excellence. For operational / performance audit services, we are ranked #1 in both ALM's Back Office Service Operations Consulting and

Customer Facing Operations Consulting. Our expertise in data analytics / continuous monitoring has also been recognized, as we are the go-to-firm for large businesses digital transformations according to Forrester's Global Business Accelerators analysis. In addition, we have been named a Leader, the highest designation, in The Forrester Wave™: AI Service Providers, Q4 2022 report, for our holistic approach to Artificial Intelligence (AI) and experience in end-to-end AI transformations. Finally, some of our recent awards and recognition for managerial advisory services include being named the #1 firm for Management Consulting on the 2023 Vault Consulting rankings and named on Forbes' America's Best Management Consulting firms list for 2023.

Recently, in 2022, North Carolina's tax receipts exceeded \$30 billion and budget expenditures surpassed \$65 billion, making the State the equivalent to a Fortune 100 enterprise in revenue. Our extensive experience helping private sector clients of similar or greater size and complexity succeed allows us to bring North Carolina cutting-edge commercial perspectives that directly translate to helping the State. For example, we have served states and regional economic councils on equitable economic development, building on our expertise serving private sector organizations on optimizing their investment strategy, fostering innovation, and attracting talent. Similarly, we have served states on human-centered design, where our experience building best-in-class design capabilities for leading consumer and eCommerce business has translated to transforming citizen services for positive customer experience. Our "One Firm" approach allows us to bring the same consultants that answered these questions for leading enterprises to help North Carolina develop solutions tailored to the State's unique and complex challenges.

3. The collective knowledge of our professional staff enables us to leverage relevant experiences and expertise to address any needs North Carolina may have. For each engagement, we draw upon the rich expertise of our 9,000+ US-based consultants (we have 45,000+ professionals globally) who include consultants, subject matter experts, knowledge professionals, data scientists, and dedicated researchers, among many others. Of this unparalleled global talent pool, 17,000+ are experts in a range of specialties who all have more than 10 years of industry and functional expertise. To address North Carolina's specific needs, we will bring in the relevant specialists who can guide the State through the specific problem with their unique expertise. Furthermore, our senior leaders, who are all deeply experienced consultants, are heavily involved in the on-the-ground problem solving of our engagements, since McKinsey's partner to consultant ratio is **NC Gen.**, in contrast with the 1:50 that is common in the industry. Our Strategy practice offers our clients an industry-leading wealth of expertise on operational excellence, data analytics, and managing complex organizations at scale, including access to a diverse senior advisor network that includes former Chief Operating Officers (COOs), Chief Financial Officers (CFOs), Chief Information Officers (CIOs), Chief Human Resources Officers (CHRO), and Vice Presidents (VPs) at **NC Gen. Stat., 132-1.2**

- **Senior leaders and advisors:** Our leadership and advisors support our clients with perspectives informed by serving large, complex states on high-stakes challenges with their own rich experience, including:
 - **Tony D'Emidio (Operational/Performance Audit Executive)**, McKinsey Partner and President of McKinsey & Company Inc. Washington D.C. with 17+ years of relevant experience serving public sector clients, including leading our service to North Carolina
 - **Todd Wintner (Managerial Advisory Services Executive)**, McKinsey Partner with 13+ years of experience delivering leadership to help state and local clients, including North Carolina, and experience working on the **NC Gen. Stat., 132-1.2**

- **Trey Childress (Subject Matter Expert)**, McKinsey Associate Partner **NC Gen. Stat., 132-1.2**
[REDACTED]
- **Anthony Shorris (Subject Matter Expert)**, McKinsey Partner and **NC Gen. Stat., 132-1.2**
[REDACTED]
- **Operational/Performance Audit staff & experts:** McKinsey has a Strategy practice and an Operations practice consisting of **11,000+ operational/performance audit professionals**. We have 1,000+ dedicated strategy practitioners in finance & audit, risk & compliance, procurement & purchasing, and other core operational functions. We also have nearly 10,000 dedicated operations practitioners, including 900 partners, 1,300+ experts, and 7,500+ integrative consultants. These colleagues have led over 14,000 engagements within the last 5 years, including similar projects presented in North Carolina's RFP.
- **Data Analytics/Continuous Monitoring staff & experts:** McKinsey has a dedicated Analytics practice and Technology practice and has invested significantly in advanced data analytics with access to over **900 credentialed data analytics experts**. Since 2015, McKinsey has added to its expertise through the acquisition of more than 12 digital and technology firms, including market-leading analytics-driven consultancies (e.g., QuantumBlack and Afiniti). We will leverage these experienced consultants and experts to deliver world-class insights, specialized knowledge, and dedicated support to North Carolina, tailoring knowledge of such unique breadth to the State's nuanced and complex needs.
- **Managerial Advisory Services staff & experts:** We have **7,000+ managerial/advisory services professionals**. Our managerial advisory services personnel provide services including, organizational efficiencies, cost reductions, budget and revenue forecasting, economic forecasting, research, analysis of unmet demand for public services, strategic planning, project implementation, and frontline public customer facing improvements to further a public agency's statutory mandates and directives.

4. Our industry-leading proprietary assets and capabilities can provide North Carolina with a cutting-edge and comprehensive toolkit. We leverage unmatched assets, distinctive frameworks, and tools within underwriting and claims that accelerate impact, tailoring their use to ensure optimal results for North Carolina. This includes detailed use case libraries to inform strategic decisions, benchmarks aggregated across industries, and tested operating models. Assets of particular relevance for North Carolina include our:

NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2

Combining the above qualifications allows us to deliver a high return on North Carolina's investment with low risk and confidence to successfully deliver. Our knowledge of North Carolina, breadth of experience, qualified personnel, and extensive proprietary capabilities reduce the risk to the State for this engagement.

What our clients say about working with us

- "McKinsey's work was pragmatic insightful, effective, delivered every day to the individuals that must be a part of development and ultimately operate processes... Across all McKinsey staff, DES staff considered each to be exceptional, with significant contributions and effective interactions."
– *NC DES, 2021*
- "The McKinsey team members were easy to work with and were very thorough in their approach. They handled difficult situations with grace and professionalism, and the work product was outstanding." **NC Gen. Stat., 132-1.2**
- "The team was more collaborative than many [other consulting firms] that I have worked with. The team was on-target in identifying key issues with very little input from the government side, a testament to the quality of the overall team and their leadership's ability to identify the highest priorities. The speed and clarity was superior to other similar groups I have worked with." – *US Defense client, 2021*
- "Our demands for thorough and precise information, data aggregation and analysis for decision-making required the McKinsey teams to be dynamic and respond quickly with complete synthesis and clear presentations. Our needs typically required options analysis for decision-making, rather than single recommendations – developing options requires creativity, diligence, and time. The McKinsey teams clearly worked effectively with each other as a unit outside of client engagement hours to respond to our requests." – *Senior administration leader, Large US State, 2021*
- "I was speechless as I read through this presentation and then erupted in a "Yes!" that could be heard throughout [our] offices. You nailed this. Thank you, Thank you, Thank you. We thank you on behalf of all the people in [our city] as well as those in the other cities that will benefit from emulating [our city]'s transformation... What a dream team!" – *Executive, US-based non-governmental organization, 2021*
- "The team had the right talent, expertise, industry knowledge and the commitment to deliver the highest quality results for our team. This is a shining example of how all consulting engagements should be delivered. Far exceeds the other competing consulting firms in this space." – *CIO, US Public Sector, 2021*
- "The McKinsey team has become part of the [client] team. Its expertise and assistance is utilized every hour/every day. The McKinsey team works all hours of the day and nights (weekends and holidays included). The program is dependent upon them for knowledge, guidance and most importantly collaboration." – *Senior Agency Official, Large US State, 2021*

We are familiar with North Carolina's ways of working and mission, allowing us to minimize time-consuming ramp-up periods by jumping immediately into problem solving. Furthermore, we can draw upon the lessons we have learned from thousands of successful engagements with industry-leading corporations and complex public entities to develop the solutions best suited for North Carolina's needs and with proven ability to deliver substantive impact. Our experts and consulting specialists will collaborate closely with North Carolina's team through regular group working sessions and frequent progress touchpoints with key stakeholders at all levels, ensuring that we are constantly aligned with the State's needs and greatly reducing the costs of miscommunication or inefficient redundancies. Our research and assets will be utilized wherever they can have the most impact on helping North Carolina arrive at the right answers, and, as they are proprietary, we know how to leverage our toolkits at their optimal effectiveness for the State's needs. Finally, we place a strong emphasis on ensuring that all impacts we deliver are sustainable for years after the specific engagement itself, through means that include capability building. North Carolina can be confident that we will be able to achieve a high return on the State's investment with great reliability to exceed the State's expectations.

4.1.3 Experience with Similar Projects

The State of North Carolina can be confident in our qualifications and capabilities to perform and deliver results on operational / performance audits, data analytics / continuous monitoring, and managerial advisory services through our demonstrated experience with public and private sector clients with similar or greater size and complexity to the State. The scale of our client service across industries and sectors allows us to address challenges that the State of North Carolina is facing or may face in the future.

In addition to the detail below, please see Section 4.2, specifically Section 4.2.3 for a list of our experience with similar projects.

State & Local Government. McKinsey has served 37 US State governments, and many municipal entities, on a variety of complex operational challenges, including on economic development, healthcare and public health, crisis and response, tax operations, unemployment insurance, talent and workforce development, analytics transformations, process re-engineering, and human-centered design.

Federal Government. McKinsey has had the privilege of serving all 15 US Federal Government executive cabinet departments on critical priorities that affect millions of Americans. The number of engagements we have conducted has equipped us to effectively manage and navigate complex government bodies on a wide variety of multi-faceted strategic challenges.

Private Sector. Our proven record of success in the public sector is due in large part to our extensive work in the private sector, helping our clients tackle their most difficult challenges and push the limit on the art of the possible. The difficult problems we have solved range all the way from the conventional, to the unexpected, to the previously unsolved in any setting. In an example of translating some of our most cutting-edge analytics work from the private sector to the public sector, we applied digital twin models we built for private transportation and logistics companies to help a US State [NC Gen. Stat., 132-1.2](#). Our experiences helping apply lessons learned from work across different client types demonstrates our ability to bring the best of our capabilities to unique and unprecedented problems delivering the same high-quality results as we do for our more conventional engagements.

We describe our experiences with similar projects at a high level in the following sections. Please see Section 4.2 for a granular list of our experiences with similar projects.

4.1.3.1 Operational / Performance Audit Experience

As part of McKinsey's experience in Operational / Performance Audit, we have successfully completed 2,300+ risk management engagements, 500+ operations transformations, and 1,150+ process improvement engagements in the past 5 years. Through this experience, we have extensively demonstrated performance evaluating and improving performance excellence for clients of comparable or greater size and complexity across all industries. To conduct operational/performance audits, we often leverage our proprietary tools, such as the Organizational Health Index (OHI) and Core Performance Diagnostic to quantitatively measure performance.

Our work reviewing performance and developing suggested improvements for implementation has led to real results. For example, **NC Gen. Stat., 132-1.2**

NC Gen. Stat., 132-1.2

A relevant corollary to Operation / Performance Audit from our work in the private sector is our work conducting due diligences, which we have done at a pace of 20+ new such engagement every single week in 2022. While such projects are quite common, they are by no means easy to tackle, as the nuances of acquisitions and markets, along with the time pressures and volumes of money involved, means that every due diligence presents a unique set of challenges to solve. They are defined by their urgency and dependence on our ability to develop robust perspectives rapidly, since millions if not billions of dollars in investment are often at stake. Our experience successfully handling so many of these engagements regularly demonstrates has refined our ability to deliver vital solutions both quickly and effectively for challenges common in their frequency but unique in their nuances.

Please see Section 4.2 and 4.8.1.1 for more details of operational/performance audit experience.

4.1.3.2 Data Analytics / Continuous Monitoring Experience

McKinsey's experience in Data Analytics / Continuous Monitoring includes 2,000+ advanced analytics, artificial intelligence, and data engagements over the past 3 years across all industries, including at the local, state, and federal level. The State will have access to our proprietary assets focused on data and analytics to efficiently generate insights, using tools such as **AI4DQ** (a toolkit of modules using artificial intelligence to identify and mitigate data quality issues effectively and efficiently) and specialists from **QuantumBlack** (the heart of our analytics function that draws upon artificial intelligence and data science best practices to

engage in continuous learning across key dimensions to help organizations like North Carolina succeed).

We have extensive capabilities in technologies such as Tableau and Power BI and have developed capabilities for organizations of similar size and complexity to the State of North Carolina. For example, we delivered extensive data analytics support

NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2

itself. We have also leveraged McKinsey's Services, including our Artificial Intelligence (AI) Innovation Lab to develop and deploy next generation AI solutions and assets to improve our clients' operations and performance across the private and public sector.

Please see Section 4.2 and Section 4.8.1.2 for more details of data analytics/continuous monitoring experience.

4.1.3.3 Managerial Advisory Services Experience

We have completed 3,600+ managerial advisory services in the past 5 years. We utilize leading research and cutting-edge thinking on best approaches to organization and strategy development across all sectors, taking into account the specific needs and nuances of the client.

Our engagements produced tangible results for our clients. In North Carolina, our engagement with

NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2

successfully served several states in the early days of the COVID-19 pandemic, helping them navigate an unprecedented crisis with thousands of lives and billions of dollars at stake.

At the federal level, we supported

NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2

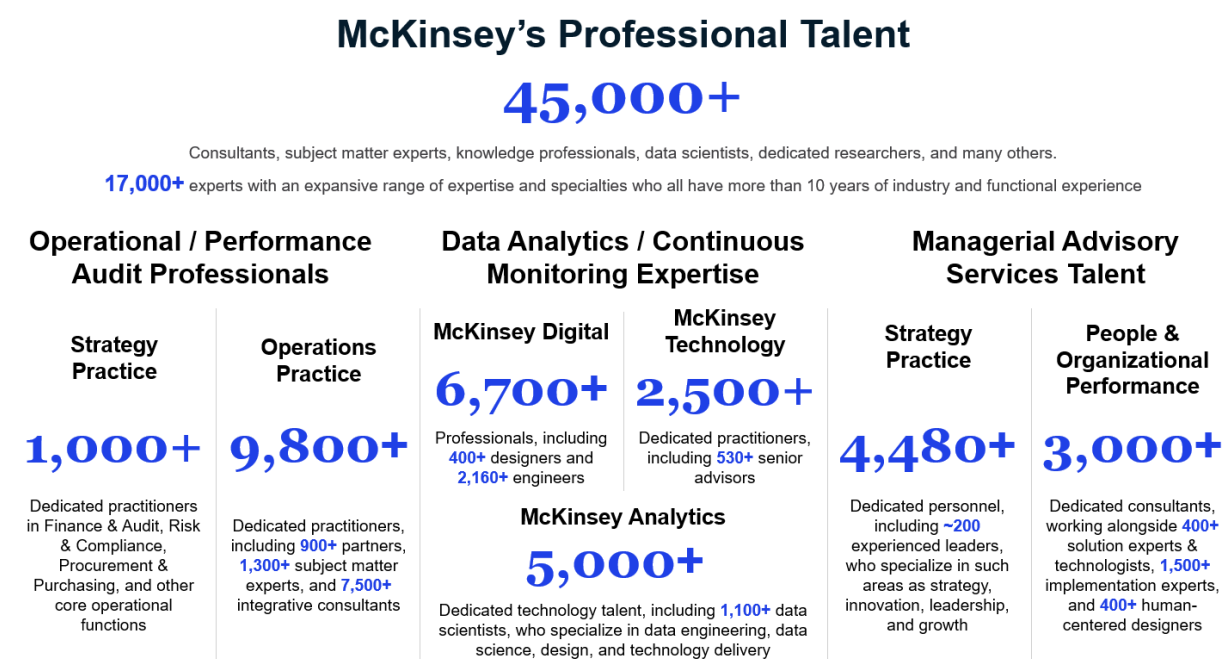
NC Gen. Stat., 132-1.2

Please see Section 4.2 and Section 4.8.1.3 for more details of managerial advisory services experience.

4.1.4 Personnel Qualifications and Experience

Specific to the expertise and experience relevant for supporting North Carolina, we have a deep bench of executive, managerial, legal, and professional personnel that were assigned to similar projects. McKinsey has 45,000+ professionals globally, with **9,000+ consultants** in the US alone (**Exhibit 1**).

Exhibit 1: Overview of relevant qualified and experienced personnel



Our track record of success is made possible by the exceptional people that McKinsey hires. During the 2021 recruiting cycle (July 1, 2020 to June 30, 2021), McKinsey received 109,000+ applications for US-based consulting roles, which yielded an offer rate of 1.4%. We are more selective than top graduate programs: In 2021, New York University (NYU) Medical School accepted 2.2% of applicants, Yale Law accepted 7.4%, and Stanford Business School accepted 8.9%. We are an employer of choice, attracting talent with a higher market value than our competitors. Our cross-offer recruiting data indicates that when candidates have multiple offers from consulting firms, they select McKinsey more than 90% of the time. Unlike some of our competitors, we do not use lower-cost, less-experienced teams for our public sector engagements. McKinsey Washington's government clients receive the same high-quality personnel as McKinsey's private sector clients, enabling the Government to benefit from private sector best practices.

Our diverse consultants include hires with industry-experience, veterans, medical doctors, nurses, engineers, business managers, civil servants, entrepreneurs, and research scientists who join McKinsey to apply their talents to complex, important challenges. Over 75% of McKinsey consultants have an advanced degree. Our consultant base possesses a variety of certifications including: Certified Information Systems Auditor (CISA), Project Management

Professionals (PMP), Scrum Professionals (ScrumMaster, Product Owner), Agile, Kanban (Management Professional, team Practitioner, Coaching Professional), Amazon Web Services (AWS), Microsoft, Google Cloud, Tableau, Salesforce, Certified Information Security Manager (CISM), Risk Management Professional (PMI-RMP), and many others.

We adhere to a “One Firm” operating philosophy, which will allow the State of North Carolina to draw upon the expertise of any one of our 9,000 US-based consultants (45,000+ professionals, including 17,000 consultants and 2,000 research professionals, through it and its subsidiaries), to solve any problem, instead of relying upon only a small team or a single isolated division. We can seamlessly provide resources from across our organization’s 22 industries and 12 business areas. We maintain a proactive, agile approach to staffing our teams and bringing in the resources required to address the State’s needs. North Carolina will be working closely with several of our practices to match our best talent to the service areas where the State would benefit most from their support.

Operational / Performance Audit Personnel

To support the State on operational/performance audits, we will leverage our qualified and experienced personnel. We have **11,000+ operational/performance audit professionals**. We have 1,000+ dedicated strategy practitioners in finance & audit, risk & compliance, procurement & purchasing, and other core operational functions. We have nearly 10,000 dedicated operations practitioners, including 900 partners, 1,300+ experts, and 7,500+ integrative consultants.

Our operational/performance audit professionals have led over **14,000 engagements** within the last 5 years, including similar projects presented in North Carolina’s RFP. Our operational/performance audit professionals lead systemic independent evaluations of organizational activities. They work with operational policies and achievements related to organizational objectives, including financial data and evaluate internal controls and efficiencies. They test an agency’s internal systems and procedures for efficiency and effectiveness to uncover inefficient use of resources or wasted budget.

For example, our operations transformation teams have access to 300+ experts in our Operations Centers of Excellence for rapid scaling of organizational needs, including Ops Analytics, Design-to-value (DTV) Lab, Global Sourcing Center, Corporate Business Functions, and supply chain. This pool of talent has delivered an average increase in productivity of 30-80% over 200 large-scale transformations in the last 3 years.

Data Analytics / Continuous Monitoring Personnel

To support the State on data analytics/continuous monitoring, we will leverage our qualified and experienced personnel. We have **14,000+ data analytics/continuous monitoring personnel**. We have 5,000 analytics professionals, including more than 1,100 expert data scientists, who have successfully conducted 8,350+ analytics projects over the past 3 years. We have 6,700+ digital professionals, including 400+ designers and 2,160+ engineers, who have supported more than 2,000 companies in the last year alone, including 85%+ of the top 50 Fortune Global 500 companies and 9 of the world's 10 largest technology companies. Specific to technology, we have 2,500 practitioners, including 530+ senior advisors—30+ who served as CIOs of major commercial organizations—who have led well over 4,100 technologically driven engagements around the world over the past 5 years.

Our data analytics/continuous monitoring professionals are experts in **descriptive analytics**, extracting insights from operational, financial, and other forms of electronic data. These professionals, including 400+ designers, specialize in data visualization and dashboards (e.g.,

Tableau, PowerBI) and executive communications that are data driven. Many of our 5,000+ analytics professionals focus on **diagnostic analytics**, focusing on root cause analyses that are performance-focused or risk-focused by analyzing multiple data sets that are internal and external to an organization. Our 1,100 expert data scientists deliver projects anchored in **predictive analytics**, using machine learning and artificial intelligence methods (e.g., random forests, neural networks) to predict results in near-real time (e.g., predict likelihood of fraud). These analytics are developed to be rapidly executed and frequently refreshed so that the organization gains agility. Moreover, our predictive analytics projects are implemented to be anchored on the business problem and the end-user so that results can be translated directly into action that supports citizens, with user-friendliness to maximize lasting adoption. Many of these analytics efforts also expand to include **prescriptive analytics** using machine learning and broader analytics methods (e.g., principal components analysis, explainability engine, agent-based simulation) so that analytics can recommend potential action to the user, shortening the time from insight to action.

Our professionals and experience on data and analytics goes beyond developing and implementing models – we help our clients stand up data governance mechanisms and controls, define and manage analytics portfolios, develop analytics-based operating models, and recruit and develop data and analytics talent. In our experience, analytics efforts often fail to achieve the full value at stake without these critical and holistic enablers.

Managerial Advisory Services Personnel

To support the State on managerial advisory services, we will leverage our qualified and experienced personnel. We have **7,000+ managerial/advisory services professionals**.

Our managerial advisory services personnel provide services including, 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.

Our Social, Health, and Public Sector practice has 2,900+ colleagues, 390+ capability specialists, 600+ experts. Our practice draws on experience serving clients on broadband, economic development, labor & workforce, service operations, revenue & treasury, education, public health, health and human services, and transportation and transit. Our dedicated special initiatives include climate and sustainability, digital service operations technology, resilience, crisis response, and recovery, transformation, transitions, and analytics transformation and capability partnerships.

Our **Strategy Practice** has over 4,480 colleagues with expertise and experience in such areas as strategy, innovation, leadership, and growth. Together, they have served 5,200+ clients, including 70% of Fortune Global 100 companies, on 26,900+ strategy engagements over the last 5 years. This wealth of experience allows us to utilize the best talent and data on private sector industry leaders to support the State on strategic engagements. Furthermore, through our Strategy Practice colleagues, North Carolina can gain access to the McKinsey Center for Strategy Innovation, an organization dedicated to helping clients like North Carolina generate state-of-the-art insights, utilizing an executive perspective, unleashing the full power of technology, inject creativity, embrace wide collaboration, and increase coherence.

Moreover, we also have a robust practice in **People & Organizational Performance (POP)**, the 3,000+ practitioners of which have led more than 8,900 engagements since 2018 helping clients realize the potential of their people by building capabilities and implementing cutting-edge

theory about improving performance through an organizational lens. This practice has served 60% of the world's top 100 companies, upskilled or reskilled more than 1 million individuals, developed 400+ capability-building courses, and tapped 7,800 top CEOs for insights. Indeed, our POP practice is a major reason why Forbes 2023, IDC 2022, and ALM Vanguard 2019 recognize McKinsey as the global leader in people and organization advisory services across the consulting world. Through POP, North Carolina can also access the insights of leading talent through our extensive partnerships with organizations and academic institutions like the World Bank, OECD, World Trade Organization, MIT, Harvard, and Wharton. These operations and POP colleagues bring an unmatched breadth and depth of experience in managerial advisory services across industries to North Carolina, allowing them to help the State implement changes effectively using proven methods.

With the support of our qualified personnel, the State of North Carolina can be fully confident in leveraging the cumulative expertise of our entire Firm to develop solutions that meet and exceed expectations.

4.2 References (RFP 4.5)

Within the last 5 years, McKinsey has performed services of similar nature and scope for a variety of public sector and private sector clients.

In Section 4.2.1 we have provided a select list of five (5) contracts for which McKinsey has performed services of a similar nature and scope, for RFP service areas:

Operational/Performance Audit, Data Analysis and Continuous Monitoring, and Managerial Advisory Services, within the last five (5) years. These projects reflect the information provided in our Attachment E: Customer Reference Form.

To further demonstrate our experience providing similar services, we provide additional project descriptions in Section 4.2.2. Following, in Section 4.2.3, we provide a not-exhaustive list of our experience providing similar services – this captures projects highlighted in both Section 4.2.1 and 4.2.2 – and also includes our **NC Gen. Stat., 132-1.2**

4.2.1 Required contracts with references

4.2.1.1 Reference 1: State of **NC Gen. Stat., 132-1.2**

NC Gen. Stat., 132-1.2		Fraud Detection and Remediation Services
Client reference	NC Gen. Stat., 132-1.2	
Period of Performance	October 2020 to October 2021	
Relevance to Operational / Performance Audit		
NC Gen. Stat., 132-1.2		

NC Gen. Stat., 132-1.2

Our engagement **NC Gen. Stat., 132-1.2** is relevant to future Operational / Performance Audit needs from the State of North Carolina because of the holistic assessment conducted (across organizational structure, process, and technology) and the translation of findings to sustained change (through the PAO) and quantifiable results for North Carolinians. The engagement also shows expertise in backlog management, resource optimization, workflow redesign, fraud detection, and employment security.

Description of Services Performed

NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2

4.2.1.2 Reference 2: NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2 – Efficiency and Accountability Transformation	
Client reference	NC Gen. Stat., 132-1.2
Period of Performance	October 2020 to October 2021
Relevance to Operational / Performance Audit	

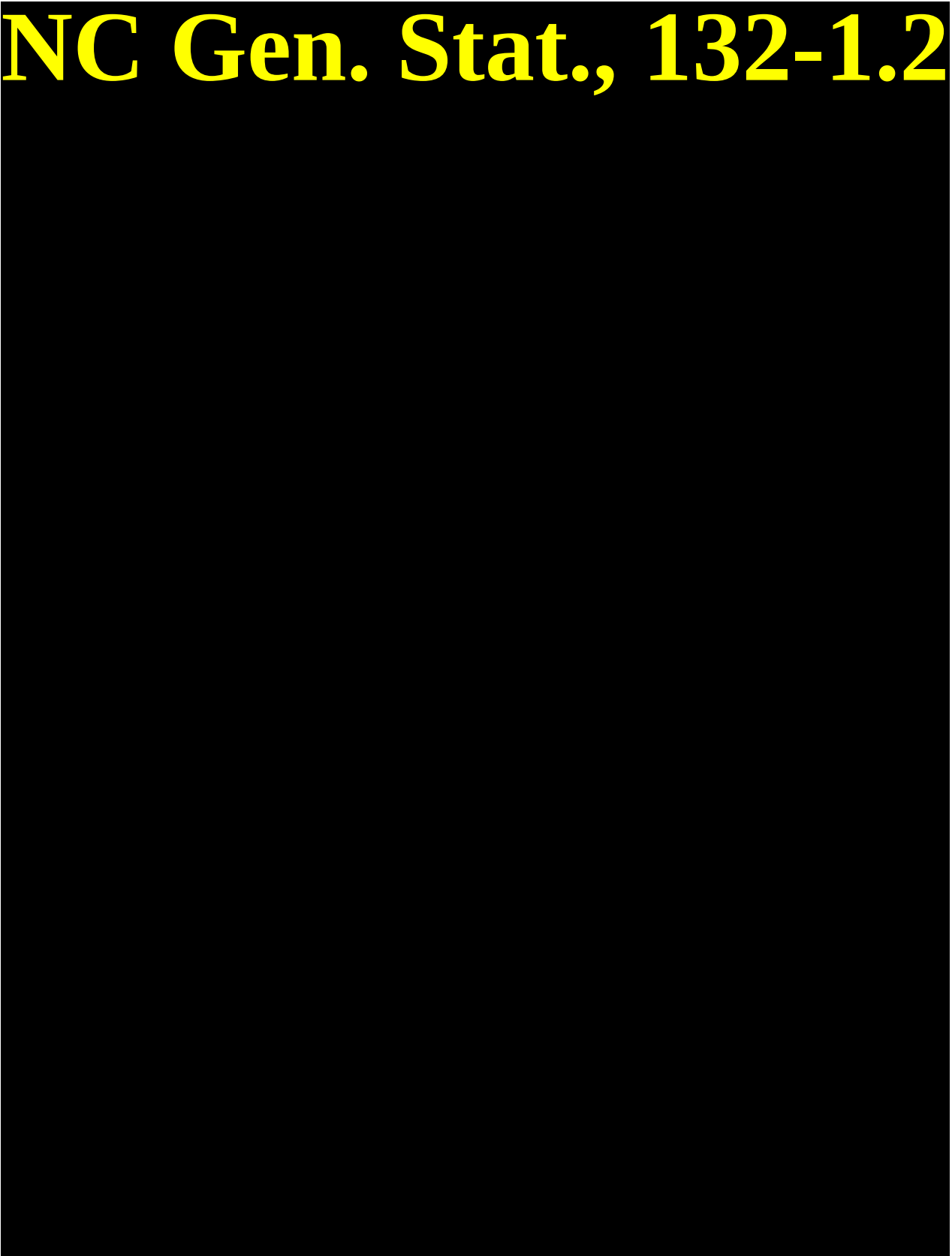
NC Gen. Stat., 132-1.2

Our engagement NC Gen. Stat., 132-1.2 is relevant to future Operational / Performance Audit needs from the State of North Carolina because of the size and complexity of NC Gen. Stat., 132-1.2 – the organization serves 4 million people, employs ~9,500 people, and has an annual operating budget of ~\$1.7 billion, while working in a complex public sector environment. The engagement NC Gen. Stat., 132-1.2 involved complex stakeholder management, operations review, performance evaluation, cost and budget management, IT operations optimization, change management, and capability building, which are areas of expertise that we would provide the State of North Carolina with.

Description of Services Performed

NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2



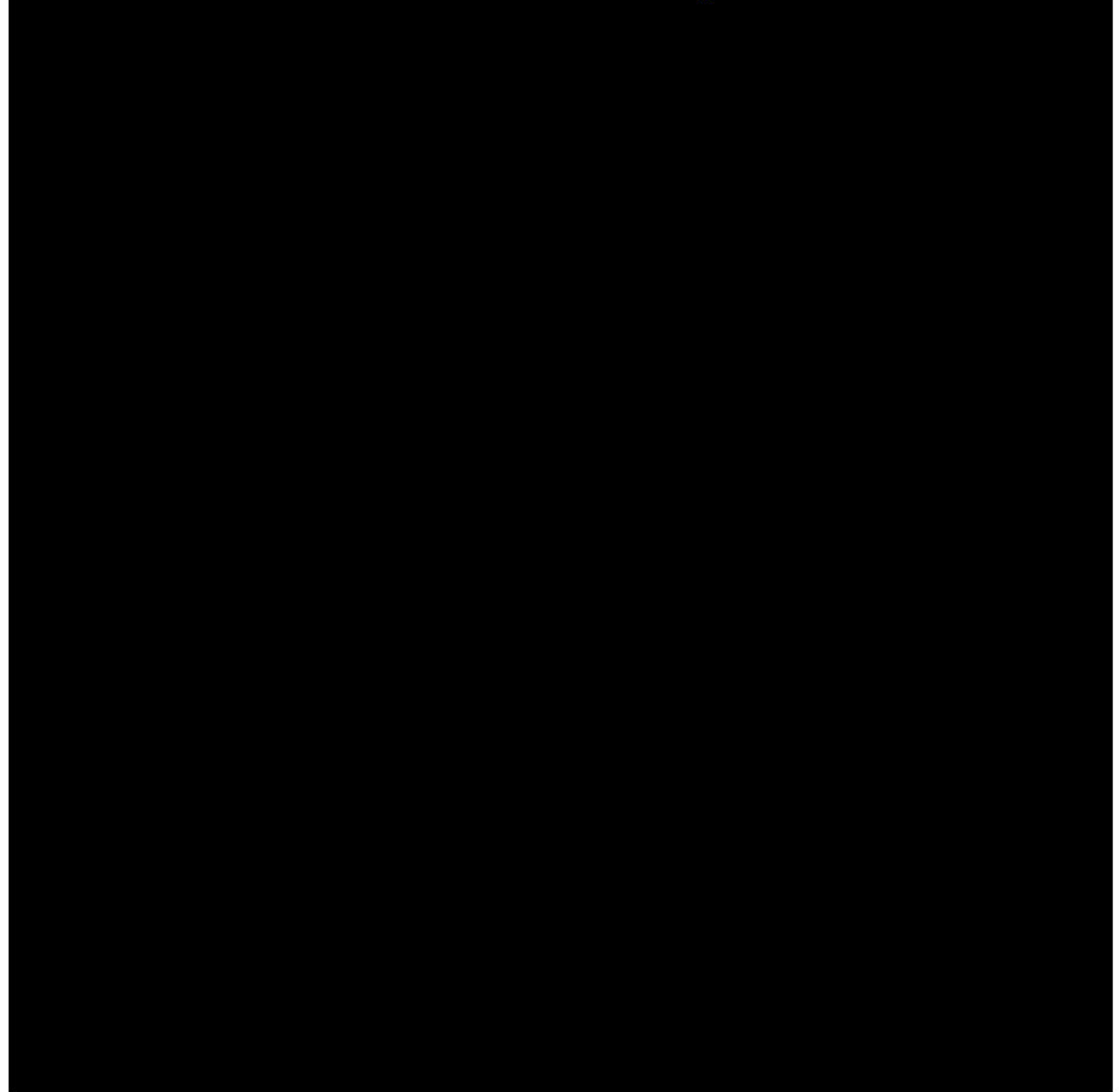
NC Gen. Stat., 132-1.2

4.2.1.3 Reference 3: The State of NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2		COVID-
19 Response, Strategic, and Operational Support		
Client reference	NC Gen. Stat., 132-1.2	
Period of Performance	April 2020 – June 2022	
Relevance to Data Analytics / Continuous Monitoring		
NC Gen. Stat., 132-1.2		
The engagement NC Gen. Stat., 132-1.2 a State with a population of ~9M compared to North Carolina with ~10M, demonstrates McKinsey's capabilities in working with wide array of analytics methods to help organizations make better decisions for its populations under demanding timelines.		
Description of Services Performed		

NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2



4.2.1.4 Reference 4: NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2 – Digital Transformation	
Client reference	NC Gen. Stat., 132-1.2
Period of Performance	July 2018 to July 2023

NC Gen. Stat., 132-1.2 – Digital Transformation

Relevance to Data Analytics / Continuous Monitoring

NC Gen. Stat., 132-1.2

Data analytics efforts for the State of North Carolina likely include descriptive, diagnostic, predictive, and prescriptive analytics, which our multi-year engagement **NC Gen. Stat., 132-1.2** demonstrates. Moreover, the State will benefit from McKinsey's proven expertise in using data to execute use cases that deliver quantifiable value in complex environments. Our engagement with Freeport also illustrates our capabilities in the broader digital transformation, including capability building, that is often required for adoption and sustained value from analytics.

Description of Services Performed

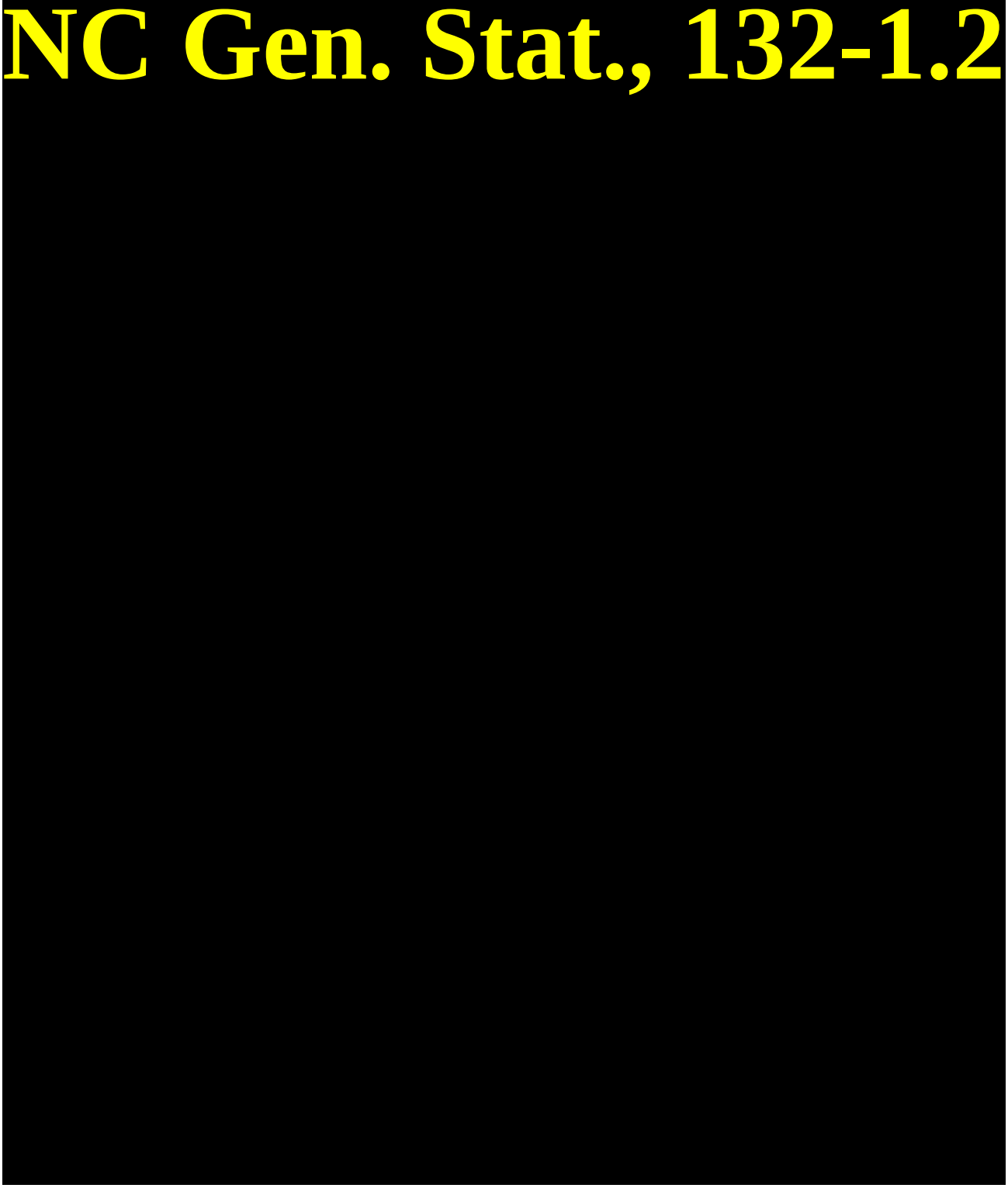
NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2

4.2.1.5 Reference 5: State of NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2	
Recovery	
Client reference	NC Gen. Stat., 132-1.2
Period of Performance	October 2018 – November 2018
Relevance to Managerial Advisory Services	
NC Gen. Stat., 132-1.2	
The first draft of the assessment was developed within 10 days of starting the work, and within 26 days of Hurricane Florence, demonstrating McKinsey's ability to quickly respond to our clients' needs and environment. This also shows our depth and breadth of knowledge of NC Gen. Stat., 132-1.2, important to expedite our assistance with the State and their future needs.	
Description of Services Performed	
NC Gen. Stat., 132-1.2	

NC Gen. Stat., 132-1.2



4.2.2 Additional contracts

4.2.2.1 State of **NC Gen. Stat., 132-1.2**

NC Gen. Stat., 132-1.2 – Customer Experience Transformation	
Period of Performance	March 2019 to August 2021
Relevance to Operational / Performance Audit	

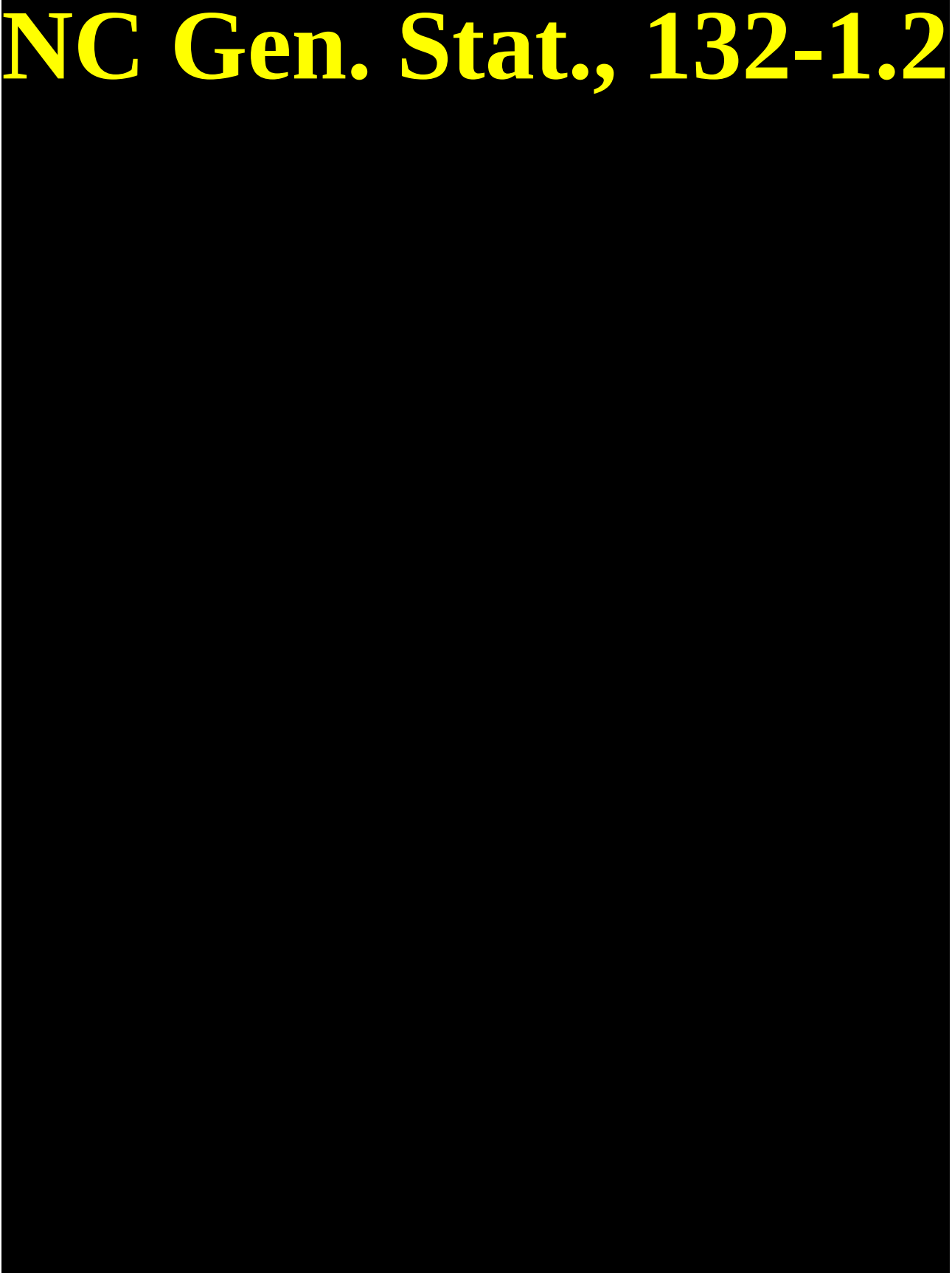
NC Gen. Stat., 132-1.2

Our engagement **NC Gen. Stat., 132-1.2** is relevant to future Operational / Performance Audit needs from the State of North Carolina because of the quantitative and qualitative assessment conducted **NC Gen. Stat., 132-1.2** operations and the translation of findings to measurable impact for residents that was sustained through organizational change management in the form of capability building. The engagement involves service center operations, capability building, change management, human-centered design, resource optimization, workflow redesign, and performance analytics and monitoring. Our engagement **NC Gen. Stat., 132-1.2** also illustrates our experience working on priorities with similar size, scope, and complexity to what North Carolina may need in the future given **NC Gen. Stat., 132-1.2**

Description of Services Performed

NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2

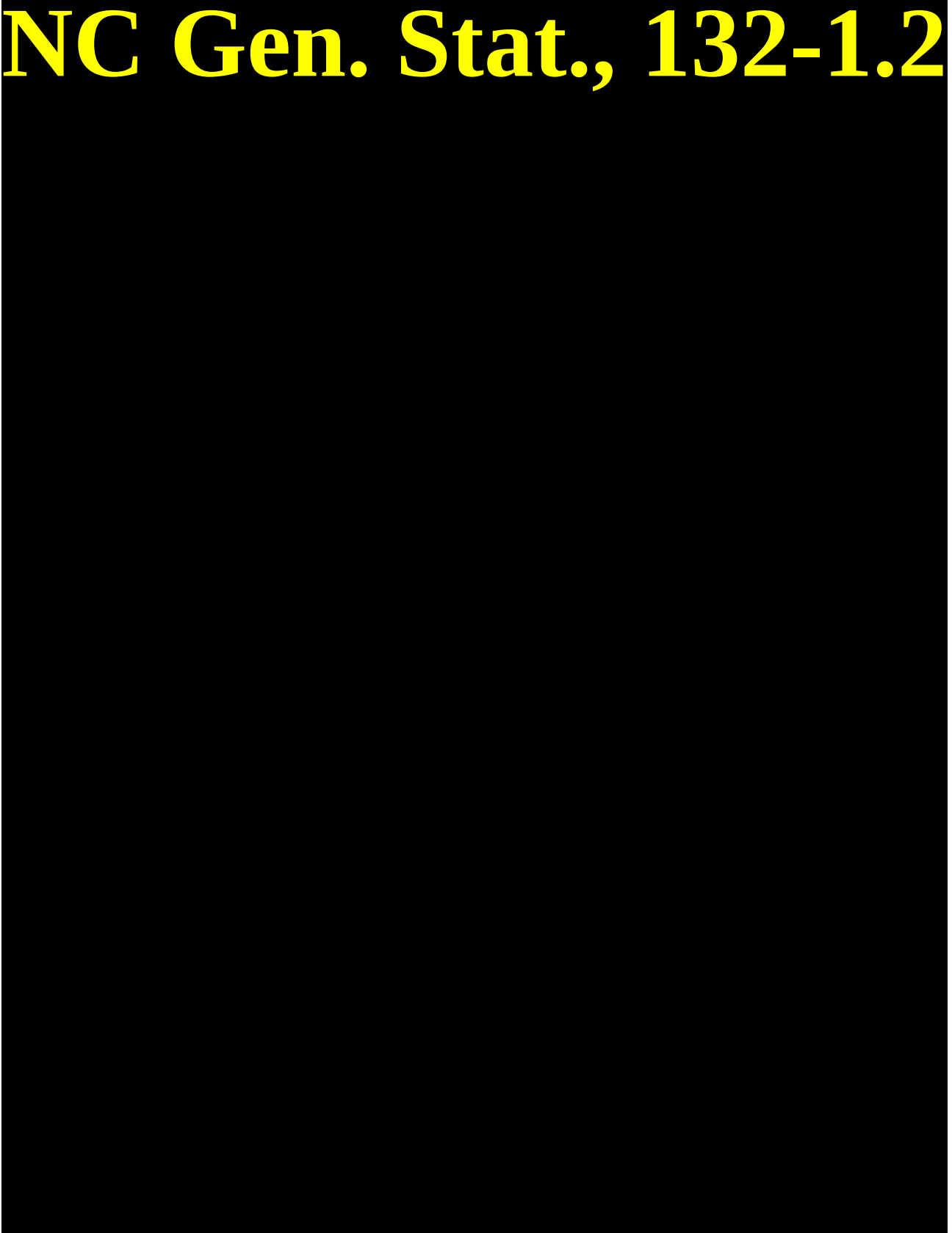


NC Gen. Stat., 132-1.2

4.2.2.2 University NC Gen. Stat., 132-1.2

University NC Gen. Stat., 132-1.2 Enrollment Strategy and Operational Transformation	
Period of Performance	June 2018 to October 2020
Relevance to Operational / Performance Audit	
NC Gen. Stat., 132-1.2	
The State of North Carolina and its university system will benefit from McKinsey's proven expertise in operational performance and transformation in education. NC Gen. Stat., 132-1.2 student population of ~33,000 is comparable in size to the University of North Carolina at Chapel Hill at ~30,000 and North Carolina State University at ~34,000. The State will also benefit from the experience demonstrated in budget and financial management, stakeholder engagement, capability building, change management, and strategy execution.	
Description of Services Performed	
NC Gen. Stat., 132-1.2	

NC Gen. Stat., 132-1.2



4.2.2.3

NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2 – Bold Plan Ventilator Manufacturing

Period of
Performance

March 2020 to October 2020

Relevance to **Operational / Performance Audit**

NC Gen. Stat., 132-1.2

The engagement **NC Gen. Stat., 132-1.2** is relevant to North Carolina because of the criticality, urgency, and complexity involved in increasing ventilator supply during the COVID-19 pandemic. Our engagement **NC Gen. Stat., 132-1.2** demonstrates our ability to quickly develop end-to-end understanding of complex processes and leverage it in our recommendations for improving process design. North Carolina will benefit from a partner that has expertise serving on critical initiatives under demanding timelines.

Description of Services Performed

NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2

4.2.2.4 State NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2 – Operational Excellence and Customer Experience	
Period of Performance	January 2021 to November 2021
Relevance to Data Analytics / Continuous Monitoring	
NC Gen. Stat., 132-1.2	
Both NC Gen. Stat., 132-1.2 and North Carolina have populations of ~10M, indicative of the comparable size and complexity of the states. The engagement with NC Gen. Stat., 132-1.2 demonstrates McKinsey's expertise using advanced analytics to improve backlog management, to identify irregularities and anomalies, and to detect fraud. The State of North Carolina could benefit from our experience deploying advanced analytics to successfully improve operations to better serve residents.	
Description of Services Performed	
NC Gen. Stat., 132-1.2	

NC Gen. Stat., 132-1.2

4.2.2.5 State of NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2		– Effective CMO performance management
Period of Performance	June 2023 to June 2023	
Relevance to Data Analytics / Continuous Monitoring		

NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2

The State of North Carolina could benefit from McKinsey's proven expertise conducting descriptive and diagnostic analytics, particularly in settings with health data and with vendor management. The engagement **NC Gen. Stat., 132-1.2** also demonstrates expertise building data and analytics capabilities to sustain and further operational improvements. **NC Gen. Stat., 132-1** and North Carolina both have populations of ~10M, indicative of comparable size and complexity.

Description of Services Performed

NC Gen. Stat., 132-1.2

4.2.2.6 **NC Gen. Stat., 132-1.2**

NC Gen. Stat., 132-1.2		Business Intelligence, Data Warehouse, and Data Governance
Period of Performance	August 2020 to December 2020	
Relevance to Data Analytics / Continuous Monitoring		
NC Gen. Stat., 132-1.2		
The engagement with NC Gen. Stat., 132-1.2 demonstrates McKinsey's expertise in designing strategic analytics roadmaps with specific analytics use cases and in executing prioritized data and analytics initiatives. The engagement also highlights McKinsey's expertise working with complex data environments, such as a Health Information Exchange.		
Description of Services Performed		
NC Gen. Stat., 132-1.2		

NC Gen. Stat., 132-1.2

4.2.2.7 State of NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2 – Broadband Strategy	
Period of Performance	February 2021 to August 2021
Relevance to Managerial Advisory Services	

NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2

– Broadband Strategy

This engagement shows our expertise with working with NC Gen. Stat., 132-1.2 and all its complexities. Additionally, this engagement shows expertise with collaborating with State governments to increase access to critical services to improve livelihoods, productivity, and equity which is in alignment with NC Gen. Stat., 132-1.2 long-term strategic goals.

Description of Services Performed

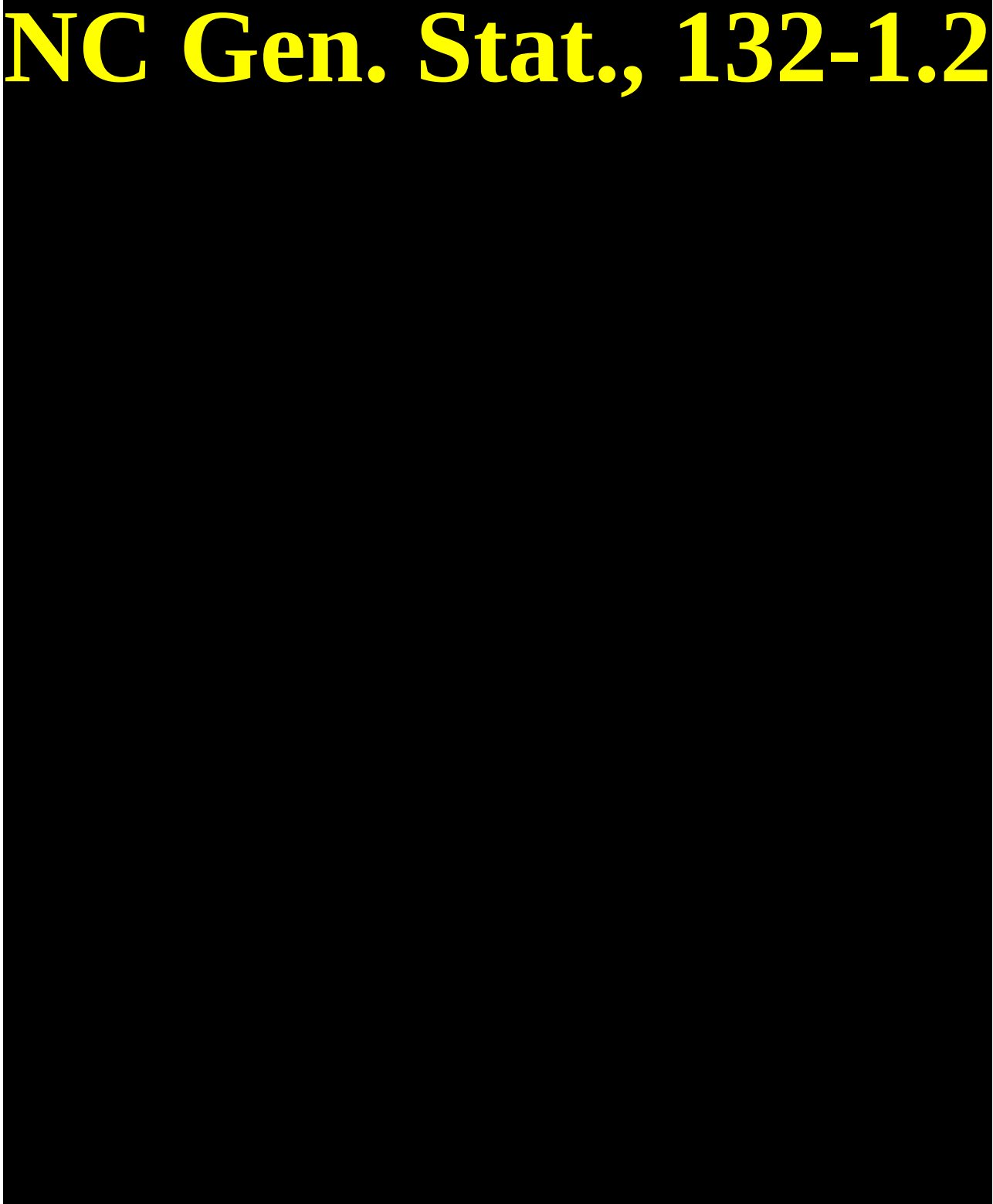
NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2

4.2.2.8 NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2 – Economic Strategy and Assessment	
Period of Performance	February 2018 to December 2020
Relevance to Managerial Advisory Services	
NC Gen. Stat., 132-1.2	
Both NC Gen. Stat. and the State of North Carolina work to serve populations of ~10M, indicative of the comparable size and complexity of the states. The engagement with NC Gen. Stat., 132-1.2 demonstrates McKinsey's ability to leverage our deep understanding of analytics and development to create and implement strategies grounded in equitable workforce development, a likely focus area for the state of North Carolina.	
Description of Services Performed	
NC Gen. Stat., 132-1.2	

NC Gen. Stat., 132-1.2



4.2.2.9 State of **NC Gen. Stat., 132-1.2**

NC Gen. Stat., 132-1.2 – Best-in-class freight strategy	
Period of Performance	February 2022 to April 2023
Relevance to Managerial Advisory Services	

NC Gen. Stat., 132-1.2

Both **NC Gen. Stat., 132-1** and the State of North Carolina work to serve similar population sizes, indicative of comparable complexities and challenges of the states. The engagement with the State of **NC Gen. Stat., 132-1** demonstrates McKinsey's expertise in identifying current operational gaps and forecast potential impacts of various strategies, both of which are key to assist North Carolina with it's goals of... <>.

Description of Services Performed

NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2

4.2.2.10 NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2 – K-12 school reopening	
Period of Performance	May 2020 to September 2020
Relevance to Managerial Advisory Services	
NC Gen. Stat., 132-1.2	
This engagement with NC Gen. Stat., 132-1.2 demonstrates McKinsey's ability to utilize forecasting models to examine real-world impacts and inform future strategic solutions. This engagement also highlights McKinsey's expertise in the education and healthcare space, both of which are vital to the State of North Carolina.	
Description of Services Performed	

NC Gen. Stat., 132-1.2

4.2.3 Similar Services Provided

Exhibit 2 summarizes McKinsey's work providing similar services within the designated period of five years, including services to North Carolina State agencies and/or the University of North Carolina. A majority of our projects have elements of several of the RFP service areas. To indicate which projects we have featured for specific RFP service areas, please see shaded box.

Exhibit 2: Select examples of McKinsey's experience providing similar services

Client	Description of work	Operational / Performance Audit	Data Analytics / Continuous Monitoring	Managerial Advisory Services
NC Gen. Stat., 132-1.2	Conducted an operational/performance assessment/audit of fraud detection operational process to create a roadmap to define success. Identified gaps and areas for improvement in the Division of Employment Security's (DES) existing fraud capability by reviewing and testing the agency's internal systems and effectiveness.	✓		✓
	Conducted a comprehensive operational/performance audit of entire organization. Examined internal business operations, organizational health, technology systems, and each facet of operational processes and systems.	✓		✓
	Provided data analytics/continuous monitoring COVID-19 response, strategic, and operational support. Utilized prescriptive and descriptive analytics to support the State in their efforts to utilize data-driven decision making in their responses to the COVID-19 pandemic. Developed user-interface dashboards to maintain a database of things such as immunization registry and reporting		✓	✓
	Provided data analytics/continuous monitoring support through descriptive, diagnostic, predictive, and prescriptive analytics to help improve their digital capabilities, including their data analytics abilities for all facets of data analytics.	✓	✓	✓
	Provided managerial advisory services for Hurricane Florence recovery efforts. We quickly performed a damage and needs assessment to determine the immediate and long-term impacts of the hurricane. Estimated costs of responding to the effects of the hurricane, in areas such as business, housing, agriculture, utilities, natural resources, government property, transportation, education, health and human services, and overall recovery operations.	✓	✓	✓
	Conducted an operational/performance audit of operational processes and internal systems, using tools such as surveys, group research, and data-driven analyses to examine and test each part of the agency's operations.	✓	✓	✓

NC Gen. Stat., 132-1.2	Conducted an operational/performance audit and review of [redacted] institution-wide financials and operational activities and functions to identify opportunities to improve overall efficiency and effectiveness. Conducted progress and impact reviews to ensure good stewardship of resources and benefits achievement.	✓	✓	✓
	Conducted an operational/performance audit by assessing [redacted] existing production process to identify gaps and areas of improvement. Developed and leveraged an analytical model to assess production rate and capacity.	✓	✓	✓
	Provided data analytics/continuous monitoring support by leveraging predictive and descriptive analytics to help [redacted] achieve significant, sustained, and quantifiable improvements in the agency's operations. Efforts included implementation of machine learning models and deploying tableau to create internal dashboards tracking overall company performance.		✓	✓
	Provided data analytics/continuous monitoring support on the design of [redacted] medicaid managed care program and re-procurement of services from managed care organizations (MCOs) to implement interventions to establish effective contract execution and ensure performance management.		✓	✓
	Supported [redacted] agency by building a web interface to access immunization data through standards-based API, while ensuring security and privacy standards were met. Assessed data available across state, local, and private sector and assessed COVID-19 impact. Defined priority use cases and built a technical execution plan defining implications for data infrastructure. Developed quick win tools for priority use cases	✓	✓	✓
	Provided managerial advisory services to [redacted] digital plan, aimed to expand the States' broadband infrastructure and ensure equitable access across the state. Identified gaps in demand and developed a fact base that identified overall organizational efficiencies and deficiencies.	✓	✓	✓
	Provided managerial advisory services through assessing the current state of [redacted] overall performance, developing a strategic roadmap for investments and programs, and creating and implementing their recovery strategy in response to the pandemic.	✓		✓
	Provided managerial advisory services by collaborating with [redacted] to develop and implement a best-in-class freight strategy that prioritizes projects that improve business outcomes for the state.	✓		✓
	Provided managerial advisory services by identifying best practices and frameworks for reopening elementary and secondary (K-12) schools for in-person, hybrid, and remote learning for the 2020-21 school year.		✓	✓

NC Gen. Stat., 132-1.2	Supported the NC Gen. Stat., 132-1.2 in its organizational redesign and transformation to best fulfill its mission to improve the health, safety, and wellbeing of all North Carolinians by providing clearly defined process and governance model to develop advanced planning document (APDs) and drive IT projects including an operating model that drives transparency, effective communication, and collaboration across all teams.	✓		✓
	Assessed root causes of NC Gen. Stat., 132-1.2 sudden ~\$2B reduction in cash balance, close to the minimum cash floor and well below forecasts. Developed four sets of initiatives to address the root causes, mitigate variances, and improve NC Gen. Stat., 132-1.2 financial position, leading to a more resilient, best-in-class NC Gen. Stat., 132-1.2 that provides superior service for North Carolinians.	✓		✓
	Provided operational excellence initiatives to improve operations to accelerate the performance and outcomes of NC Gen. Stat., 132-1.2 – the university was facing several organizational effectiveness issues (e.g., lack of synchronization of the HR function's objectives with the strategic plan of the institution; slow processes and unclear budgeting inhibiting the ability to attract top talent).	✓		✓
	Engaged to create a new 5–10-year systemwide strategy since the pandemic created major disruptions in the North Carolina healthcare landscape, including workforce shortages, financial challenges for acute care, and changes in patient preferences.			✓
	Helped the state set up teams that successfully delivered 13 million doses of vaccines to 7.5 million Ohioans in 2021.	✓		✓
	Supported NC Gen. Stat., 132-1.2 on how to strategically deploy \$60+ billion for technology funding.			✓
	Advised NC Gen. Stat., 132-1.2 (\$50+ billion for broadband) on the implementation of key provisions of the Infrastructure Investment and Jobs Act and the Inflation Reduction Act, once-in-a-generation investments with implications for the futures of entire agencies.			✓

4.3 Legal Right to Practice in North Carolina (RFP 4.6)

Please find McKinsey & Company Inc. Washington D.C.'s documentation on the following pages to demonstrate we are legally authorized to practice and provide services in North Carolina. This includes our Articles of Incorporation, North Carolina Certificate of Authority, followed by a Business Corporation Annual Report to demonstrate that our registration is current and active.

C201306700549

Delaware

PAGE 1

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "MCKINSEY & COMPANY, INC. WASHINGTON D.C." IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE TWENTY-SEVENTH DAY OF FEBRUARY, A.D. 2013.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "MCKINSEY & COMPANY, INC. WASHINGTON D.C." WAS INCORPORATED ON THE NINTH DAY OF OCTOBER, A.D. 2003.

AND I DO HEREBY FURTHER CERTIFY THAT THE FRANCHISE TAXES HAVE BEEN PAID TO DATE.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL REPORTS HAVE BEEN FILED TO DATE.

3713510 8300

130242451

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




Jeffrey W. Bullock, Secretary of State
AUTHENTICATION: 0245814

DATE: 02-27-13



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

MCKINSEY & COMPANY, INC. WASHINGTON D.C.

the original of which was filed in this office on the 13th day of March, 2013.



Scan to verify online.

IN WITNESS WHEREOF, I have hereunto set my
hand and affixed my official seal at the City of
Raleigh, this 13th day of March, 2013.

Elaine F. Marshall

Secretary of State

Certification# C201306700549-1 Reference# C201306700549-1 Page: 1 of 4
Verify this certificate online at www.secretary.state.nc.us/verification



BUSINESS CORPORATION ANNUAL REPORT

NAME OF BUSINESS CORPORATION:

McKinsey & Company, Inc. Washington D.C.

SECRETARY OF STATE ID NUMBER: **1306871**

STATE OF FORMATION: **DE**

REPORT FOR THE FISCAL YEAR END: **12/31/2022**

Filing Office Use Only

E - Filed Annual Report

1306871

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1/12/2023 11:30

☒ Changes

SECTION A: REGISTERED AGENT'S INFORMATION

1. NAME OF REGISTERED AGENT: **Corporation Service Company**

2. SIGNATURE OF THE NEW REGISTERED AGENT:

SIGNATURE CONSTITUTES CONSENT TO THE APPOINTMENT

3. REGISTERED AGENT OFFICE STREET ADDRESS & COUNTY 4. REGISTERED AGENT OFFICE MAILING ADDRESS

2626 Glenwood Avenue,

2626 Glenwood Avenue,, Suite 550

Raleigh, NC 27608 Wake County

Raleigh, NC 27608

SECTION B: PRINCIPAL OFFICE INFORMATION

1. DESCRIPTION OF NATURE OF BUSINESS: **Management Consulting**

2. PRINCIPAL OFFICE PHONE NUMBER: **(212) 415-5254**

3. PRINCIPAL OFFICE EMAIL: **Privacy Redaction**

4. PRINCIPAL OFFICE STREET ADDRESS

5. PRINCIPAL OFFICE MAILING ADDRESS

1200 19th Street, NW, Suite 1100

1200 19th Street, NW, Suite 1100

Washington, DC 20036

Washington, DC 20036

6. Select one of the following if applicable. (Optional see instructions)

☐

The company is a veteran-owned small business

☐

The company is a service-disabled veteran-owned small business

SECTION C: OFFICERS (Enter additional officers in Section E.)

NC Gen. Stat., 132-1.2

ADDRESS:

1200 19th Street, NW, Suite 1100

Washington, DC 20036

ADDRESS:

1200 19th Street, NW Suite 1100

Washington, DC 20036

ADDRESS:

1200 19th Street, NW, Suite 1100

Washington, DC 20036

SECTION D: CERTIFICATION OF ANNUAL REPORT. Section D must be completed in its entirety by a person/business

NC Gen. Stat., 132-1.2

1/12/2023

SIGNATURE

DATE

Form must be signed by an officer listed under Section C of this form.

NC Gen. Stat., 132-1.2

Secretary

Print or Type Name of Officer

Print or Type Title of Officer

This Annual Report has been filed electronically.

MAIL TO: Secretary of State, Business Registration Division, Post Office Box 29525, Raleigh, NC 27626-0525

8/29/23, 2:38 PM

North Carolina Secretary of State Search Results

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Business Corporation

Legal Name

McKinsey & Company, Inc. Washington D.C.

Information

SosId: 1306871

Status: Current-Active ⓘ

Date Formed: 3/13/2013

Citizenship: Foreign

State of Incorporation: DE

Fiscal Month: December

Annual Report Due Date: April 15th

CurrentAnnual Report Status:

Registered Agent: Corporation Service Company

4.4 External Reviews and Regulatory Action (RFP 4.7)

McKinsey & Company, Inc. Washington D.C. (McKinsey) is not subject to the American Institute of Certified Public Accountants external review requirements, and as a result, we do not have an external peer/quality assurance review report.

McKinsey has a proven track record of quality, timeliness, and business management with government agencies. We have broad expertise in serving Government - in the last five years alone, we have served over 1,600 public sector clients globally on over 9,300 projects. 99% of Contracting Officers surveyed as part of the US federal Contractor Performance Assessment Reporting System (CPARS) wrote that they would recommend McKinsey for similar requirements in the future. Since 2021, we have had 22 total CPARS results with 100% ratings of Good or Exceptional in the categories of Quality, Management, and Schedule for CPARS containing task order scope.

We maintain a high bar for quality control through our proven quality control process, which emphasizes information transparency, stringent progress tracking, and clear communication. Underlying this approach is our "One Firm" model and ability to engage experts across the globe at any point. We have applied our proven quality control process across more than 30 Master Service Agreements (MSAs) for the federal government, and multiple statewide and

NC Gen. Stat., 132-1.2

Our approach to managing MSAs and projects promotes high-quality deliverables and minimizes risk. We adjust plans as insight is gathered while sticking to our promised timeline. This allows us to deliver the greatest value for the State of North Carolina and stakeholders. We will also contextualize project controls and reporting to help the State accomplish objectives affecting the ability to complete mission critical items.

There are five key elements to McKinsey's quality-control methods, all of which will be integral to our work for North Carolina:

- **Heavy leadership involvement in our teams.** A hallmark of our consulting approach is the intense involvement of our partners in every engagement. As a result, our partners can and do take responsibility for reviewing the quality of all deliverables we produce in an engagement. Our partners have deep experience and expertise in the engagements they lead, which gives them the ability to structure problem-solving, detect anomalies in any results, and help the client and team consider how various solutions will likely work in practice.
- **Close collaboration with you, both in project design and during project execution.** We will work hand-in-hand with North Carolina project teams. Our consulting model requires substantial interactions between our clients and our personnel. At the outset of projects, we will invest considerable time working with North Carolina on the design of the project to ensure that we achieve the objectives. Throughout the project, we will maintain a high level of collaboration, to ensure that we remain focused on your situation and constraints. As a result, we will not develop a "solution" only to discover later on that it does not match the needs.
- **Project management and direct reports to North Carolina leadership.** We will build quality control into project management through team meetings, leadership meetings, and

progress reviews with North Carolina Project Teams. The leadership will meet with the team at least twice every week to share information, guide problem-solving, challenge progress and hypotheses, identify and resolve potential issues, and ensure that all activities are focused on impact for North Carolina.

- **Insisting on a fact-based problem-solving approach.** Our work is underpinned by methodologies grounded in thousands of engagements performed with leading organizations around the world. Having our team members use these repeatable, established methods helps us deliver high-quality products and services to our clients. One critical aspect of how we work is our fact-based approach to problem solving. We will immerse ourselves in North Carolina data, so that we identify the root causes behind problems and develop solutions based on information rather than opinion. We will not feel constrained by what North Carolina has done in the past or by any “off the shelf” methodologies. By grounding our work in the facts and being methodical in our analysis of those facts, we can ensure that North Carolina will have an informed basis for making decisions.
- **Regular performance and client feedback reviews, with flexibility to change course.** We have established processes for reviewing the quality of our work and the performance of individual consultants. We apply these processes to ensure the continuous improvement of our work. In our reviews, we learn about changes in the demands of the project as well as changes in the legal, political, and budgetary environments, so we can make mid-course adjustments and changes to the work plan. Our ability to respond to new data ensures that our deliverables reflect North Carolina’s emerging needs. We recognize that some elements may require different analyses than we expect at the start and are prepared to adjust accordingly. Moreover, we collect feedback at the conclusion of each engagement for detailed review that is embedded in our internal personnel evaluation process.

These elements of our quality-control methods lead to impact and satisfaction from our clients, indicated by quotes from clients such as:

- “The McKinsey team members were easy to work with and were very thorough in their approach. They handled difficult situations with grace and professionalism, and the work product was outstanding.” – **NC Gen. Stat., 132-1.2, 2021**
- “The team was more collaborative than many [other consulting firms] that I have worked with. The team was on-target in identifying key issues with very little input from the government side, a testament to the quality of the overall team and their leadership's ability to identify the highest priorities. The speed and clarity was superior to other similar groups I have worked with.” – **US Defense client, 2021**
- “The team had the right talent, expertise, industry knowledge and the commitment to deliver the highest quality results for our team. This is a shining example of how all consulting engagements should be delivered. Far exceeds the other competing consulting firms in this space.” – **CIO, US Public Sector, 2021**
- “The McKinsey team has become part of the [client] team. Its expertise and assistance is utilized every hour/every day. The McKinsey team works all hours of the day and nights (weekends and holidays included). The program is dependent upon them for knowledge, guidance and most importantly collaboration.” – **Senior Agency Official, Large US State, 2021**

Regulatory Sanctions

During the last three years, no regulatory sanctions have been levied against McKinsey & Company, Inc. Washington D.C. or any of its partners, officers, directors, employees, or agents by any state or federal regulatory agencies.

Regulatory Investigations

To the best of McKinsey & Company Inc. Washington D.C.'s knowledge and belief, there are no regulatory investigations pending against McKinsey & Company, Inc. Washington D.C., or any its officers, directors, employees, and agents by state or federal regulatory agencies.

Outstanding Liabilities

To the best of McKinsey & Company Inc. Washington D.C.'s knowledge and belief, McKinsey & Company, Inc. Washington D.C. certifies it has no outstanding liabilities to the Internal Revenue Service, other government entities or unpaid final judgments for which it remains liable.

4.5 Financial Statement (RFP 4.8)

Please see the following pages for our recent financial statements.

McKinsey & Company, Inc. Washington D.C. and Subsidiaries

**Consolidated Financial Statements
December 31, 2022 and 2021**

McKinsey & Company, Inc. Washington D.C. and Subsidiaries

Index

December 31, 2022 and 2021

	Page(s)
Report of Independent Certified Public Accountants	1-2
Consolidated Financial Statements	
Consolidated Balance Sheets.....	3
Consolidated Statements of Income.....	4
Consolidated Statements of Cash Flows.....	5
Notes to Consolidated Financial Statements.....	6-13

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Management
McKinsey & Company Inc. Washington D.C.

Opinion

We have audited the consolidated financial statements of McKinsey & Company, Inc. Washington D.C. and subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of income, and cash flows for the years then ended, and the related notes to the 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 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 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 for one year after the date the financial statements are issued.

Auditor's responsibilities for the audit of the financial statements

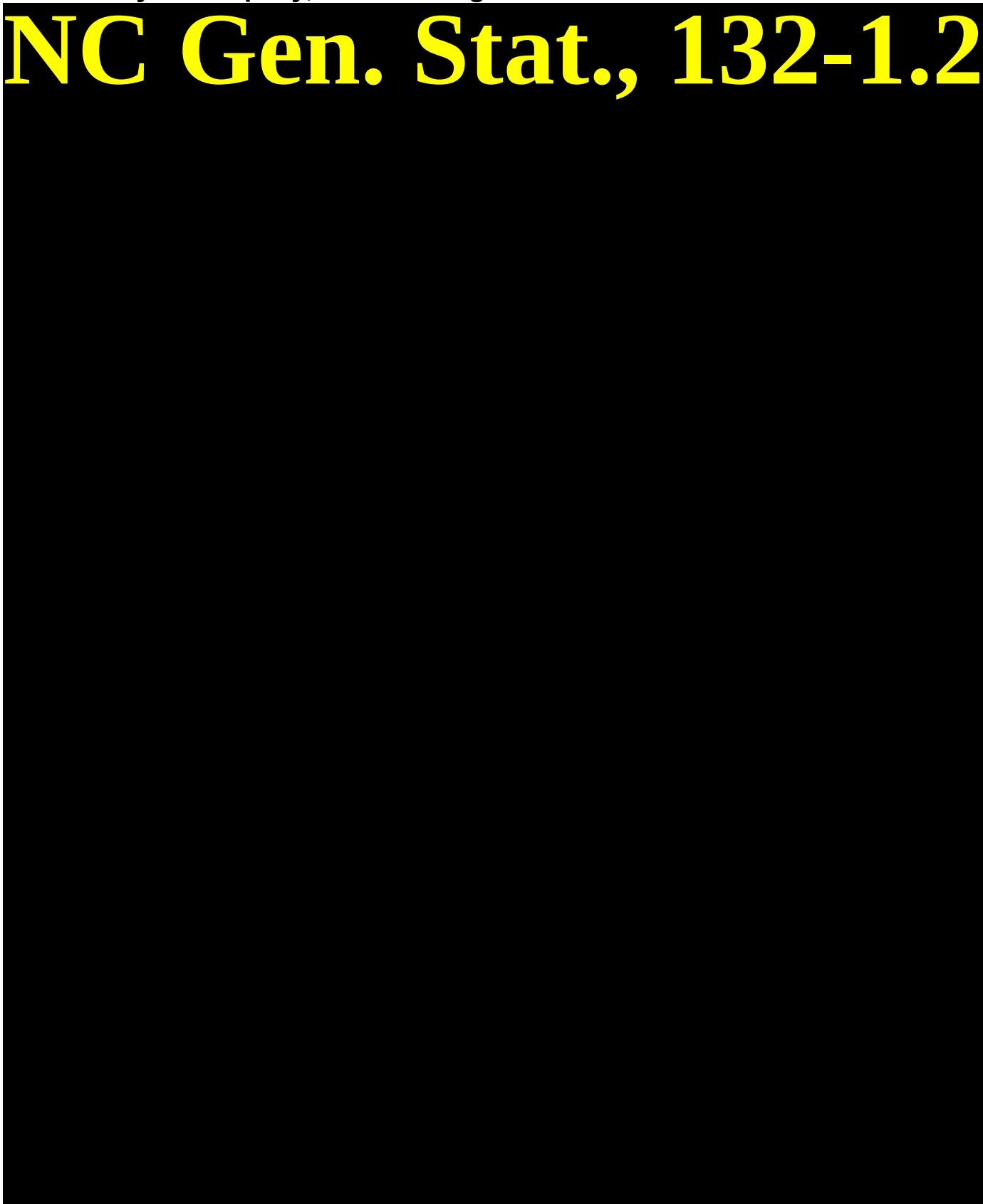
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US 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.

In performing an audit in accordance with US 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 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.

NC Gen. Stat., 132-1.2

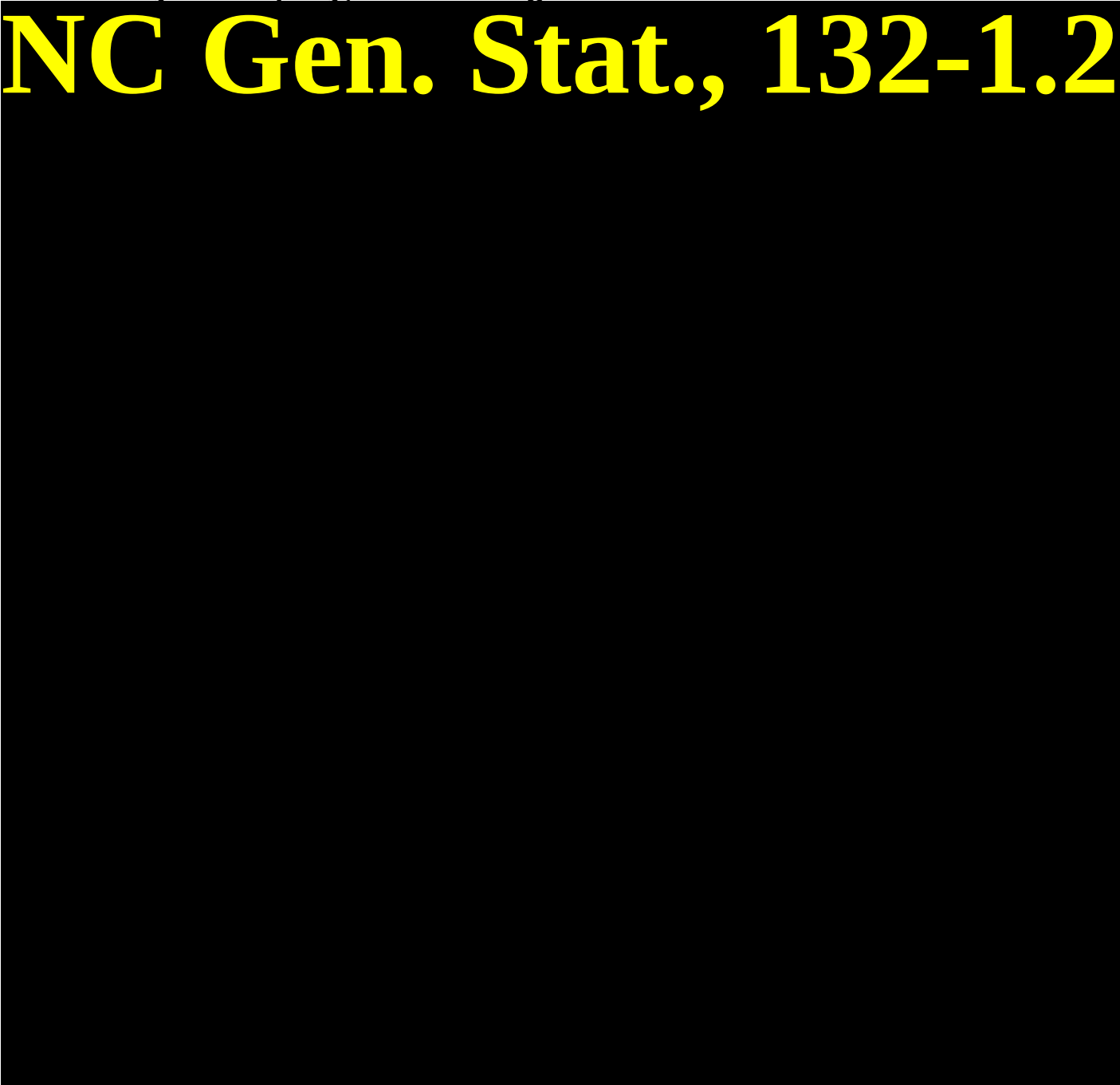


The accompanying notes are an integral part of these consolidated financial statements.

NC Gen. Stat., 132-1.2

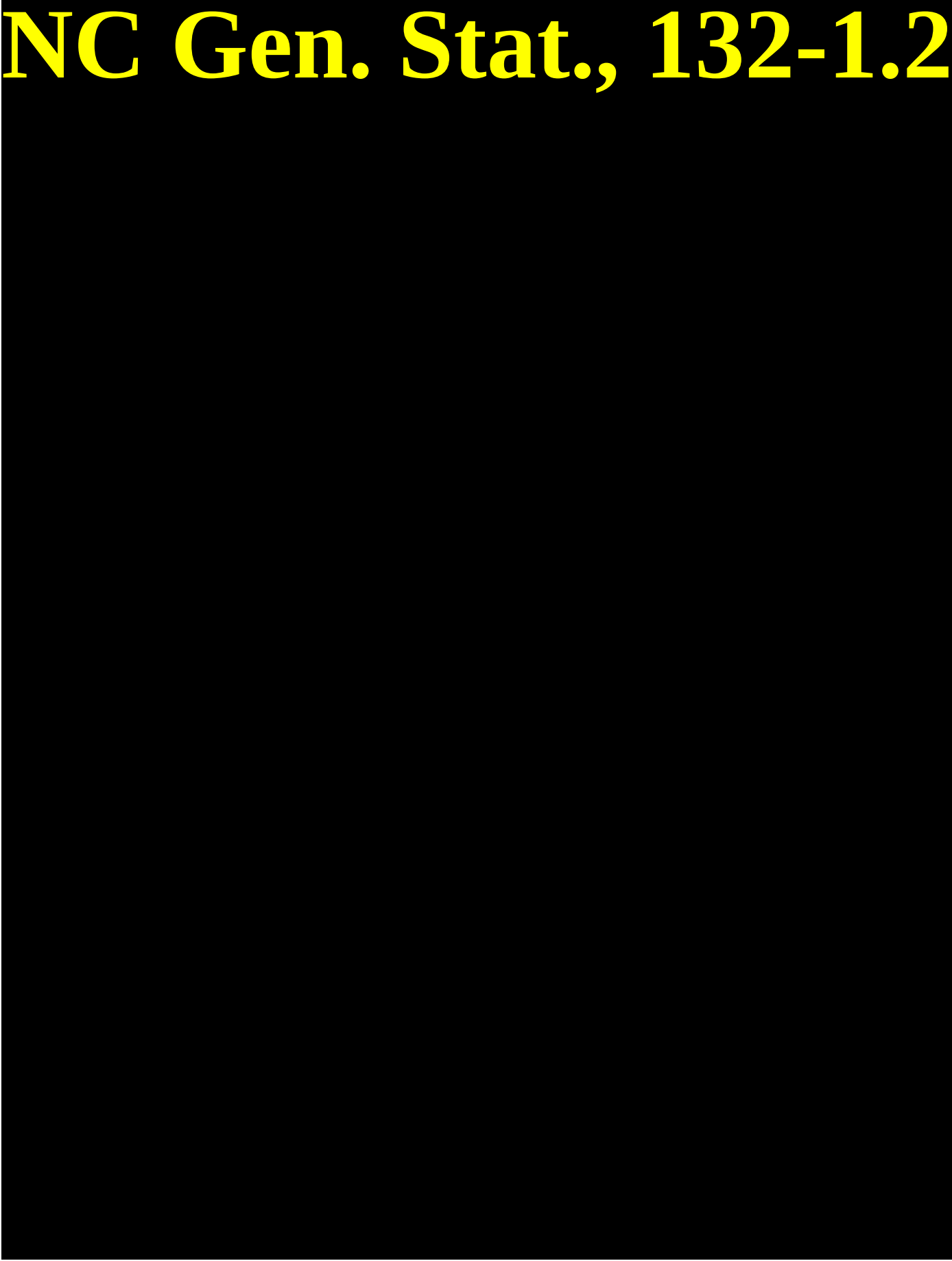
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NC Gen. Stat., 132-1.2



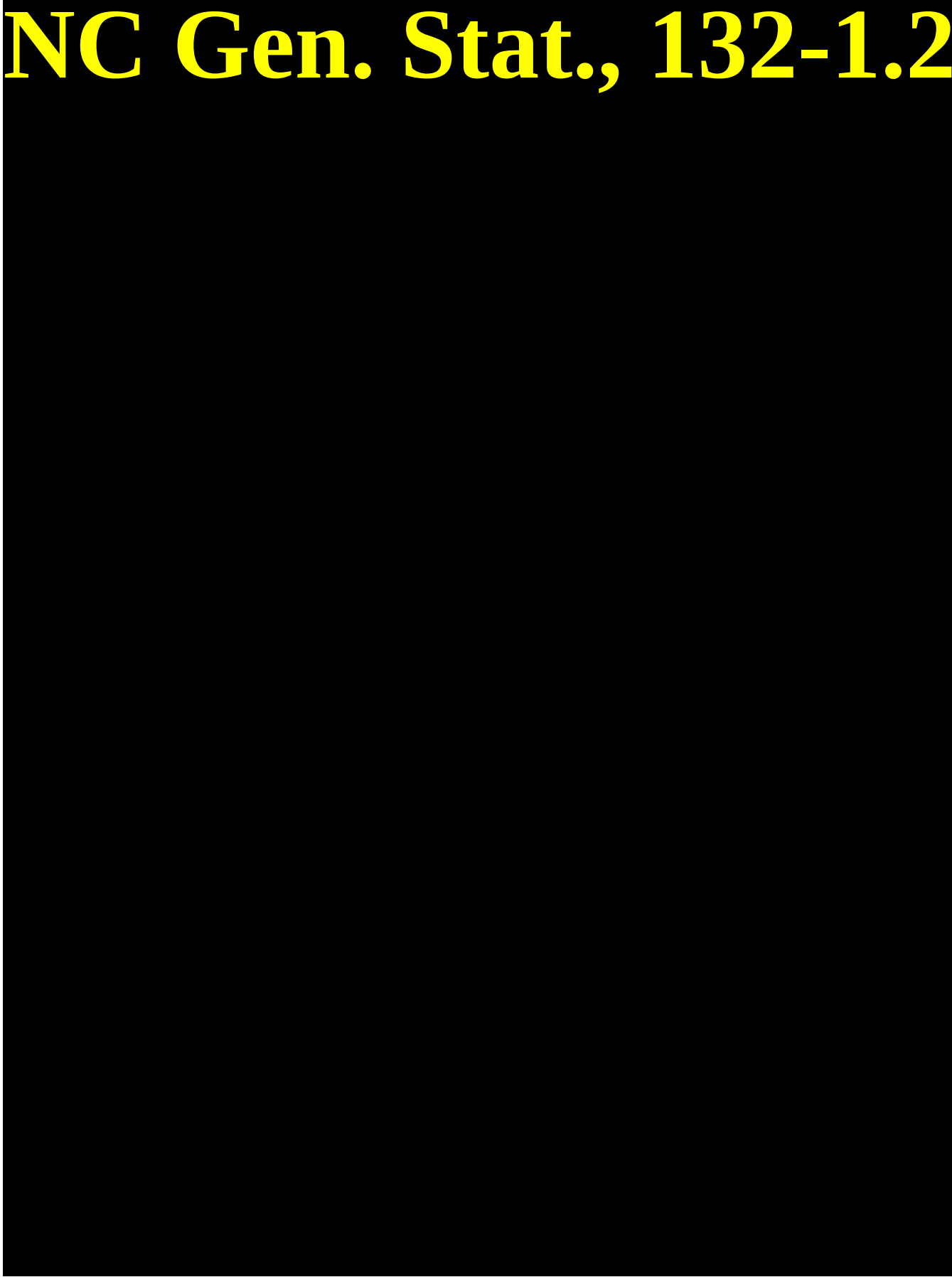
The accompanying notes are an integral part of these consolidated financial statements.

NC Gen. Stat., 132-1.2

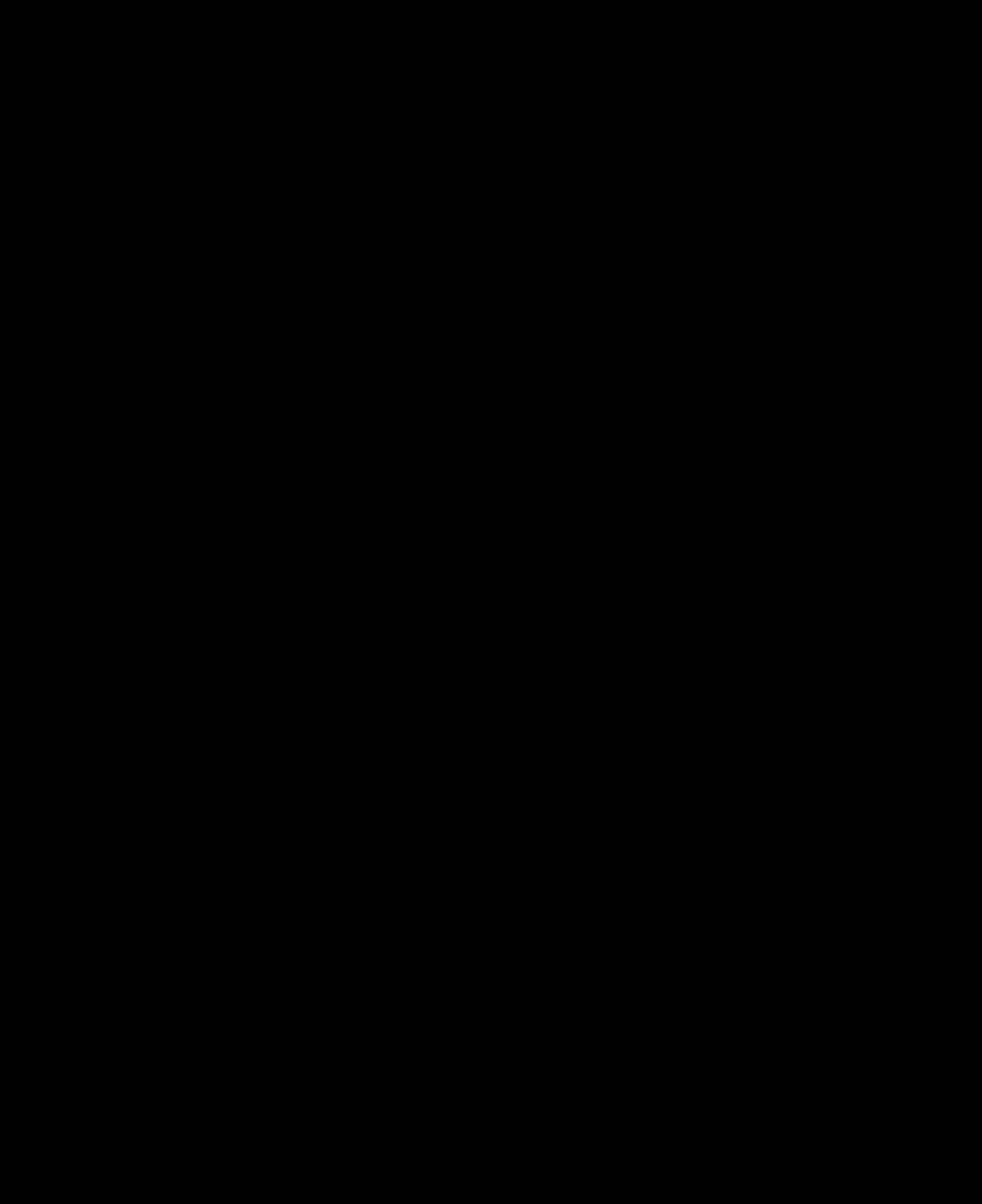


NC Gen. Stat., 132-1.2

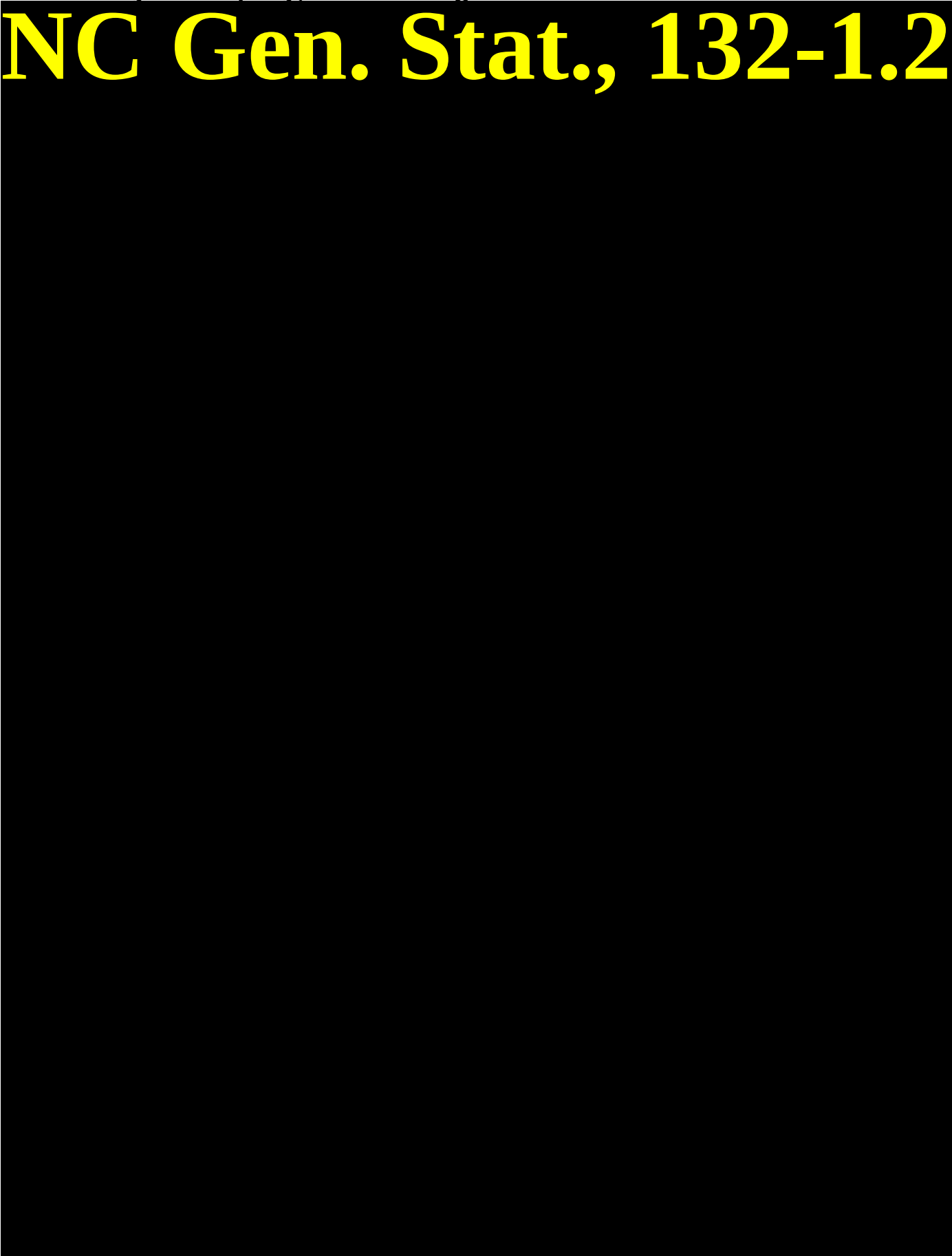
NC Gen. Stat., 132-1.2



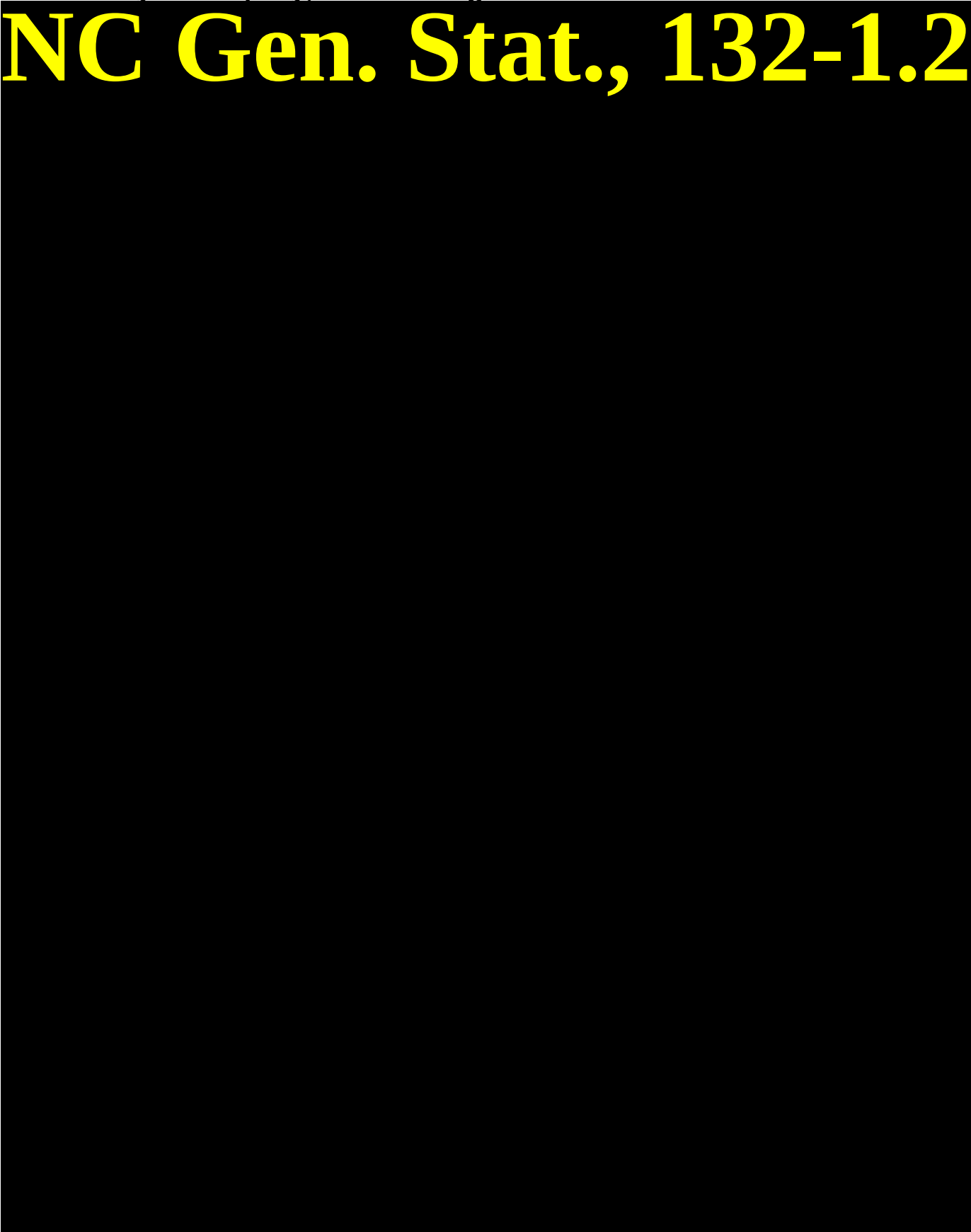
NC Gen. Stat., 132-1.2



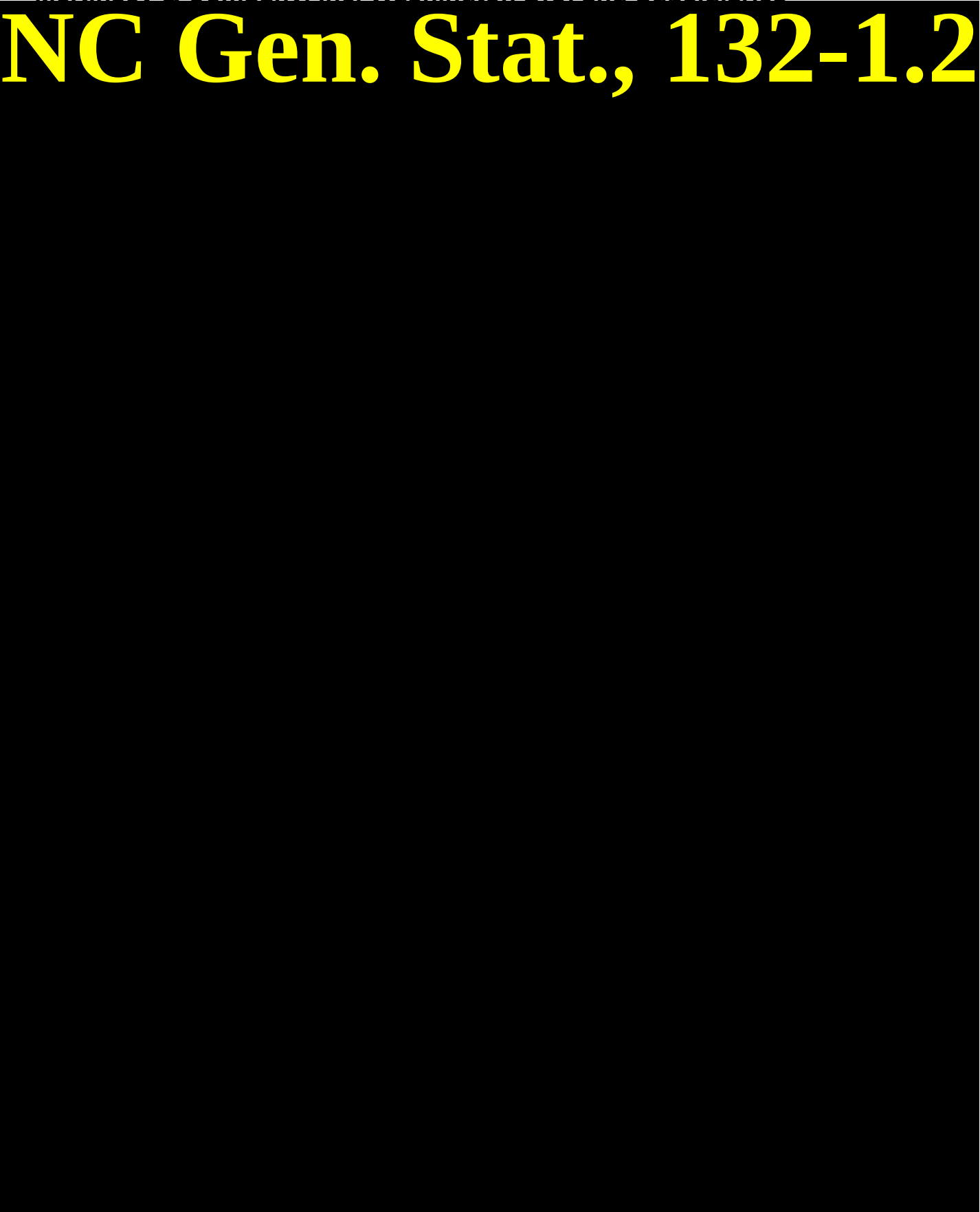
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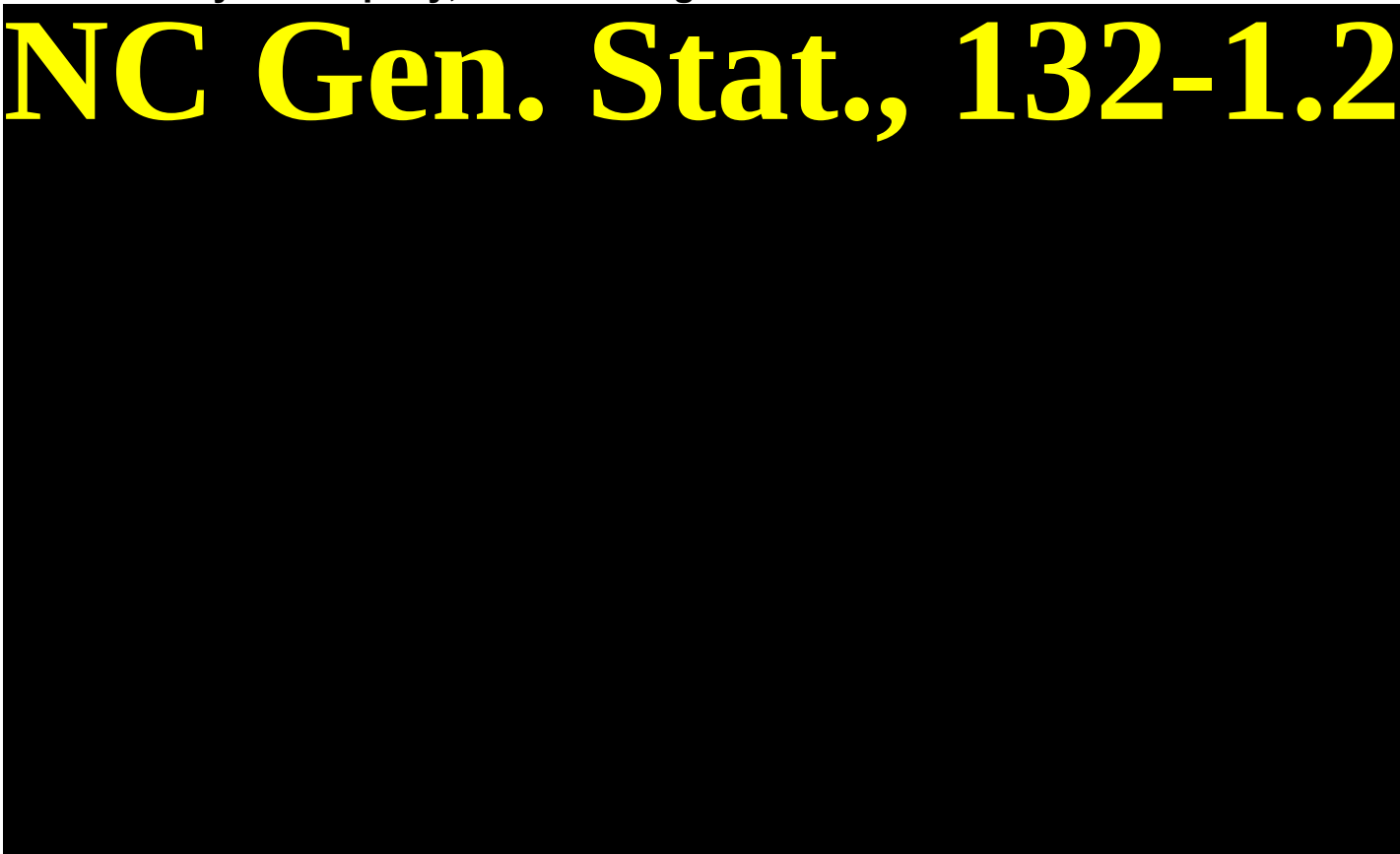
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NC Gen. Stat., 132-1.2



4.6 Cost Proposal (RFP 4.9)

In both the public and private sectors, McKinsey works on a firm-fixed-price (FFP) basis, using team-based client service delivery. This integrated set of resources is designed to provide the State of North Carolina with technical expertise and offer executive-level advice, in-depth private and public sector expertise, quantitative and qualitative analysis, and capability-building for State personnel. We calculate our fixed price using the rates proposed in **Attachment A: Cost Sheet** and on our understanding of what will be required to complete the deliverables and milestones around which future tasks under this agreement will be built up. Within that agreed price, we commit to deliver the agreed services and deliverables—adding resources, if necessary, at no additional cost—to ensure delivery of the work.

Our approach to pricing reflects our commitment to bring the best of our firm to each engagement, and to provide a flexible, integrated approach to supporting clients on important and complex issues. We have developed unrivaled expertise in more than 180 specific content areas, which we bring to clients through 22 dedicated industries and 10 functional practices, and 9,000+ US consultants (45,000+ firm colleagues globally). Our dedicated engagement teams may draw upon this extensive expertise throughout any engagement and our commitment to fixed price programs lends itself to our policy of leveraging the full set of capabilities of our firm—rather than the capabilities of select individuals—in each of our efforts. It ensures that our clients receive the high-quality support they need, and that we bear the risk of delivering the promised results at the quoted price.

4.6.1 Team-based client service

We work in teams to provide the most effective and efficient services possible to our clients and ensure that we bring the full set of capabilities of our firm—not just the capabilities of select individuals—to our engagements. When engaging our services, our client not only receives the dedicated support of a full-time team, but also accesses:

- Ongoing and intensive leadership and direction from our Partners, who are our senior-most leaders and regular advisors to government executives and CEOs. This core set of leaders on an engagement is responsible for the successful delivery of services. Our partners work directly with the full-time team through problem-solving sessions, document reviews, and impromptu check-ins
- Expert advice on any industry, functional topic, or sector (public, private, social) from additional Partners and several thousand knowledge professionals within the firm
- Proprietary McKinsey knowledge from a repository of thousands of documents based on years of our firm's investment in new knowledge and solutions
- A highly trained research team with hubs around the globe, enabling us to perform research around the clock.
- A team of communications, graphics, IT, and administrative specialists who support engagements across industries, functions, and sectors.

Within our fixed price offers, we provide these resources at whatever level is necessary to fulfill the demands of the project, assuming the risk of successful completion of all agreed upon engagement deliverables. It is through this combination of team expertise and access to McKinsey's worldwide network of professionals that we deliver the maximum value to all our clients.

4.6.2 Best Value

McKinsey offers superior value to its clients by helping State leaders quickly address their most pressing challenges as efficiently as possible. The rates for this distinctive service are fair and reasonable, as demonstrated by (a) recent sales, (b) industry leadership, (c) proven client impact, (d) client confidence, (e) competitive win rate, (f) client satisfaction, (g) repeat client work, (h) efficiency of our work (and lower total cost) and (i) the exceptional professional standard of our people.

NC Gen. Stat., 132-1.2

¹ “America’s Best Management Consulting Firms.” Forbes. Accessed 2023. <https://www.forbes.com/lists/best-management-consulting-firms/?sh=1d0461f02b87>

NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2

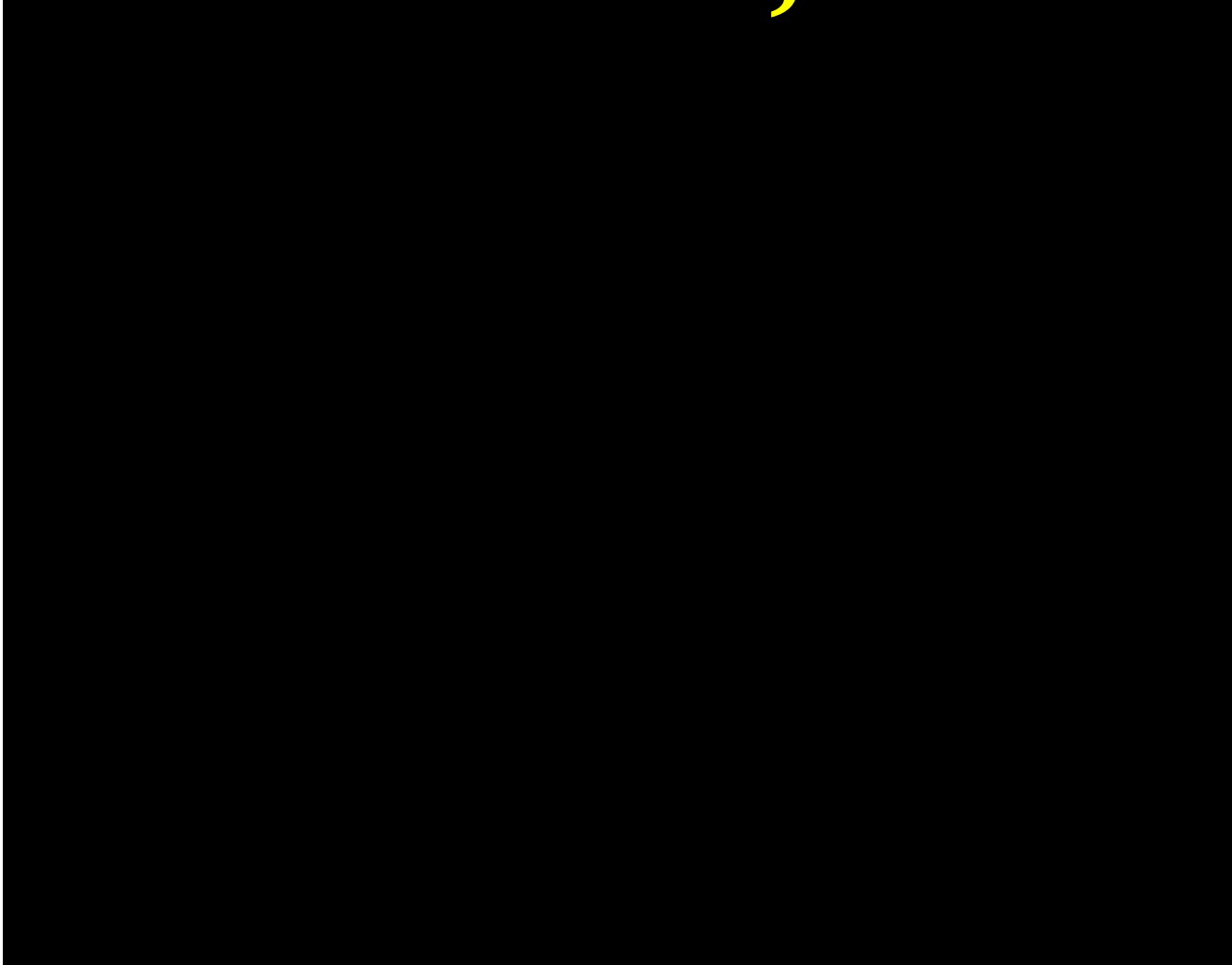


Exhibit 3: McKinsey's CPARS Scores

NC Gen. Stat., 132-1.2

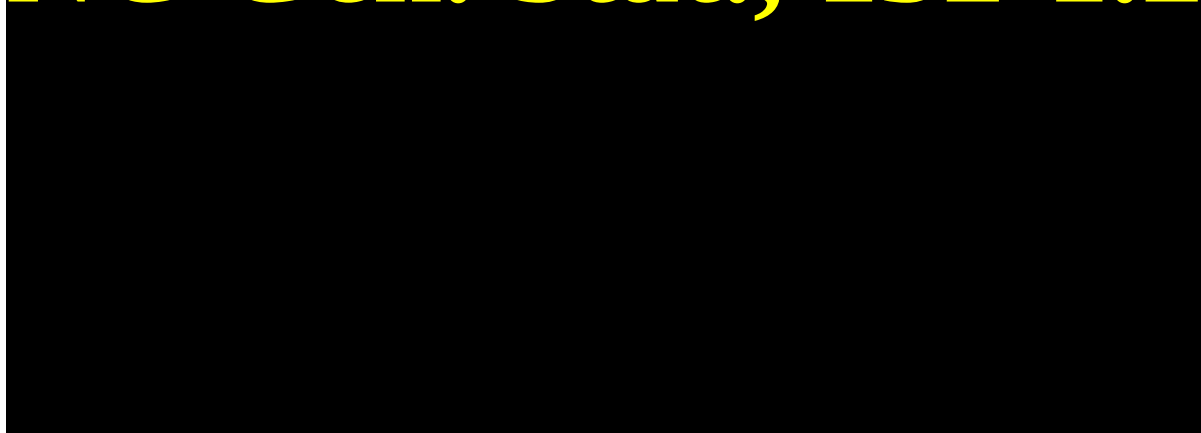


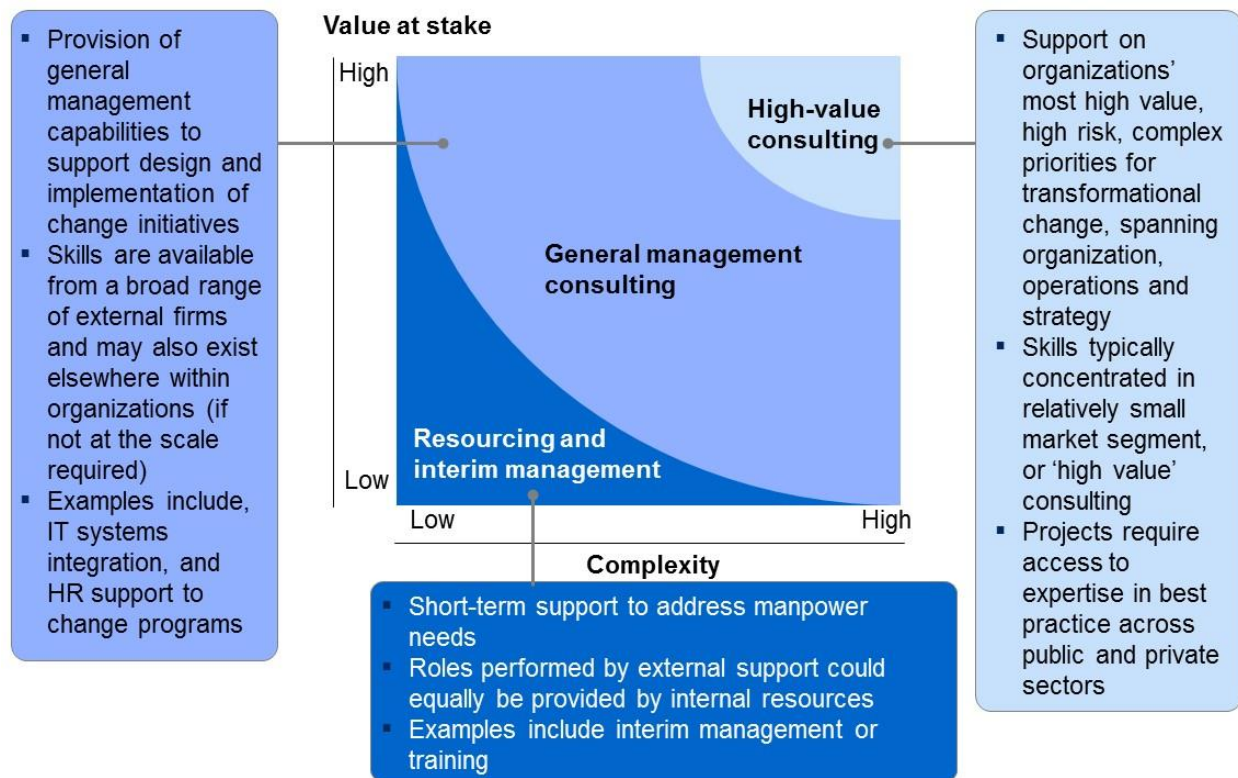
Exhibit 4: McKinsey average price and length of project vs. 16 similarly situated GSA Schedule contractors

NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2

In conclusion, while McKinsey hourly rates present a premium over other service providers, evidence shows that our services often represent the Best Value to our clients – including the State of North Carolina – for high-value consulting services (**Exhibit 5**). That is, those engagements where the **value-at-stake** (i.e., the combination of: scale of opportunity; impact of successful delivery on priority objectives; and downside risk of unsuccessful implementation) and overall **complexity** (i.e., factors such as: the technical complexity of the work; prevalence of unknown and/or unstructured challenges; number of stakeholders, etc.) of a given engagement are exceptionally high.

Exhibit 5: High Value Consulting. Given the value at stake and the complexity of this effort, NC requires high value consulting



In the State of North Carolina this has included serving the Governor's office as well as numerous state agencies on critical topics that meet exactly this standard of significant value-at-stake and high complexity, like supporting the recovery from Hurricane Florence, strengthening the unemployment insurance application processes to reduce fraud in COVID-19 benefit claims numbering almost half a million, helping NCDOT more effectively allocate its \$4 billion budget, building a multi-billion-dollar broadband implementation plan with OSBM, and assisting DHHS – the largest state agency by annual budget – in its organizational redesign.

4.6.3 At risk pricing

We commonly enter into performance-based partnerships with our clients and as such offer a range of *at-risk* pricing options on an engagement-by-engagement basis. This ranges from satisfaction holdbacks (i.e. a portion of fixed fees that is held back until the project sponsor attests that the engagement was completed to the full satisfaction of the client), a pricing mechanism that the University of [NC Gen. Stat., 132-1.2](#) has made use of in the past, to full performance partnerships where payment of any fixed fees is directly tied to the achievement of objectively verifiable and mutually agreed upon outcomes. We would be happy to explore these types of arrangements with any prospective users of the STC.

4.6.4 Attachment A: Cost Schedule

We have provided a complete version of Attachment A: Cost Schedule in Section 5.0 of the Ariba Sourcing Tool portal. We have also included a copy below.

Proposal Number DPC-646236801-MT

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	Functional Support		
Operational/Performance Audit	NC Gen. Stat., 132-1.2						
Investigative Audit							
Compliance Audit							
Information System Audit							
Risk Assessment and Audit Plan							
Development							
Financial Audit							
Data Analytic Services							
Managerial Advisory Services							
Accounting Services							

4.7 Project Staffing (RFP 5.4)

4.7.1 Our team

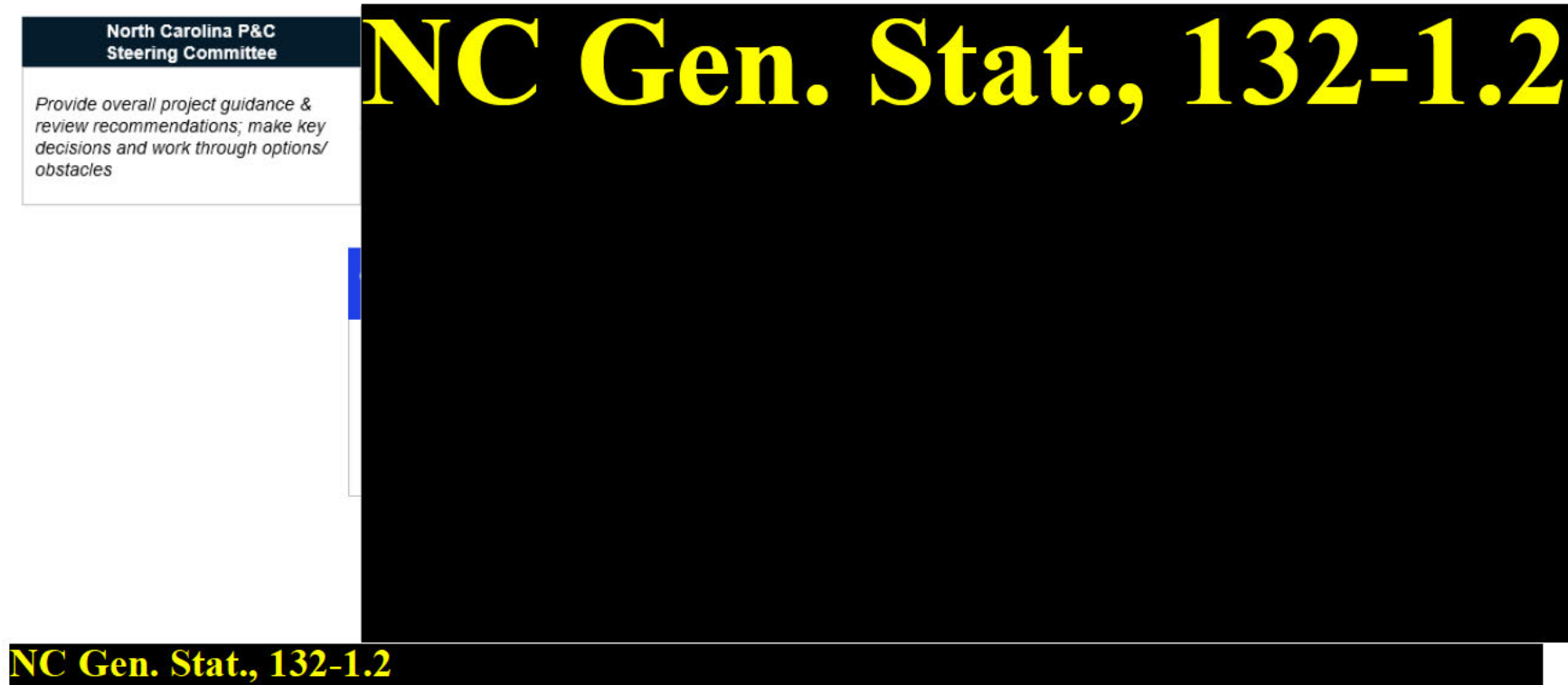
One of our greatest strengths is in our extensive global talent pool—we offer the State an exceptional breadth and depth of personnel to meet future Statement of Work (SOW) needs, including for unanticipated, urgent needs to provide Operational/Performance Audits, Data Analytics/Continuous Monitoring, and Managerial Advisory Services.

McKinsey operates as one, integrated firm. We are a single partnership united by a strong set of values, focused on client impact. Our “One Firm” structure allows us to quickly deliver the right team with the right experience and expertise to every client, anywhere our help is needed. In this “One Firm” model, we can seamlessly provide resources from across our organization’s 22 industries and 12 business areas and from across our many geographies. We maintain a proactive, Agile approach to staffing our teams and bringing in the resources required to address the State’s needs. For our client work, McKinsey Washington can tap into the firm-wide network of more than 9,000+ US consultants (45,000 dedicated professionals globally, including 25,000+ full-time consultants and over 2,000 research and information professionals across our firm), many who are recognized experts and leaders in their field.

Our track record of success is made possible by the exceptional people that McKinsey hires. During the 2021 recruiting cycle (July 1, 2020 to June 30, 2021), McKinsey received 109,000+ applications for US-based consulting roles, which yielded an offer rate of 1.4%. We are more selective than top graduate programs: In 2021, NYU Medical School accepted 2.2% of applicants, Yale Law accepted 7.4%, and Stanford Business School accepted 8.9%. We are an employer of choice, attracting talent with a higher market value than our competitors. Our cross-offer recruiting data indicates that when candidates have multiple offers from consulting firms, they select McKinsey more than 90% of the time. Unlike some of our competitors, we do not use lower-cost, less-experienced teams for our public sector engagements. McKinsey Washington’s government clients receive the same high-quality personnel as McKinsey’s private sector clients, enabling the Government to benefit from private sector best practices. We curate teams for specific engagements to provide the greatest impact in each client situation.

For our engagements with the State of North Carolina, we have assembled and will continue to assemble teams of exceptionally qualified individuals with proven expertise and experience across service areas. McKinsey’s proposed team structure is outlined in **Exhibit 6**, and our team-based client service approach is further described in the following section.

Exhibit 6: McKinsey staffing approach



Accountable Leadership Team (Executives) – senior leadership responsible for successful delivery

Our Executives will serve as Key Personnel. The overall responsibilities of our Executives are to ensure compliance with standards, staff is competent and adequately trained, and audit clients are satisfied with completed work. We find that in a complex environments such as this one, it is not sufficient to have one partner, so we establish a team of leaders whose skills complement each other and ensure the best answer for our clients. These leaders will work closely together to bring expertise and diverse experiences. They will meet frequently with the State and provide insight, problem-solving support, and quality management for the core working team. Our proposed leaders bring 40+ years of experience serving state organizations. Notably, all Executives have experience serving the State of North Carolina.

The team is composed of **Tony D’Emidio** (STC Contract Manager and Operational / Performance Audit Executive), who will serve as McKinsey’s overall lead with the State, maintaining relationships with clients in the governor’s office and across multiple state agencies to understand NC’s business context and priorities, and help translate those into the State’s various needs. He will also lead Operational/Performance Audit efforts. Leadership is also composed of **Hrishika Vuppala** (Data Analytics/Continuous Monitoring Executive) and **Todd Wintner** (Managerial Advisory Services Executive). They will have accountability for their service areas, coordinate McKinsey’s teams in these areas, and obtain necessary support and resources.

Our qualified personnel will provide services under this contract in a professional manner - our personnel performing the services possess the skill and competence consistent with the prevailing business standards in the industry. Our Executives will be responsible for ensuring all personnel adhere to the requirements listed in RFP Section 4.10 Additional Requirements, including Work Papers, Personnel Matters (Professionalism, Training, Authority, Turnover, Background Checks), Confidentiality, Records Retention, and Travel. See Section 4.7.2 for additional details on our professionalism and quality control methods.

Resumes for each Executive are included in **Appendix A: Resumes**.

Core Working Task Order Teams (Supervisor & Staff) – committed, responsible for day-to-day delivery

For each task order, McKinsey will quickly assemble and deploy a team that includes qualified professionals who are committed full-time to specific tasks, are responsible for working collaboratively with client team members to meet the State’s objectives and will deliver the day-to-day work. We will carefully design each team to meet the requirements of each task order. Each team will be overseen by an **executive who is a McKinsey partner**. Each team will be managed on-the-ground by a **supervisor** responsible for planning and conducting the service, directing a team of highly skilled and/or lower-level advisors/analysts, and assuring the engagement is completed timely. Each team will be supported by **staff** consultants who each bring expertise and experience germane to the State’s task order specific needs. The number of consultants for each task order will vary based on the requirements of the approach. Resumes for representative team members are included in **Appendix A: Resumes**.

Other Professional Staff – additional staff brought on as-needed

Subject Matter Experts (SMEs)

McKinsey’s expert advisors are senior professionals who serve on an on-call panel that we draw in for specific technical topics, from industry-specific knowledge to design expertise. These additional Subject Matter Experts (SMEs) have deep experience in specific topics and can come

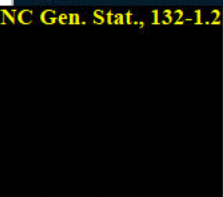
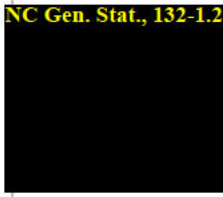
from any of our 100+ offices or 30+ functional service lines, as well as from our external network. Our expertise includes many areas of interest to North Carolina, including [how to transform public sector hiring](#), [balancing government performance and organizational health](#), [unlocking the potential of public sector IT](#), [helping governments focus more on the consumer](#), [improving public health systems](#), and [economic development after COVID-19](#). While we typically identify the experts early for each task order, we can add or staff additional experts to a project as the need arises. We will complement our team with a world-class group of external advisors that can stress-test and improve our return on investment (ROI) and costing recommendations, and present ideas for institutionalizing best practices. In this way, we can bring in the advisors and experts whose knowledge is most relevant to the specific problem at hand whenever it would be most helpful for North Carolina to have their input. The State would benefit from this expansive pool of deep expertise without having to worry about any inefficiencies. See **Exhibit 7** for a list of representative SMEs.

Support Resources

McKinsey's client service team is supported by back office infrastructure for increased service productivity and responsiveness. Every client team is supported by back office staff with expertise in research, analysis, copy editing, graphical design, document production, solutions support, finance, IT, legal, risk management, human resources, and administrative support. This 'team behind the team' typically represents multiple additional resources on a project, amplifying the productivity of our client and increasing our speed of execution on behalf with the ability to process research and document preparation requests literally overnight, 24/7.

Role	Expertise
Media Designer	Provide media design support
Business Presentation Designer	Provide business presentation design support
Graphics Project Manager	Provide graphics project management support
Capabilities & Insights Expert	Provide capabilities and insights expertise support
Capabilities & Insights Analyst	Provide capabilities and insights analyst support
Team Assistant	Provide team assistance support

Exhibit 7: Representative Subject Matter Experts

Name, McKinsey Title	Area of Expertise & Highlight of Experience
NC Gen. Stat., 132-1.2  Tim Ward, Senior Partner	Expert on state and local government performance 20+ years of experience supporting state governments, healthcare providers, and health services companies - Leader of McKinsey's State and Local Government Practice - Extensive experience in supporting state governments to operate in the most efficient and economical manner on a wide range of topics including healthcare, human services, transformation
NC Gen. Stat., 132-1.2  Mike Kerlin, Partner	Expert on economic development 17+ years of experience specializing at the intersection of infrastructure, finance, and economic development and working across state, local, and federal government agencies - Leads McKinsey's North American service line on economic development, with experience on capital projects and facilities

Name, McKinsey Title	Area of Expertise & Highlight of Experience
	Economic development experience across 50+ engagements in more than a dozen US States, cities, and metro areas and more than a dozen international development banks and countries
NC Gen. Stat., 132-1.2 Eric Schweikert, Partner	Expert on tax revenue, unemployment insurance, and fraud prevention 35 years of experience in public finance and advanced analytics and modeling - Served five states on post-pandemic UI administration - Expert in advanced analytics with a focus on analyzing and improving complex fraud detection systems - Former Program Director for the IRS Office of Compliance Analytics, leading teams to deliver more than \$10B of revenue protection - Served as a divisional CFO at Capital One
NC Gen. Stat., 132-1.2 David Fiocco, Senior Partner	Expert on agriculture and promoting food security 12 years of experience in agriculture - Partner in McKinsey's Global Agriculture and Sustainability and Resource Productivity Practices, with experience across the public and private sectors - Work spans food value chains from crop inputs to origination, processing, and retail, particularly focusing on helping clients build industry-leading digital agriculture platforms.
NC Gen. Stat., 132-1.2 Shannon Peloquin, Partner	Expert on transportation 15+ years of experience in the public and private infrastructure, transportation, and transit spaces supporting leaders to understand the drivers of impact and outcomes in major strategic decisions - Experience in public and private infrastructure across airports, surface transportation, transit, ports, housing, and utilities - Expertise in organizational performance (i.e., strategy, capital excellence, frontline ops improvements) and health (i.e., large-scale cultural transformations; top team effectiveness, complex stakeholder management)
NC Gen. Stat., 132-1.2 Jimmy Sarakatsannis Senior Partner	Expert on education 15+ years of experience helping state and local governments, non-profit and philanthropic organizations, and the private sector improve outcomes for children from birth through 12th grade - Leader of McKinsey's North American Education Practice and Early Childhood Well-Being service line - Work in education straddles the public, private, and non-profit sectors, and spans every stage from pre-K-12 education to higher education and workforce development
NC Gen. Stat., 132-1.2 Partner	NC Gen. Stat., 132-1.2

Name, McKinsey Title	Area of Expertise & Highlight of Experience
NC Gen. Stat., 132-1.2 Gayatri Shenai, Senior Partner	• Expert on government IT • 20+ years of experience across IT, working with executives of large, complex organizations on strategy, operations, technology, and growth across both public and private sector • Expertise in mission-critical IT systems implementation, Agile practices, value assurance, and portfolio management and governance, amongst others • Started her career in application development with Tata Consultancy Services; well versed with software development life cycle
NC Gen. Stat., 132-1.2 Sulay Sandy, Partner	• Expert on advanced analytics and data science • Partner within McKinsey's Data and Analytics practice and is a digital transformation expert • 15 years of experience in delivering digital analytics, data management, and data governance solutions • Deep expertise in helping clients improve business performance and user experience through the use of digital and analytics techniques
NC Gen. Stat., 132-1.2 Anthony Shorris, Partner	• Expert on government performance • Long record of public service with a focus on large-scale strategic efforts and economic development • Served as Deputy Mayor of New York City • Served as 11th Executive Director of the Port Authority of NY and NJ • Served as Commissioner of Finance for New York City • Served as Deputy Director of NYC's OMB

4.7.2 Professionalism & Quality Control

Closely aligned with our approach to staffing and managing the project is our approach to ensuring the quality of all interactions and work products. There are five key elements to McKinsey's quality-control methods, all of which will be integral to our work for North Carolina:

- **Heavy leadership involvement in our teams.** A hallmark of our consulting approach is the intense involvement of our partners in every engagement. As a result, our partners can and do take responsibility for reviewing the quality of all deliverables we produce in an engagement. Our partners have deep experience and expertise in the engagements they lead, which gives them the ability to structure problem-solving, detect anomalies in any results, and help the client and team consider how various solutions will likely work in practice.
- **Close collaboration with you, both in project design and during project execution.** We will work hand-in-hand with North Carolina project teams. Our consulting model requires substantial interactions between our clients and our personnel. At the outset of projects, we will invest considerable time working with North Carolina on the design of the project to ensure that we achieve the objectives. Throughout the project, we will maintain a high level of collaboration, to ensure that we remain focused on your situation and constraints. As a result, we will not develop a "solution" only to discover later on that it does not match the needs.

- **Project management and direct reports to North Carolina leadership.** We will build quality control into project management through team meetings, leadership meetings, and progress reviews with North Carolina Project Teams. The leadership will meet with the team at least twice every week to share information, guide problem-solving, challenge progress and hypotheses, identify and resolve potential issues, and ensure that all activities are focused on impact for North Carolina.
- **Insisting on a fact-based problem-solving approach.** Our work is underpinned by methodologies grounded in thousands of engagements performed with leading organizations around the world. Having our team members use these repeatable, established methods helps us deliver high-quality products and services to our clients. One critical aspect of how we work is our fact-based approach to problem solving. We will immerse ourselves in North Carolina data, so that we identify the root causes behind problems and develop solutions based on information rather than opinion. We will not feel constrained by what North Carolina has done in the past or by any “off the shelf” methodologies. By grounding our work in the facts and being methodical in our analysis of those facts, we can ensure that North Carolina will have an informed basis for making decisions.
- **Regular performance and client feedback reviews, with flexibility to change course.** We have established processes for reviewing the quality of our work and the performance of individual consultants. We apply these processes to ensure the continuous improvement of our work. In our reviews, we learn about changes in the demands of the project as well as changes in the legal, political, and budgetary environments, so we can make mid-course adjustments and changes to the work plan. Our ability to respond to new data ensures that our deliverables reflect North Carolina’s emerging needs. We recognize that some elements may require different analyses than we expect at the start and are prepared to adjust accordingly. Moreover, we collect feedback at the conclusion of each engagement for detailed review that is embedded in our internal personnel evaluation process.

4.8 Technical Approach (RFP 5.5)

4.8.1 Overview of Approach

McKinsey offers North Carolina a distinctive client experience, focused on the State's specific goals backed by our extensive experience network of experts with deep, relevant knowledge from many industries and functions, and proprietary tools and assets.

The State of North Carolina will benefit from our approach to operational/performance audits data analytics/continuous monitoring, and managerial advisory services. These approaches have been tested and refined by our demonstrated experience successfully serving 37 US states, including **North Carolina**, all 15 of the US Federal Government executive cabinet departments, and over 80% of companies on the Forbes Global 2000. The extent of our experience, accumulated over decades across industries and clients, has prepared us to help North Carolina solve any problem that may arise. In the last 5 years alone, we have helped 6,300+ clients through 65,000 engagements, including 14,000+ operational improvement projects, 8,300+ data analytics projects, and ~26,000 strategy projects. Our 45,000+ professionals, including consultants, subject matter experts, knowledge professionals, and data scientists, form a global network of experts.

Core to our approaches and 65,000 engagements in the past five years is our **100+ exclusive tools across the service areas relevant to North Carolina**. For Operational / Performance Audit, North Carolina would benefit from our comprehensive benchmarks (e.g., State Effectiveness & Performance "StEP" Benchmarking, McKinsey cost benchmarks, and Operational Excellence Index) and our tested playbooks (e.g., Independent Diligence Phase "IDP" Playbook and McKinsey approach to procurement excellence framework). For Data Analytics / Continuous Monitoring, the State will have access to our extensive and industry-leading asset library, from our proprietary protocols and processes developed by our in-house analytics center of excellence, QuantumBlack (e.g., Studio, Kedro, Performance AI, and Brix), to our distinctive research and development (R&D) (e.g., CasualNex, AutoML, and XAI). For Managerial Advisory Services, the State can use our powerful tools (e.g., Economic Competitiveness Intelligence Tool, Cluster Explorer, and Optisite) and quantitatively aggregated benchmarking assets (e.g., Future of Work in America analytics and Organizational Health Index), and managerial advisory services (e.g., Economic Competitive Intelligence Tool, Cluster Explorer, Optisite, Future of Work in America Analytics).

Our experience, expertise, and tools enable us to bring the best of the public and private sector directly to the State of North Carolina. The technical approaches outlined below are agnostic to a specific statement of work and can be collaboratively tailored to form a custom approach that meets North Carolina's unique environment, challenges, and opportunities.

4.8.1.1 Operational/Performance Audit (RFP 5.2, a)

McKinsey's Experience

As part of McKinsey's experience in Operational / Performance Audit, we have successfully completed 150,000+ engagements on operational performance in the past 5 years, including operational improvement and organization transformations. Through this experience, we have extensively demonstrated performance evaluating and improving performance excellence for clients of comparable or greater size and complexity across all industries. To conduct operational/performance audits, we often leverage our proprietary tools, such as the Organizational Health Index (OHI) and Core Performance Diagnostic to quantitatively measure performance.

Our experience conducting operational / performance audits gives us the depth of knowledge, breadth of perspectives, and familiarity needed to help the State of North Carolina achieve substantial, sustainable, and quantifiable improvements in operations. For example, In North Carolina, during our work supporting the DHHS on its APD management strategy and implementation, we conducted a thorough review of open APDs, mapped the as-is APD process, and developed options for the consideration to improve APD process through an aspiration workshop with DHHS leaders to define as “to-be” state, including a robust engagement plan with CMS State Officer. This resulted in the development of a clearly defined process (including defined steps and responsibilities for APD personnel) to develop APDs and drive IT projects. Also in North Carolina, our collaboration with the Department of Commerce Division of Employment Security (DES) helped DES achieve a 6x improvement in fraud detection rate, 2x increase in over-payments backlogs cleared by year-end, and 50% increase in ID theft investigator productivity.

To support North Carolina, we will pull from our extensive learnings from conducting 15,000+ engagements on operational performance and customize an approach that works for the State’s specific context and objectives. A brief overview of our experience and expertise in helping clients conduct operational / performance audits is shown in **Exhibit 8**.

Exhibit 8: McKinsey Operational / Performance Audit Experience



North Carolina can be confident in our ability to help the State comprehensively review operations and deliver significant improvements in efficiency and effectiveness for any agency and any challenge. We will bring the best of private sector best practices together with our deep knowledge of public institutions, bolstered by thousands of dedicated consultants who have collectively served thousands of clients, to help North Carolina achieve best-in-class operational processes. Our experience spans topics that would be relevant to North Carolina, including fraud prevention, call centers, workflow management, productivity, and budget performance.

McKinsey’s Knowledge and Tools

McKinsey can accelerate North Carolina’s operational/performance audit engagements with our proprietary tools and assets that help assess and improve organization health and operational maturity, including:

- **OEI (Operational Excellence Index):** **NC Gen. Stat., 132-1.2**

- **StEP (State Effectiveness & Performance):** NC Gen. Stat., 132-1.2
[Redacted]
- **Trace by McKinsey:** NC Gen. Stat., 132-1.2
[Redacted]
- **Organizational Health Index (OHI):** NC Gen. Stat., 132-1.2
[Redacted]
- **McKinsey Cost Benchmarking:** NC Gen. Stat., 132-1.2
[Redacted]
- **State Government Finance and Human Resources Benchmark Database:** NC Gen. Stat., 132-1.2
[Redacted]
- **Ignite Digital Technology Assessment:** NC Gen. Stat., 132-1.2
[Redacted]
- **Ability to Execute (A2E):** NC Gen. Stat., 132-1.2
[Redacted]

McKinsey's Distinctive Approach

North Carolina will benefit from our proven approach and set of capabilities that allow us to evaluate organizational activities and operational processes independently, effectively, and systematically. Our approach has successfully supported many of our clients to identify operational challenges and chart a path for improvement, and is exemplified through our work with NC DES, for which we used this methodology to improve fraud detection and overall operational efficiency.

There are several commonalities in our experience delivering operational / performance audit engagements. These engagements typically focus on identifying and systematically remediating operational inefficiencies related to workforce productivity, cost performance, organizational coordination, and system effectiveness. Often financial and non-financial data (e.g., call center performance, IT asset utilization, employee data) are core to developing a fact-base and review of agency operations. Assessments often identify inefficient uses of resources and define specific levers and opportunities to increase the organization's effectiveness in support of its mission. Our approach goes beyond identifying inefficiencies to define and support the State's execution to capture quantifiable improvements, as demonstrated by our engagement with Department of Commerce DES.

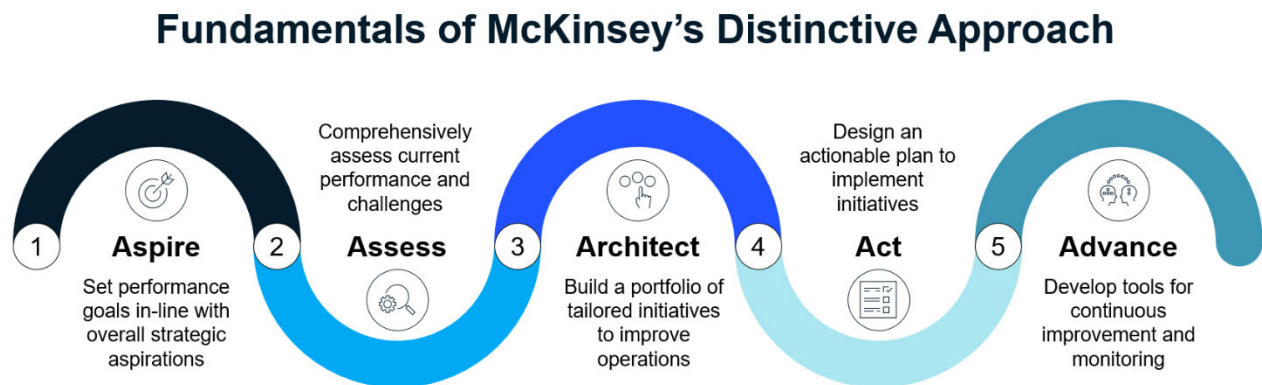
Our core approach to Operational / Performance Audits includes 5 common fundamental components that we would work with the State of North Carolina to tailor to the specific challenges and objectives in each effort.

- **Aspire** – Set overall performance goals in the beginning of the effort
- **Assess** – Comprehensively evaluate current performance to identify strengths and challenges
- **Architect** – Develop a portfolio of initiatives to improve performance based on identified areas of potential growth

- **Act** – Design an actionable roadmap for implementing these initiatives prioritized based on several factors (e.g., potential impact, investment needed, ease of implementation, and time before seeing results)
- **Advance** – Set up mechanisms to not only provide a comprehensive view into changes in operational performance but also enable continuous improvement

Taken together—as illustrated in **Exhibit 9**—these fundamental steps will enable North Carolina to achieve its goals of improving operational performance in line with the State’s needs and constraints.

Exhibit 9: Fundamentals of McKinsey's Distinctive Approach to Operational / Performance Audit



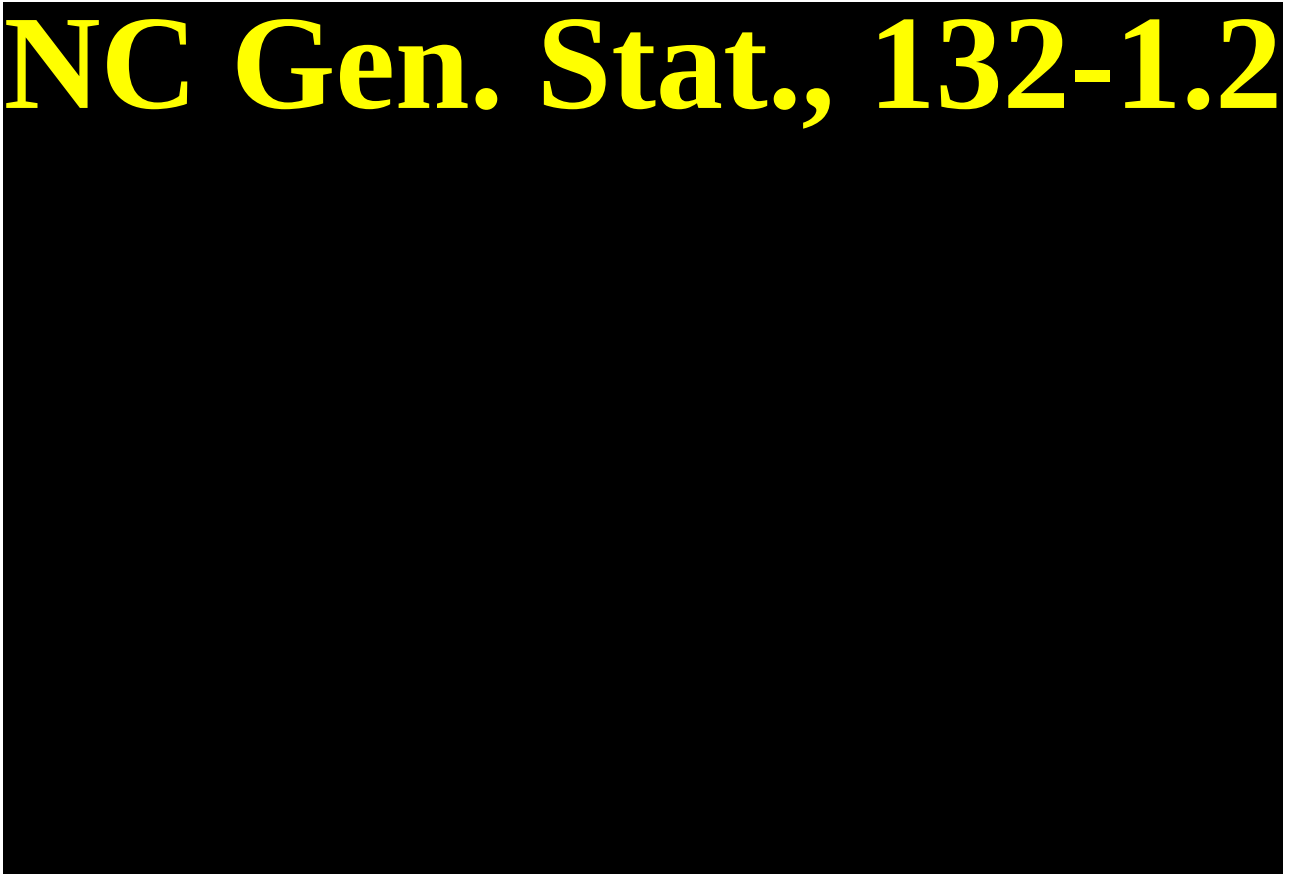
Aspire

NC Gen. Stat., 132-1.2

Assess

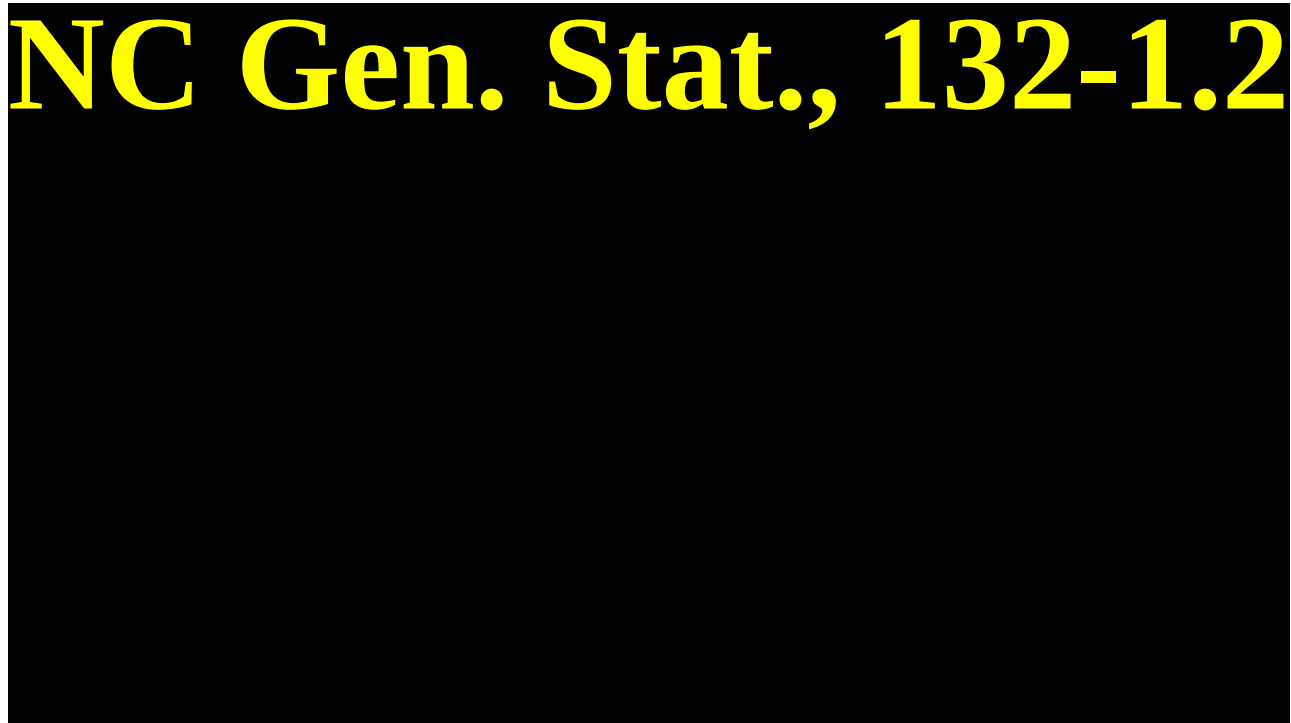
NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2



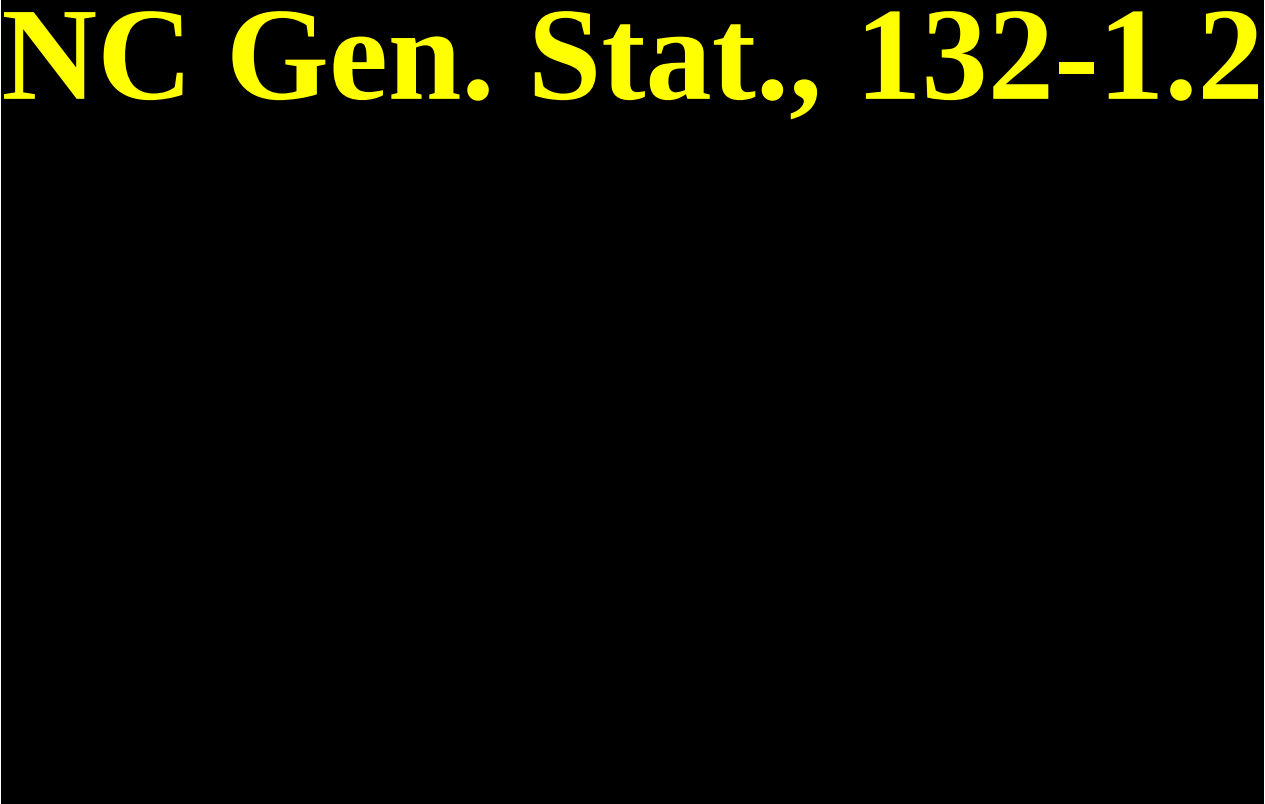
Architect

NC Gen. Stat., 132-1.2



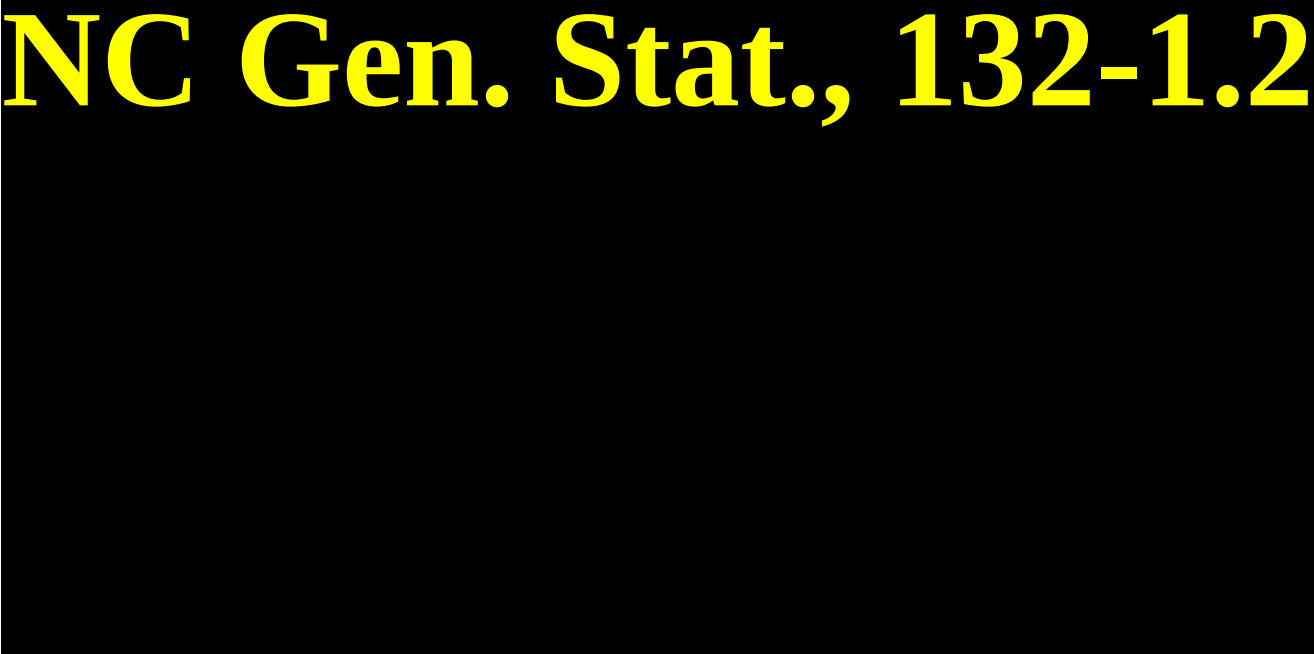
Act

NC Gen. Stat., 132-1.2



Advance

NC Gen. Stat., 132-1.2



Common Delivery Approach

Schedule: McKinsey typically delivers operational/performance assessments in 6-12 weeks based on the overall complexity of the problem statement and environment, with implementation and change management ranging from 3-4 months to 18+ months for transformation efforts.

The timeline and workplan of our approach will be tailored to the unique challenges and specific statements of work that the State of North Carolina provides, as it has been customized for other clients and engagements. See **Exhibit 10** for an example workplan that McKinsey followed to assess and plan performance improvements in cyber security operations centers.

Exhibit 10: Example workplan of Operational / Performance audit engagement to improve operational performance at cyber security operations centers

NC Gen. Stat., 132-1.2

Deliverables: Common deliverables include:

NC Gen. Stat., 132-1.2

McKinsey's Distinctive Value to North Carolina

McKinsey brings the **best of the private sector and the public sector** to North Carolina, with cutting-edge practices pressure-tested across many industries and a deep understanding of the State's unique context. Across our thousands of operations / performance audit engagements, we have developed a unique methodology that goes deeper than a basic audit – we **focus on examining and solving the underlying challenges**. Our teams have the tools, expertise, and

knowledge to co-create effective strategy, support stakeholder management, address technology concerns, and help North Carolina tackle other concerns that may be uncovered in an objective operational / performance audit. Our talent, assets, and experience will help the State achieve sustainable, substantial, and quantifiable improvements in operations.

- **Our personnel** bring an objective, fact-based view to North Carolina's operational performance, informed by our proprietary knowledge and experience with NC from prior engagements. Fact-based discussions drive important activities conducted with a client such as benchmarking, root cause analysis, and goal setting, and initiative selection. Our 9,800+ dedicated Operations practitioners offer an unmatched talent pool in terms of knowledge and experience that will provide the State with objective and independent opinions about performance and areas of improvement.
- **Our assets**—such as Operational Excellence Index, Organizational Health Index, State Effectiveness and Performance tool, Independent Diligence Phase Playbook, and Strategic Value Assurance Playbook—include benchmarks that leverage more than a billion data points, frameworks informed by cutting edge research, and tools that enable unparalleled improvements in efficiency without sacrificing accuracy and quality.
- **Our experience** serving thousands of clients—including 54% of the Fortune Global 500—on operational improvement topics from business function improvement to fraud reduction to complete transformations and everything in between enables us to help the State achieve substantial, sustainable, and quantifiable operational improvements in virtually any situation. We have conducted more than 14,000 engagements on diverse areas of operational improvement, including mitigating fraud, improving turnaround time, increasing capital utilization, reducing unnecessary spend, and optimizing core business functions (e.g., human resources, information technology). Our breadth and depth of experience successfully addressing a diversity of operational and performance topics enables us to help the State audit all types of operations for all types of organizations in all types of situations to achieve the best results.

4.8.1.2 Data Analytics / Continuous Monitoring (RFP 5.2, e)

McKinsey's Experience

Our experience solving data analytics challenges for both private and public sector organizations gives us the depth of knowledge, breadth of perspectives, and familiarity needed to help the State of North Carolina achieve its goals in analytics, continuous monitoring, the digital world, and technology. We have successfully completed well over 8,300+ projects on data and analytics over the past three years across many topics from building executive dashboards to complete digital transformations and many clients from nascent start-ups to established Fortune Global 500 corporations to government entities.

Our extensive history of engagements helping State governments has given us expertise in descriptive, diagnostic, predictive, and prescriptive analytics.

- **Descriptive:** We have developed business intelligence (BI) and visualizations in many private sector and public sector contexts. For example, **NC Gen. Stat., 132-1.2**

[REDACTED]

NC Gen. Stat., 132-1.2

I. These descriptive analytics helped NC Gen. Stat., 132-1.2 gain greater visibility into its Health Information Initiative, allowing the State to develop more informed policies.

- **Diagnostic:** We have helped several clients use advanced analytics to determine why certain events or patterns occurred the way they did. For example, NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2

- **Predictive:** We have utilized predictive analytics extensively to help clients gain insight into potential future outcomes and utilize them in a manner that is directly relevant to on-the-ground business challenges. For example, NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2

- **Prescriptive:** As a Firm focused on delivering quantifiable impacts informed by data to our clients, we have utilized prescriptive analytics heavily to help our clients determine what they should do next to achieve certain goals. For example, NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2

The breadth of our experience extends to not only the number of our engagements, but also the types of problems we have used analytics to solve – we’ve used analytics to on fraud, waste, climate, operations, healthcare, housing, and have experience across methods (e.g., descriptive, classification, regression) and more recently with Generative AI. Our 8,350+ data analytics engagements in the past 3 years have covered topics as diverse as predictive

maintenance, right first-time production, explainable AI, call center predictive scheduling, clinical trial optimization, sales force effectiveness, airport carousel optimization, phone network degradation prediction, metal plant productivity, sport team injury prediction, and government debt management. We even teamed up with Emirates Team New Zealand to win the prestigious America's Cup in sailing by employing Artificial Intelligence (AI) to test thousands of virtual sailboat designs in a novel method for an uncommon request. In another example, we have helped a State Department of Transportation revise its freight strategy by applying digital twin modeling techniques.

McKinsey has been privileged to work with states, cities, and higher education institutions on a variety of Business Intelligence, Data, and Advanced Analytics projects across the nation from the **NC Gen. Stat., 132-1.2**. Through these engagements, we have refined our approach to data-focused projects which are always rooted in a robust strategic assessment of the current state. This will enable us to help North Carolina on any data analytics projects the State needs our support on.

Our Tools and Knowledge

We will work in partnership with North Carolina to build data-driven capabilities that optimize overall growth and enhance decision-making (e.g., McKinsey 8-pillar data governance maturity assessment, McKinsey's data strategy and transformation framework, and AQ Data Assessment). This will draw on our extensive experience in data analytics / continuous monitoring, including 2,000+ advanced analytics, Artificial Intelligence, and data engagements in the last 3 years. Our deep expertise in modern data analytics can propel North Carolina's existing data capabilities to new heights, and also identify opportunities for burgeoning capabilities that are becoming prevalent in peer states.

Our assets in data analytics and continuous monitoring include programming libraries that would help the State of North Carolina begin rapidly extracting value from data, benchmark assessments that help identify areas for improvement, and capability building modules to help foster a data-first culture with the analytics skills required to support the State. These assets include:

- QuantumBlack: **NC Gen. Stat., 132-1.2**

NC Gen. Stat., 132-1.2

- AI4DQ (Advanced Analytics for Data Quality): **NC Gen. Stat., 132-1.2**

- SparkBeyond: **NC Gen. Stat., 132-1.2**

- Digital Academy: **NC Gen. Stat., 132-1.2**

- AQ Data Assessment: **NC Gen. Stat., 132-1.2**

NC Gen. Stat., 132-1.2

- **DataX:** **NC Gen. Stat., 132-1.2**
- **AIMOS:** **NC Gen. Stat., 132-1.2**

Our tools and assets are complemented by our design experts and data scientists, who build use cases, user interfaces, visualizations, and models that can best leverage our client's data and provide the most robust business insights. To ensure reliability, our experts can share knowledge on building resilient data monitoring capabilities that are capable of continuously monitoring systems that change over time. An example of relevant experts includes McKinsey Analytics, a team of over 1,400 advanced analytics experts focused on translating insights into action, building 360° customer views, and applying emerging tools like Machine Learning.

Our Distinctive Approach

McKinsey's distinctive approach starts with the mission and objectives of North Carolina. Rather than building technology for technology's sake, we would **partner with you to identify opportunities and pain points in your organization** and processes. Our deep industry expertise gives us the perspective on how to integrate technology where it matters most, and help your team embed and sustain these changes. We cover many data topics such as advanced analytics, data management, data architecture, and data integration.

Data management approaches succeed when they **build on pockets of strength and directly address the greatest weaknesses**, and target use cases that outline how users could leverage the analytics to support decision-making for the State and for its people. Therefore, we will work closely with the State to tailor our approach to the specific organization and situation. We have used data and advanced analytics to deliver mission value to the most important areas for our public sector clients, such as improving service outcomes through smarter resource decision making, enhancing the quality of citizen interaction, and improving resource utilization by reducing costs and / or increasing outputs. Our assessments will be immediately practical and grounded in what is needed to enable an effective design. This allows us to develop a **fit-for-purpose data analytics solutions tailored to the State**, resulting in the tangible and timely delivery of value.

Our proven approach to data analytics that we can deploy to support North Carolina consists of 5 major steps:

1. **Define specific use cases:** We will work with NC leadership to clearly define critical business challenges that face the State where the application of data analytics or continuous monitoring could help the State support North Carolinians and capture productivity gains. These business challenges will be translated into concrete use cases based on the underlying objectives, decisions made, and the user journey and pain points. By defining use cases for analytics, the team will be able to align on aspirational and tactical outcomes to achieve, so that the data processing and analytics methods are applied to real problems and fit-for purpose. As a final step in the use case process, after analytics use cases are defined and selected, we will collaboratively assess the current state and design the potential analytics-based solution. Through review of departmental processes, in-depth interviews with users, and stock-taking of data assets, we will build an end-to-end picture of the current state and characterize the nature of the problem, while defining the art of the

possible based on the data and systems that exist today. Overall, use cases allow us to establish analytics foundations that can be scaled for multiple purposes. Our work with **NC Gen. Stat., 132-1.2** illustrates this process. While their goal was to increase overall operational effectiveness of CMOs through use of analytics, we supported them to use analytics to tackle a discrete set of challenges within the overall management structure. This enabled achievement of quick and clear impact through a process that was repeatable for continued improvement over time.

2. **Architect the analytics approach and solution:** In developing the analytics approach our team will assess the availability of data and the depth of insight in determining which analytics methods to use. We will be able to characterize whether **descriptive, diagnostic, predictive, prescriptive analytics, or a combination of these approaches is best suited** to drive to answers and root causes of problems that North Carolina is hoping to solve. For example, if North Carolina needs a high-level understanding of progress on known critical activities in a specific business area, we might use descriptive analytics to design a dashboard that offers a near-real time picture of the metrics of success for that activity. However, if the State also wanted to predict which critical activities were most likely to be disrupted during a disaster, we would design a predictive analytics approach to answer this question. On the data side, if we identify that certain types of data critical for analysis are not yet available, we will work with North Carolina to assess whether there are ways to begin collecting the data needed to test the approach or see if other alternatives might exist (e.g., using simulated data).

A major success factor of this process is creating a high-quality horizontal data environment that facilitates accurate performance measurement and attribution, minimizes reconciliations, and creates flexible reporting capabilities. We will map functional capability needs to achieve objectives and identify data/tech requirements to ensure target-state design and strategy meets North Carolina's priorities. Before the analytics solution is developed, we will work with users to define a hierarchy of needs for multi-phased iterative development. Our work with the Nebraska Health Initiative illustrates how our process can support the design and delivery of a complex analytics solution that supports critical public services. There, we developed an end-to-end web-based application that allowed users to fetch immunization data on mobile and desktop platforms securely and conveniently. This was enabled by a strong architectural design, including cloud platform development, API development, deployment of authentication services, and more.

3. **Iteratively develop and test the approach:** In order rapidly drive to results on development of analytics products, we will apply an agile methodology to development. We will use the information collected in the architect phase to develop a backlog of activities for our analytics teams to tackle. These activities could fall into high-level classes of effort such as development of a base model, model training, data collection, data cleaning, user interface development, and more. We will then work in two-week sprints to ensure that the analytics we develop are meeting the needs of users. At the end of each two-week sprint, we will share and test the analytics outputs with key stakeholders in the process to solicit feedback and determine if additional tweaks need to be made. This participatory process enables us to develop analytics outputs that truly aid in the decision-making of North Carolina government users and ensures that insights developed through analytics and monitoring serve a purpose that solves the goals that we identified earlier in the process.

- 4. Support adoption and drive capability building:** A critical step in the process in ensuring that analytics are actually adopted by users. While soliciting and incorporating user feedback during the design and testing phases helps with change management, it is important to include additional stakeholders who may interface with the process that the analytics are supporting in other ways. Therefore, we will hold additional sessions with other stakeholders who may not be aware of the new analytics offerings and work closely with them to identify how to integrate these analytics products into their process wherever it can drive meaningful impact. This engagement will span front office, risk, operations, data, and technology, and other key stakeholders to socialize and obtain buy-in on findings and recommendations. We will also work our North Carolina counterparts to facilitate codification into SoPs so that the analytics that are developed have clear ownership and processes for maintenance and continued improvement. As part of our work, we will also help develop the digital fluency of the user base, as well as the analytics capabilities of any “super users” who are closer to the solution and have been identified to accelerate the State’s analytics journey. Supporting change management is a consistent pillar in our analytics approach. For example, in our work for the Office of Emergency Management and Department of Health in New Jersey we rigorously and continuously tested analytics user interfaces with new users to ensure that the analytics met user needs for making informed decisions on vaccine allocation and testing center setup during the pandemic. This change management approach ensured that users got sufficient experience familiarizing themselves with the tools and applying them so that they could truly benefit from these new capabilities.
- 5. Scale across the organization:** In the last stage, we will work with North Carolina to identify how analytics products can serve larger organizational objectives and needs. Starting with the list of potential use cases identified early on, we can support North Carolina to execute a roadshow across agencies to showcase the new analytics and monitoring capabilities and identify mechanisms to begin integrating these capabilities wherever there is a strong impact case for them. We are also able to then support the adaptation of this process for new use cases, ensuring that the impact of the State’s analytics and monitoring capabilities continues to grow.

As we implement the analytics development process described above, our specialized assets, talent, and experience serving clients on complex data analytics challenges enable us not only to effectively extract insights from the State of North Carolina’s real time and historical data from both internal and external sources, but also turn these insights into capabilities and impacts. We will draw upon the State’s operational data, financial data, and other types of data as relevant to conduct historical, real-time, and predictive analyses with a focus on both risk (e.g., better understanding of controls, fraud, waste, abuse, and compliance) and performance (e.g., cost optimization, turnaround time, and processes). Our expert teams—with extensive experience leveraging data to analyze future risk—will be able to produce for the State the highest quality analytics. We will pull together descriptive analytics of current-state data in the form of an accessible and comprehensive real-time and historical dashboard to help North Carolina better understand risk and performance, leverage diagnostic analytics to understand factors behind certain phenomena of interest to the State and inform potential future initiatives to either encourage or mitigate certain behaviors, bring forth predictive analytics to predict future results to help inform on-the-ground courses of action, and utilize prescriptive analytics that provide quantitative analyses to inform paths forward in a way that best suits the State’s needs.

Common Delivery Approach

Schedule: McKinsey typically delivers data analytics / continuous monitoring products in 12-24 weeks depending on the scope (e.g., number of use cases) and the complexity of the problem, with adoption and change management support ranging from 2-3 months to 6+ months for transformation efforts. For example, our analytics work with Freeport, a copper producer, was a multi-year effort that saw the deployment of multiple use cases at several different mining sites supported with change management and capability building to sustain the operational improvement.

The timeline and workplan of our approach will be tailored to the unique challenges and specific statements of work that the State of North Carolina provides, as it has been customized for other clients and engagements. See **Exhibit 11** for an example workplan.

Exhibit 11: Example workplan of a data analytics / continuous monitoring engagement

NC Gen. Stat., 132-1.2

Common deliverables include:

NC Gen. Stat., 132-1.2

Our Distinctive Value

Unlike traditional technology providers, purely strategy-focused firms, or completely public-sector focused organizations, McKinsey is uniquely able to help the State build data analytics / continuous monitoring tools *and* utilize the insights from those tools to drive impact for North Carolina. McKinsey Analytics teams are not just analytics experts. We understand North Carolina's context, partnering opportunities, and trends, enabling us to help the State to translate analytical insight into real-world strategies to capture impact.

- **Our personnel** will bring North Carolina leading expertise and cutting-edge knowledge about data analytics, engineering, architecture, and any other areas that will be helpful to the State. We can leverage 1,600+ advanced analytics practitioners, including 1,200+ data scientists and 450+ data engineers from a myriad of industry, technology, and experiential backgrounds from leading academic institutions (e.g., CalTech, MIT, Harvard, Stanford, IIT) and analytics firms (e.g., SAS, Google, IBM, Goldman Sachs). They are complemented by 1,600+ 'translators', who bridge analytics and management, with depth in both sector and functional domains.
- **Our assets** are extensive, cutting-edge, and proven to be successful. Our proprietary QB Protocols, QB Blueprints, Studio, Kedro, Performance AI, Brix, CasualNex, AutoML, FairAI, XAI, Scenarios, ResilientAI, and hundreds of other analytics tools are all available to help North Carolina achieve best-in-class data analytics. We have also acquired market-leading pure-play consultancies (e.g., QuantumBlack, Caserta, Candid Partners) and maintain proprietary partnerships with best-in-breed solution providers (e.g., AWS, Google, Microsoft, SAP).
- **Our experience** is extensive, allowing us to be prepared to help North Carolina on any data analytics challenges that currently exist or may arise in the future. The 8,300+ analytics engagements we successfully completed over the last 3 years on topics pertinent to all types of data engineering, data science, design, and tech delivery, from leveraging AI process optimization for the delivery of massive throughput improvement to conducting enterprise-wide transformations of a large organization's entire digital footprint. The State can be confident that we are experienced in solving any potential data analytics problem to help achieve the State's goals.

4.8.1.3 Managerial Advisory Services (RFP 5.2, i)

McKinsey's Experience in Managerial Advisory Services

North Carolina can draw on our experience to set up the state with a breadth of initiatives intended to guide the State to success in every priority area, including cities, broadband, revenue and treasury, economic development, labor and workforce, education, health and human services, transportation, and infrastructure. As the world's leading managerial consulting practice, we bring cross-sector experience and expertise to a wide range of public-sector management topics. In the last 5 years, McKinsey has performed over 3,600 strategy engagements in our Social, Health, and Public Sector practice, which represents about 14% of the firm's strategy work. Public sector clients—including all 15 U.S. Cabinet departments and more than 35 States—benefit from McKinsey's strategy experience across all sectors, including 85%+ of Fortune Global 100 companies.

We have experience providing managerial advisory services to 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.

We have supplied these services for State governments—including in North Carolina—on several priority areas, such as healthcare, jobs creation, public finance, education, transit, and customer experience. For example, **NC Gen. Stat., 132-1.2**

NC Gen. Stat., 132-1.2

In North Carolina, we worked with the **NC Gen. Stat., 132-1.2**

We developed a fact base and set of potential options for the broadband plan, worked with our Survey Development Center to design a survey tool and approach to inventory the state's assets and programs to identify additional initiatives for the strategic plan, and identified the drivers of **NC Gen. Stat., 132-1.2** unmet demand for broadband across the topics of infrastructure, digital literacy and devices, affordability, and human design centered policy changes. Our managerial advisory services enabled the creation of a state Broadband Plan that was presented to the legislature, which included a 4-year plan and multi-billion-dollar investment package of both federal and state funds that would make affordable broadband access available to at least 80% of households across underserved geographies and demographics.

We have been helping US States modernize service across agencies that streamline citizen-facing and back-end processes and physical presence. These efforts involved diagnosing the current services, understanding customers' needs, identifying improvement initiatives, and developing implementation road maps for each area. The State of North Carolina will benefit from our rich experience serving States, including North Carolina itself, on strategic, implementation, and customer experience challenges, which have allowed us to refine our approach to be robust and flexible for the State's nuanced objectives.

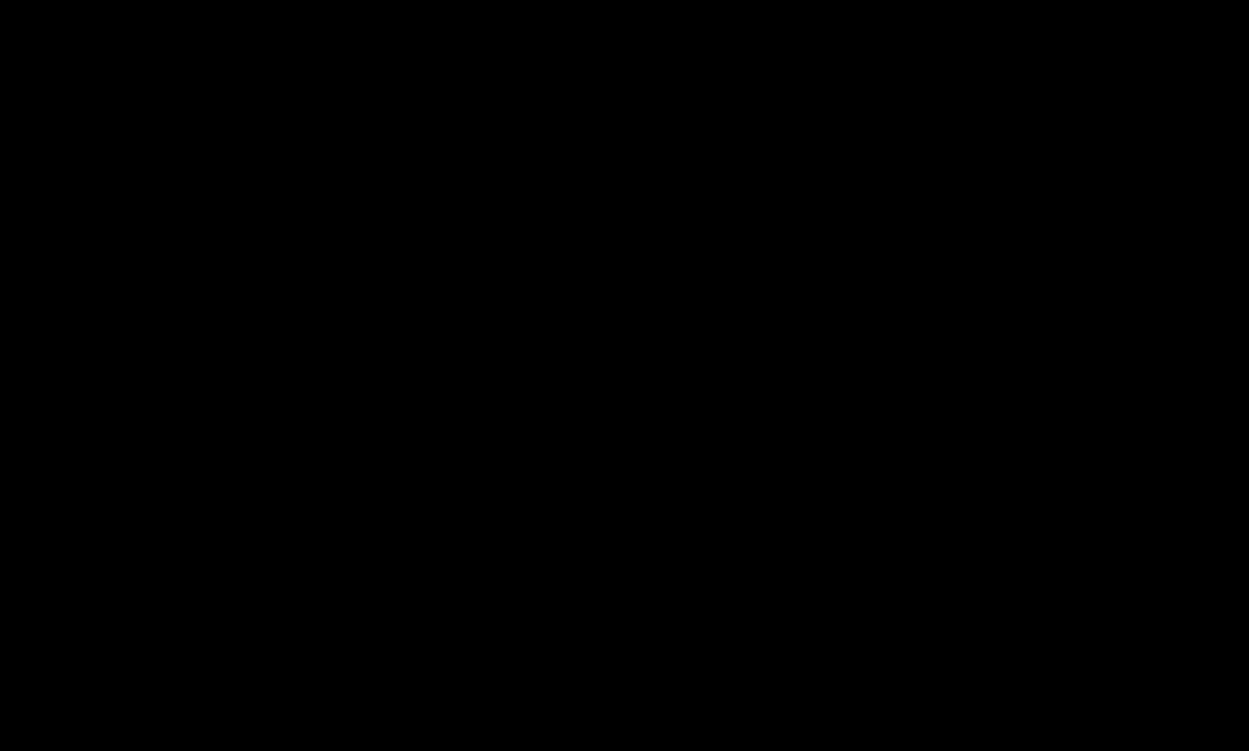
Our Tools and Knowledge

McKinsey has developed tools and assets to support North Carolina with managerial advisory services such as diagnostics, scenario designing, stakeholder syndication, and refinement. These assets are also aligned to specific priority areas of interest for the State, such as healthcare, economic development, and customer experience. Some of our most relevant capabilities to help North Carolina's objectives include:

- **Health and Human Services** assets that would help North Carolina rapidly access insights on healthcare and public health in the State, including pinpointing root causes to help improve health outcomes and health equity

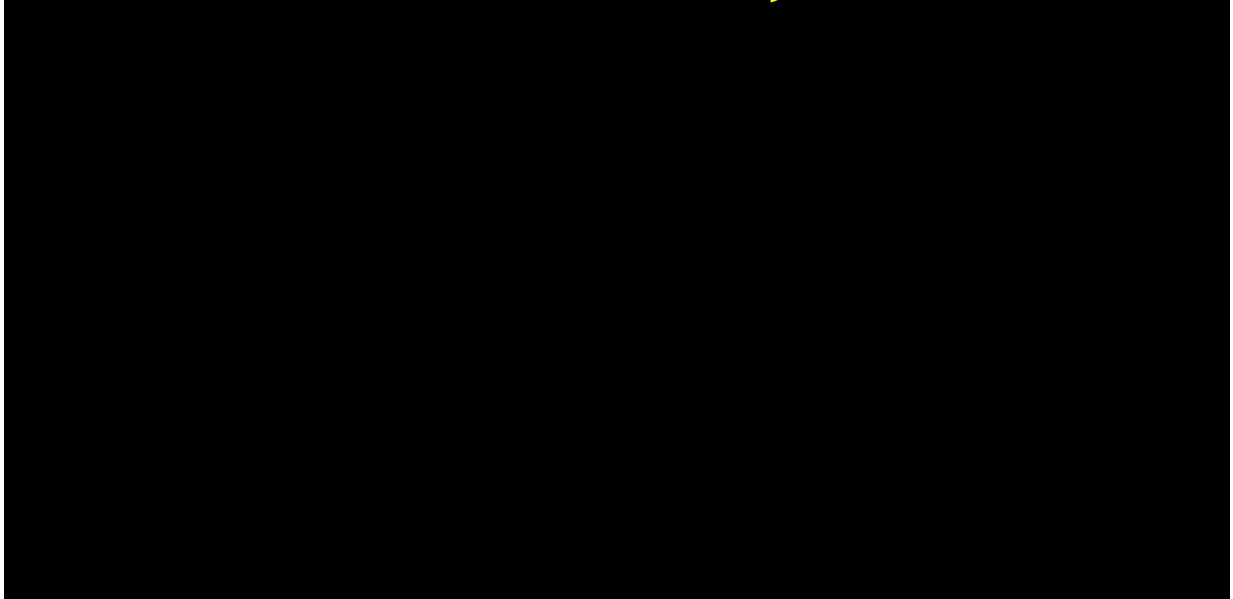
NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2



- **Economic Development** assets that would help North Carolina understand and assess its current economic performance and rapidly design a strategy to improve equitable economic opportunities for North Carolinians

NC Gen. Stat., 132-1.2



NC Gen. Stat., 132-1.2

- **Customer Experience** assets that would help assess and improve the State's suite of customer-facing software

NC Gen. Stat., 132-1.2

- **Infrastructure** assets that would help the State manage and plan infrastructure projects, including assessing existing city assets

NC Gen. Stat., 132-1.2

- **Education** assets that would help North Carolina assess and improve its current performance in K-12 and higher education

NC Gen. Stat., 132-1.2

- **Revenue, Taxation, and Treasury** assets that would help assess and improve North Carolina's tax operations

NC Gen. Stat., 132-1.2

Our Distinctive Approach

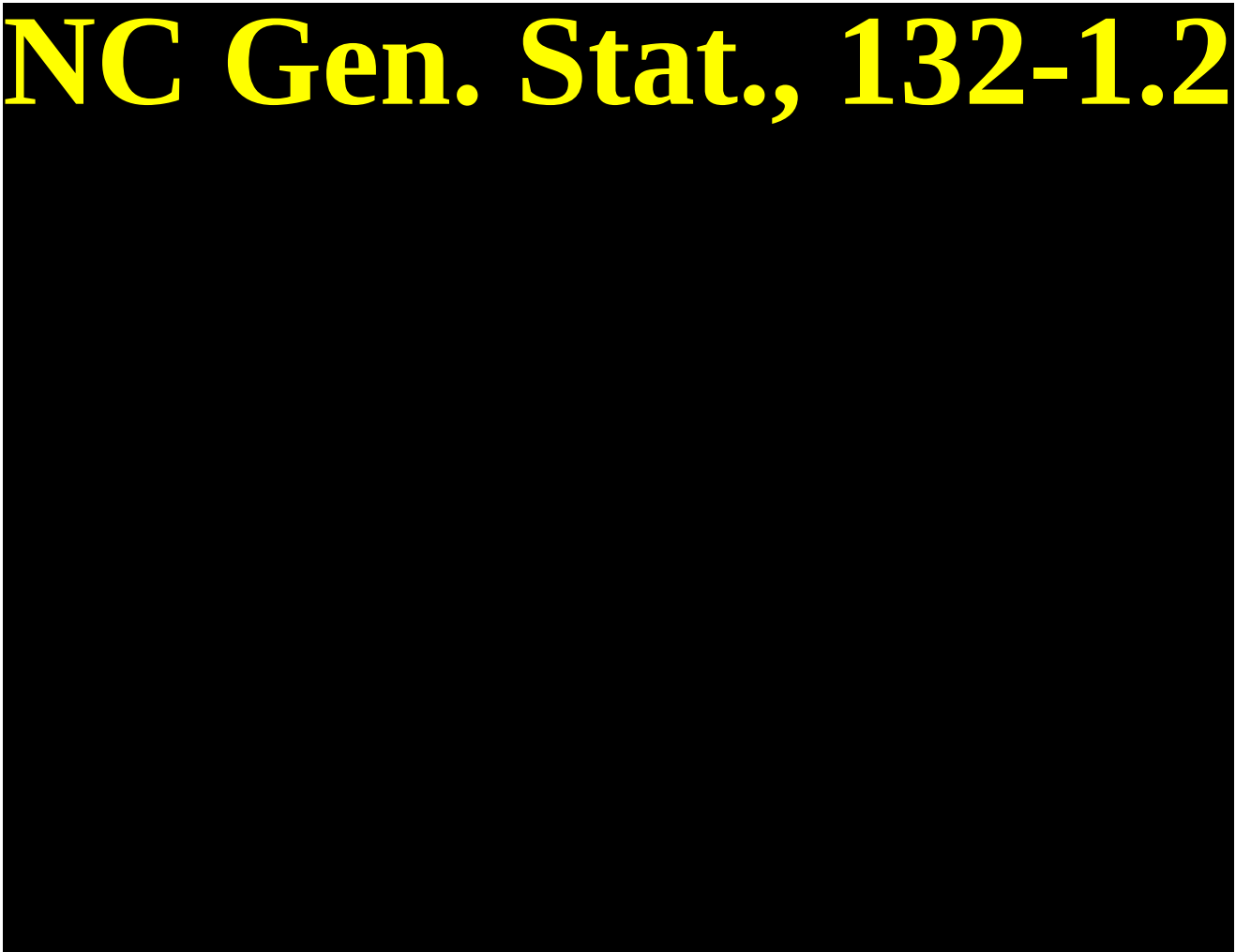
Providing Managerial Advisory services has been at the core of McKinsey's service offering since inception. In our nearly 100 years of operating, we have refined our approach for advising on a number of areas including strategic planning, organizational effectiveness and efficiency, project management, financial management (including budget and revenue forecasting and cost reduction), economic development and forecasting, and service development. We have consistently found seven principles to be at the core of success.

- An **iterative process** including top-down direction setting, agency-level co-creation, and cross-agency alignment
- **Strong focus on "North Star" priorities** and consequential decisions that bring agency collaboration and energy to topics that ensure an enduring strategy
- **Grounding the planning process in facts**, while avoiding analysis paralysis
- **Building on prior work**, but being careful not to be limited by outdated orthodoxies
- **Investing in extensive stakeholder input**, both to build buy-in for shared vision and goals, as well as to use the planning process to unlock ideas and energy within the team
- Making rigorous use of measures/targets to **link agency-level initiatives to State of North Carolina's goals**
- Ensuring a governance structure and process that fosters **accountability for action and impact**

We use the above principles to develop an effective and efficient approach consisting of three systematic steps: diagnose, design, deliver. This three-step process will enable us to meet any managerial advisory need of North Carolina from strategy setting to implementation of operational improvements, to research and analysis for identification of unmet demands for public services, to deployment of front-line public customer facing improvements in services of a public agency's statutory mandates.

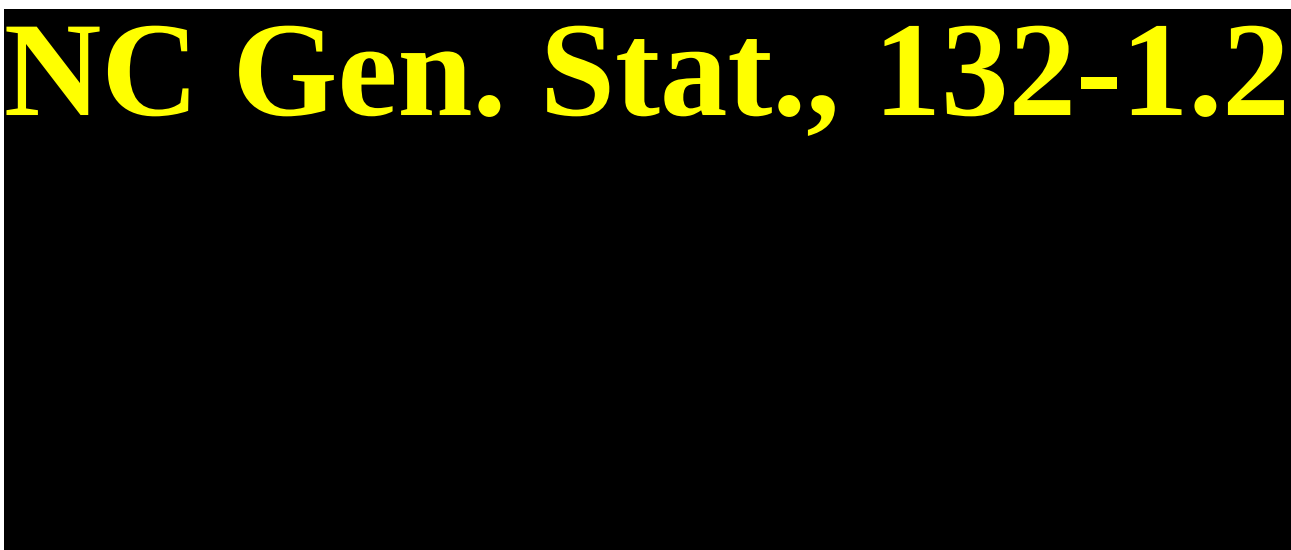
Diagnose

NC Gen. Stat., 132-1.2

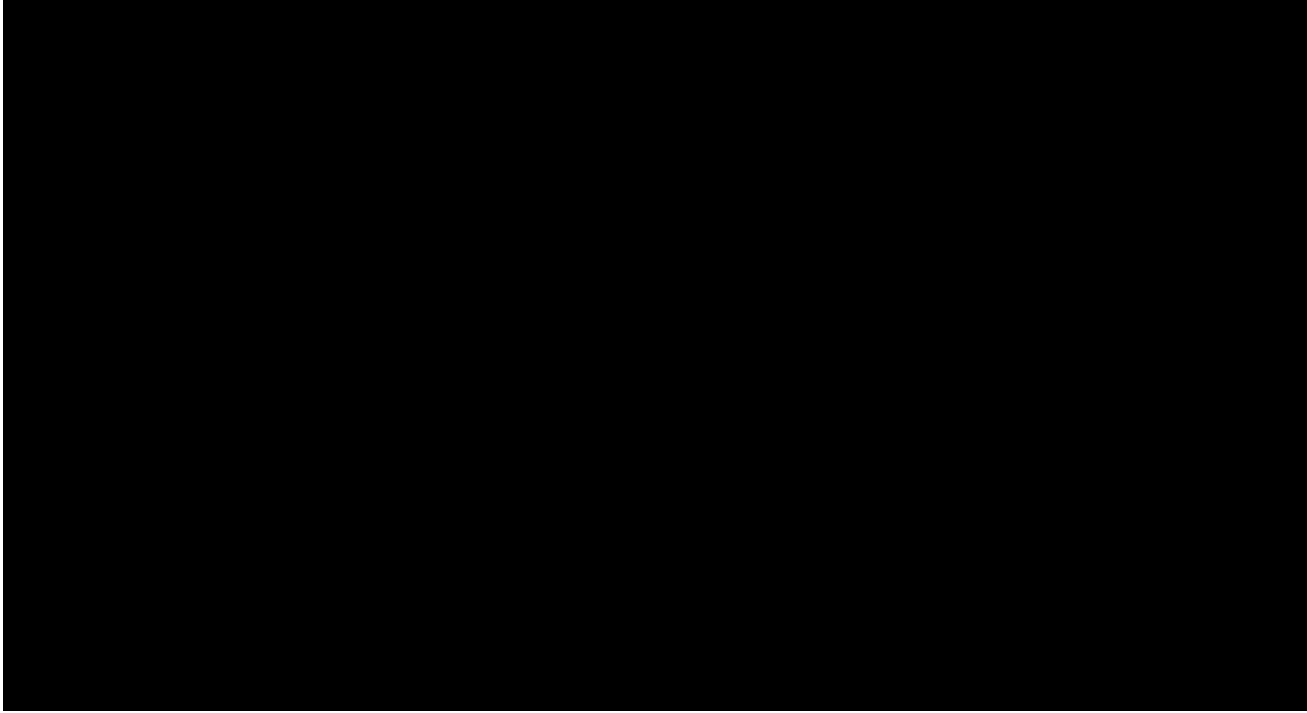


Design

NC Gen. Stat., 132-1.2

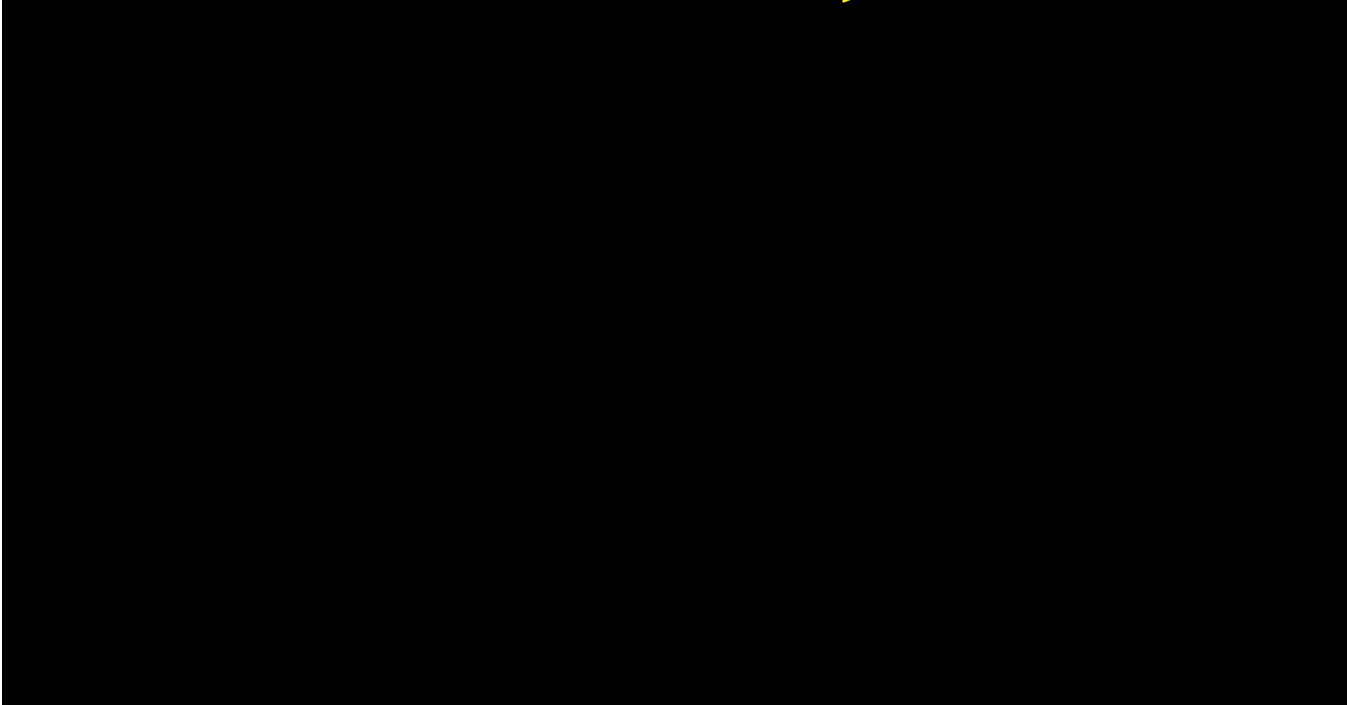


NC Gen. Stat., 132-1.2



Deliver

NC Gen. Stat., 132-1.2



NC Gen. Stat., 132-1.2

Common Delivery Approach

Schedule: McKinsey typically delivers managerial and advisory services engagements in 6-24 weeks depending on the nature of the challenges involved, with implementation support ranging to 6+ months for transformation efforts.

For example, the following 6-week workplan was used in our support on the Hurricane Florence Recovery with the North Carolina OSBM. The workplan (**Exhibit 12**).

Exhibit 12: Workplan used to support NC

NC Gen. Stat., 132-1.2

Common deliverables include:

NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2

Our Distinctive Value

We can offer North Carolina managerial advisory services based on our exceptionally broad experience around the world, accelerated by tools designed for the needs of U.S. states, facilitated by experts across many different functions, and customized to the state's unique context based on our deep understanding of North Carolina.

- **Our personnel** bring together the best talent across the world and covering all industries, enabling us to bring the State dedicated, knowledgeable, and industry-leading support. All 45,000+ professionals, including our 25,000+ consultants and 17,000+ experts, are available to help the State achieve its strategic goals, bringing with them specializations and expertise that have been recognized again and again by organizations like Brandon Hall Group, Glassdoor, Vault, LinkedIn, and other rankings of people and talent attraction.
- **Our assets** are world class, allowing us to bring the absolute best thinking available on strategic and managerial advisory topic to North Carolina. The proprietary tools and assets in our library will help us provide specialized managerial advisory support on topics of interest to the State, including healthcare (e.g., McKinsey Health Institute, Nebula, and Medicaid & Duals Database), economic development (e.g., ECIT, Workforce Intelligence Analytics, and Sector Growth Analytics Platform), customer experience (e.g., Experience DNA, State-of-the-States Survey data, and CX maturity assessment), infrastructure (e.g., Infrastructure Projects Analytics Tool, RoadX, and Urban Insights & Action Platform), education (e.g., Higher Education Fingerprint, QUAD, and K-12 Compare), and revenue / taxation / treasury (e.g., Tax Opportunity Assessment Tool, Library of Global Tax Administration Performance Levers and Innovations, and Early Warning System). North Carolina can be confident that we will leverage all of the extensive data, capabilities, analyses, and frameworks available wherever and whenever they are the most helpful to the State.
- **Our experience** in strategy and managerial advisory services is simply unmatched, allowing us to bring the State of North Carolina decades of accumulated knowledge, expertise, and insights. McKinsey founded the practice of strategic management consulting. With 97+ years of experience and ~26,000 strategy engagements in the last 5 years, McKinsey is a trusted advisor and counselor to the world's most impactful leaders and organizations. In 1952, we helped the White House create the role of "Chief of Staff." In 1958, we helped NASA revamp its organizational structure to ensure that the agency was capable of making the United States the first country on the moon. In 1970, we helped the Uniform Grocery Product Code Council create and implement the bar code. In 1990, we supported the restructure and privatization of 8,000+ East German companies following German reunification. In 2014, we helped build the global plan to eradicate malaria by 2020. We

continue today as the global thought leader and practitioner of managerial advisory services across all sectors. North Carolina can be fully confident in our ability to leverage our proven track record of delivering real and lasting impact to help the State achieve its goals.

4.8.2 Key Personnel

The overall responsibilities of our Executives are to ensure compliance with standards, staff is competent and adequately trained, and audit clients are satisfied with completed work. They will be responsible for ensuring milestones, deadlines and/or accomplishment of project objectives are achieved. Our proposed leaders bring 40+ years of experience serving state organizations. Notably, all Executives have experience serving the State of North Carolina.

The team is composed of **Tony D'Emidio** (STC Contract Manager and Operational / Performance Audit Executive), who will serve as McKinsey's overall lead with the State, maintaining relationships with clients in the governor's office and across multiple state agencies to understand NC's business context and priorities, and help translate those into the State's various needs. He will also lead Operational/Performance Audit efforts. Leadership is also composed of **Hrishika Vuppala** (Data Analytics/Continuous Monitoring Executive) and **Todd Wintner** (Managerial Advisory Services Executive). They will have accountability for their service areas, coordinate McKinsey's teams in these areas, and obtain necessary support and resources.

Our qualified personnel will provide services under this contract in a professional manner - our personnel performing the services possess the skill and competence consistent with the prevailing business standards in the industry. Our Executives will be responsible for ensuring all personnel adhere to the requirements listed in RFP Section 4.10 Additional Requirements, including Work Papers, Personnel Matters (Professionalism, Training, Authority, Turnover, Background Checks), Confidentiality, Records Retention, and Travel. See Section 4.7.2 for additional details on our professionalism and quality control methods.

Please see **Exhibit 13** for an introduction of Executives' qualifications and please see Section 4.7 and **Appendix A: Resumes** for Key Personnel qualifications – Education/Background, experience.

Exhibit 13: Key Personnel education/background and experience overview

Name, McKinsey Title	Proposed Role	Education/Background and Experience
NC Gen. Stat., 132-1.2	STC Contract Manager	15+ years of experience leading operational/performance audits to improve government effectiveness and efficiency - Leader of McKinsey's client service to North Carolina, including 5+ years serving the State - Leader in McKinsey's Operations Practice and Public Sector Strategy Practice - Expertise in operational/performance audits for public sector clients across public safety, healthcare, housing, and transportation and infrastructure - Extensive experience in designing and implementing operational, customer experience, and organizational transformations - M.B.A, Harvard University; M.S., Systems Engineering University of Pennsylvania; B.S., Economics, Finance University of Pennsylvania
Tony, D'Emidio, Partner	Operational / Performance Audit Executive	

Name, McKinsey Title	Proposed Role	Education/Background and Experience
NC Gen. Stat., 132-1.2 Hrishika Vuppala, Senior Partner	Data Analytics / Continuous Monitoring Executive	15+ years of experience in data analytics / continuous monitoring - Expert in providing descriptive, diagnostic, predictive, and prescriptive analytics - Serves as McKinsey's Global Leader in Technology for the Public Sector bringing digital and analytics best practices to the public sector - Led McKinsey's work with NC Department of Health and Human Services on advancing analytics in Medicaid services - Worked at Apple prior to McKinsey; Helped launch Apple ID, which became the form of user identification and authentication across multiple channels, services, and products from Apple - M.B.A., UC Berkeley; B.E., Electronics & Communications Engineering, Manipal Institute of Technology
NC Gen. Stat., 132-1.2 Todd Wintner, Partner	Managerial Advisory Services Executive	12+ years of experience providing managerial advisory services - Expert in leading 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 - Leader of McKinsey's client service to North Carolina - Leads McKinsey's Transformation service line for state and local governments - M.A., Public Policy, Harvard University; M.B.A., Harvard Business School; B.S., Foreign Service, Georgetown University

4.8.3 Professional Standards

McKinsey provides management consulting services to improve the effectiveness and efficiency of our clients' operations, organization activities, policies, systems, and processes. Although McKinsey is not a licensed/registered public accounting firm, we have a proven track record of performing services as described in the RFP.

Generally Accepted Government Auditing Standards (GAGAS) issued by the United States General Comptroller

As McKinsey is not a government entity, it is not audited under Generally Accepted Government Auditing Standards (GAGAS) issued by the United States General Comptroller.

International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditor's (IIA)

In 2023, McKinsey conducted a self-assessment to determine its conformance to the IIA standards. McKinsey is planning an external assessment in 2024 before the effectiveness of the new IIA Standards January 2025. Our internal assessment covered the following:

- Review and understand the IIA's International Standards for the Professional Practice of Internal Auditing
- Established an internal audit charter that reflects our commitment to following the IIA standards
- Conducted internal audits processes that align with the IIA standards
- Developed a quality assurance and improvement program to regularly assess and monitor compliance with IIA standards

We prepared a compliance statement for the Audit Board that outlines how the Internal Audit function adheres to the IIA standards.

ISO Standards issued by the International Organization for Standardization

Within our various locations in the Firm, we have ISO certifications for ISO 14001, ISO 27001, ISO 9001, and ISO 45001. In areas where we do not have these certifications, the core processes that make up the ISO Standards are consistently followed across our firm worldwide.

Control Objectives for Information and Related Technology (COBIT) issued by the Information Systems Audit and Control Association

N/A

Generally Accepted Accounting Principles issued by the Financial Accounting Standards Boards

As a private company, McKinsey does not disclose Firm financial information. Our Firm can confirm that our accounting system is in accordance with Generally Accepted Accounting Principles (GAAP) issued by the Financial Accounting Standards Boards.

We believe that these specified industry standards alone are not sufficient to improve outcomes for the State. A holistic improvement will only occur if we combine setting and meeting appropriate industry standards with additional proprietary tools. To do so, we apply a number of proven standards, benchmarks, and tools. These include industry standards such as International Organization for Standardization (ISO) Standards and Lean Management/Six Sigma methodologies. We will supplement industry standards with benchmarks and proprietary assessments to create a comprehensive picture of the State's operations. These include proprietary operational benchmarks (e.g., Global Purchasing Excellence Database, McKinsey Commodity Database, OHI, TSAT), as well as function-specific benchmarks and tools (e.g., Tax 360, Infra 360, McKinsey Medicaid Care Management Toolkit, Education benchmarking dataset, Community Pulse, Intelligence Watch, Real estate 360, Affordable Housing Index). Our broad experience and expertise enables us to perform tailored audits and analyses that are specific to the State's needs.

4.9 Contract Management and Customer Service (RFP 6.1)

We will designate and make available to the State a contract manager. The contract manager will 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:	Tony D'Emidio
Office Phone #:	(202) 662-3100

Mobile Phone #:	(202) 662- NC Gen. Stat.
Email:	NC Gen. Stat., 132-1.2 @mckinsey.com

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

Customer Service Point of Contact	
Name:	Geoff Bradford
Office Phone #:	(202) 662- NC Gen. Stat.
Mobile Phone #:	(202) 662- NC Gen. Stat.
Email:	Mckinsey_contracts@mckinsey.com

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

5.0 Attachment D: Hub Supplemental Vendor Information (RFP 2.8, f)

We have provided a completed version of Attachment D: Hub Supplemental Vendor Information in Section 6.2 of the Ariba Sourcing Tool portal.

6.0 Attachment E: Customer Reference Form (RFP 2.8, g)

We have provided a completed and signed version of Attachment E: Customer Reference Form. in Section 6.3 of the Ariba Sourcing Tool portal.

7.0 Attachment F: Location of Workers Utilized by Vendor (RFP 2.8, h)

We have provided a completed and signed version of Attachment F: Location of Workers Utilized by Vendor in Section 6.4 of the Ariba Sourcing Tool portal.

8.o Attachment G: Certification of Financial Condition (RFP 2.8, i)

We have provided a completed and signed version of Attachment G: Certification of Financial Condition in Section 6.5 of the Ariba Sourcing Tool portal.

9.0 Certification For Federal Contracts, Grants, Loans, and Cooperative Agreements (RFP 2.8, j)

We have provided a completed and signed version of Certification For Federal Contracts, Grants, Loans, and Cooperative Agreements in Section 6.6 of the Ariba Sourcing Tool portal.

Appendix A: Resumes

Operational/Performance Audit Resumes

Tony D'Emidio

**STC Contract Manager & Operational / Performance Audit
Executive**

Key expertise and experience

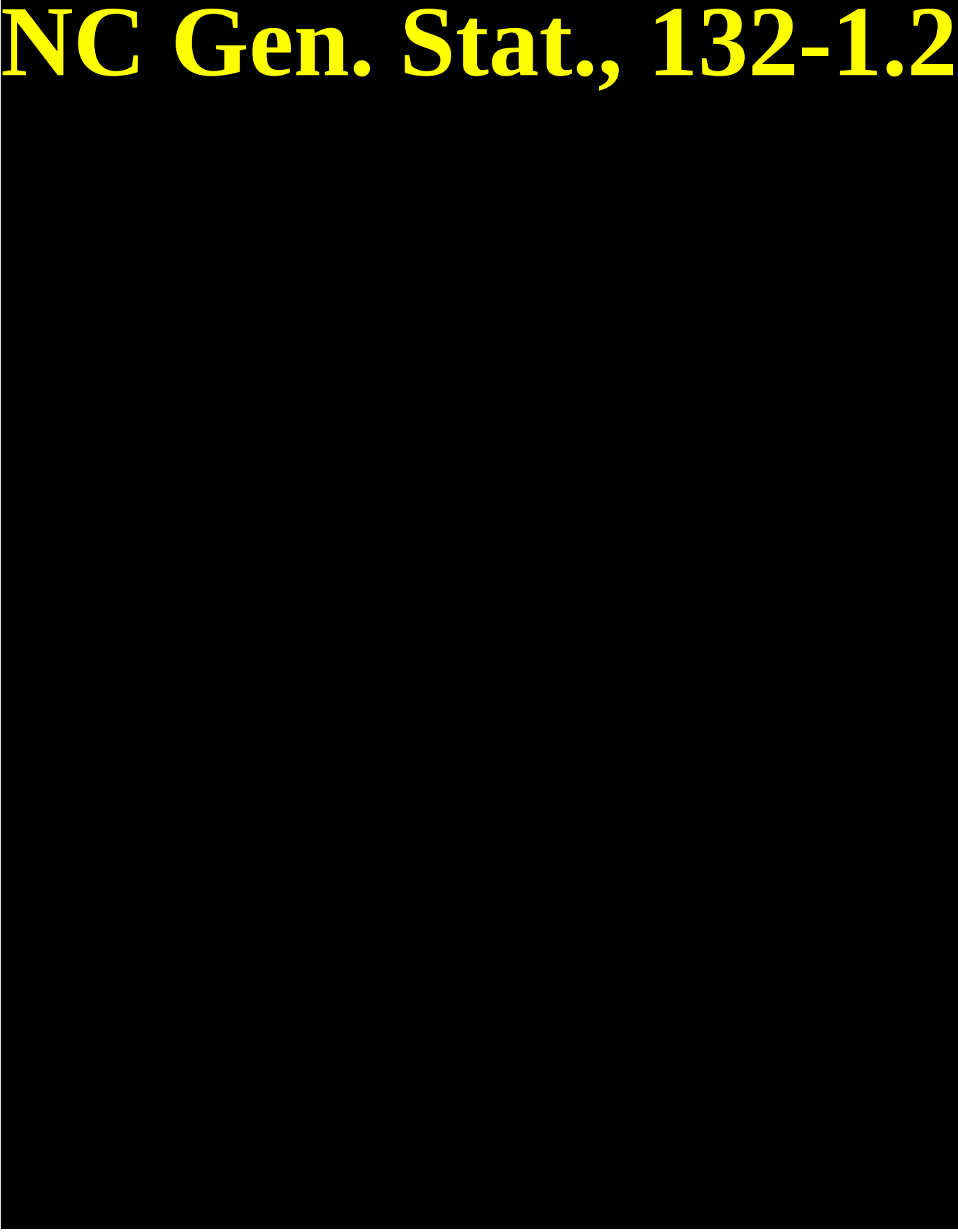
- 15+ years of experience leading operational/performance audits to improve government effectiveness and efficiency
- Leader of McKinsey's client service to North Carolina, including 5+ years serving the State
- Leader in McKinsey's Operations Practice and Public Sector Strategy Practice
- Expertise in operational/performance audits for public sector clients across public safety, healthcare, housing, and transportation and infrastructure
- Extensive experience in designing and implementing operational, customer experience, and organizational transformations

NC Gen. Stat., 132-1.2

Tony is Partner and President of McKinsey's US government entity, overseeing all of McKinsey's work with US federal, state, and local governments. NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2



NC Gen. Stat., 132-1.2

Education

Institution	Degree	Year
Harvard University	M.B.A.	2007
University of Pennsylvania	M.S., Systems Engineering	2001
University of Pennsylvania	B.S., Economics, Finance	2000

Work history

Employer	Role	Years
McKinsey & Company	Partner	2007-present
Project GRAD Roosevelt	Director of Business Operations	2003-2005

NC Gen. Stat., 132-1.2

Operational/Performance Audit Supervisor

NC Gen. Stat., 132-1.2

Key expertise and experience

- 10+ years of experience in operational/performance audit
- Specializes in public sector operational/performance audits, including evaluating organizational activities, testing internal systems and procedures for efficiency and effectiveness, uncovering inefficient use of resources or wasted capital, and reviewing business processes to determine strengths and weaknesses

NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2

Institution	Degree	Year
University of Chicago	M.B.A.	2018
University of Pennsylvania	B.A., Economics, International Relations, Psychology	2009

Work history

Employer	Role	Years
McKinsey & Company	Engagement Manager	2018-present
US Department of Justice	Government Information Specialist	2010-2016
InterAction	Strategic Impact Team Assistant	2010
National Security Network	Policy Intern	2009-2010

NC Gen. Stat., 132-1.2

Operational/Performance Audit Staff - Upper

Key expertise and experience

- 12 years of experience in operational/performance audits
- Specializes in public sector operational/performance audits, including evaluating organizational activities, testing internal systems and procedures for efficiency and effectiveness, uncovering inefficient use of resources or wasted capital, and reviewing business processes to determine strengths and weaknesses

NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2

Education

Institution	Degree	Year
University of North Carolina	M.B.A., Supply Chain Management	2014
Cornell University	B.S. Operations Research and Engineering	2011

Work history

Employer	Role	Years
McKinsey & Company	Defense & Security Specialist	2019 - Present
Federal Bureau of Investigations	Chief of Staff to the CIO	2014 – 2019
The Boeing Company	IT Business Partner	2011 – 2014

NC Gen. Stat., 132-1.2

Operational/Performance Audit Staff - Base

Key expertise and experience

- 6+ years of experience in operational/performance audits
- Experience in public sector operational/performance audit, including evaluating organizational activities, testing internal systems and procedures for efficiency and effectiveness, identifying optimal allocation of resources or capital to maximize public service impact, and reviewing business processes to determine strengths and weaknesses

NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2

Education

Institution	Degree	Year
INSEAD	M.B.A., Business Administration	2021
University of North Carolina	M.P.H., Environmental Engineering	2016
University of North Carolina	B.S, Environmental Health Science	2014

Work history

Employer	Role	Years
McKinsey & Company	Associate	2021 - Present
bNovate	Business Strategy Intern	2020
The Aquaya Institute	Research and Programs Manager	2016-2020
The Water Institute at UNC	Research Associate	2016 - 2017
UNICEF	Water, Sanitation, and Hygiene Intern	2015

Data Analytics / Continuous Monitoring

Hrishika Vuppala

Data Analytics / Continuous Monitoring Executive

Key expertise and experience

- 15+ years of experience in data analytics / continuous monitoring
- Expert in providing descriptive, diagnostic, predictive, and prescriptive analytics
- Serves as McKinsey's Global Leader in Technology for the Public Sector bringing digital and analytics best practices to the public sector
- Led McKinsey's work with NC Department of Health and Human Services on advancing analytics in Medicaid services
- Worked at Apple prior to McKinsey; Helped launch Apple ID, which became the form of user identification and authentication across multiple channels, services, and products from Apple

NC Gen. Stat., 132-1.2

Hrishika is a Senior Partner with more than 15 years of experience in digital analytics / continuous monitoring, including descriptive, diagnostic, predictive, and prescriptive analytics. She serves as McKinsey's Global Leader in Technology for the Public Sector bringing digital and analytics best practices to the public sector. NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2

Education

Institution	Degree	Year
Haas School of Business, UC Berkeley	M.B.A., Strategy & Technology Management	2011
Manipal Institute of Technology	B.E., Electronics & Communications Engineering	2005

Work history

Employer	Role	Years
McKinsey & Company	Partner	2011 – Present
Apple, Inc	Marketing Analytics Intern	2010 – 2011
PricewaterhouseCoopers	Consultant	2008 – 2009
General Electric	Project Manager (Information Management Leadership Program)	2005 – 2008

Steven Lee

Data Analytics / Continuous Monitoring Supervisor

Key expertise and experience

- 15+ years of experience in data analytics / continuous monitoring
- Expert in providing descriptive, diagnostic, predictive, and prescriptive analytics
- Leader in McKinsey's Public Sector practice and Analytics domain
- Advisor to many public sector clients, providing expertise in analytics across multiple sectors, as well as guidance on AI and data strategies, security, and decision intelligence

NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2

Education

Institution	Degree	Year
University of Virginia	Master of Engineering, Complex Systems Engineering	2013
Averett University	M.Ed., Instruction and Design 2010	2010
University of Michigan	B.S., Cellular and Molecular Biology	2001

Work history

Employer	Role	Years
McKinsey & Company	Associate Partner	2021-present
Rotunda Solutions	Founder	2014-2021
George Mason University	Affiliate Faculty and Executive in Residence	2020-present
Koniag, Inc.	Systems Engineering and Data Science Lead	2015-2016
CSRA Inc	Lead Systems Engineer, Project Manager – Data Management Systems	2012-2015
Definitive Logic	Practice Lead/Senior Systems Engineer	2012-2015

NC Gen. Stat., 132-1.2

Data Analytics / Continuous Monitoring Staff - Upper

Key expertise and experience

- 8+ years of experience in data analytics / continuous monitoring
- Leads cross-functional teams to deliver descriptive, diagnostic, predictive, and prescriptive analytics to public and private sector organizations, often working with data scientists, data engineers, data visualization specialists, and subject matter experts

NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2

Education

Institution	Degree	Year
Harvard University	S.M., Data Science	2020

Institution	Degree	Year
Yale University	B.A., Economics	2015

Work history

Employer	Role	Years
McKinsey & Company	Engagement Manager	2021 - present
Amazon Robotics	Data Scientist	2020
Deloitte Consulting	Senior Consultant, Analytics & Cognitive	2015-2019
Monitor Deloitte Middle East	Consultant	2016-2017
U.S. Department of State	Intern	2013

NC Gen. Stat., 132-1.2

Data Analytics / Continuous Monitoring Staff - Base

Key expertise and experience

- 3+ years of experience in data analytics / continuous monitoring
- Experience with descriptive, diagnostic, predictive, and prescriptive analytics
- Experience in data optimization, natural language processing, image analysis, and systems engineering
- Skilled in Python/R, AWS, databases, and Docker/Kubernetes

NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2

Education

Institution	Degree	Year
University of Virginia	B.S. Systems Engineering	2019

Work history

McKinsey
& Company

Employer	Role	Years
McKinsey & Company	Senior Engineer	2021 - present
Accenture	Data Scientist	2019 - 2021
OGSystems	Systems Engineering Intern	2018
National Geospatial- Intelligence Agency	Systems Engineering Intern	2016 - 2018

Managerial Advisory Services

Todd Wintner

Managerial Advisory Services Executive

Key expertise and experience

- 12+ years of experience providing managerial advisory services
- Expert in leading 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
- Leader of McKinsey's client service to North Carolina
- Leads McKinsey's Transformation service line for state and local governments

NC Gen. Stat., 132-1.2

Todd Wintner is a Partner in McKinsey's Washington D.C. office where he leads McKinsey's Transformation service line for state and local government. NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2

Education

Institution	Degree	Year
Harvard Kennedy School	M.A., Public Policy	2014
Harvard Business School	M.B.A.	2014
Georgetown University	B.S., Foreign Service	2007

Work history

Employer	Role	Years
McKinsey & Company	Partner	2014-present; 2008-2010
Brookings Institution	Project Manager, Economic Studies	2010-2011
The White House	Associate, National Economic Council	2010-2010

NC Gen. Stat., 132-1.2

Managerial Advisory Services Supervisor

Key expertise and experience

- 15+ years of experience in managerial advisory services
- Expert in leading 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
- Has supported the State of North Carolina
- Former Chief Operating Officer and Director of the Office of Planning and Budget in the State of Georgia

NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2

Education

Institution	Degree	Year
Cornell University	M.B.A.	2018
Georgia Institute of Technology	M.S., Public Policy	2002
Georgia Institute of Technology	B.S., Industrial & System Engineering and International Affairs	2000

Work history

Employer	Role	Years
McKinsey & Company	Associate Partner	2019-present
State of Illinois	Deputy Governor & Chief Operating Officer	2015-2018
Perdue Partners	Partner	2011-2014
State of Georgia	COO	2010-2011
Georgia Governor's Office of Planning & Budget	Director	2007-2010

NC Gen. Stat., 132-1.2

Managerial Advisory Services Staff – Upper

Key expertise and experience

- 10 years of experience in managerial advisory services
- Expert in leading organizational efficiencies, cost reductions, 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
- Extensive experience in customer experience, human centered design, and organizational transformations

NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2

Education

Institution	Degree	Year
Cornell University	M.B.A.	2020
Bryant University	B.A., Communication	2012

Work history

Employer	Role	Years
McKinsey & Company	Associate	2020-present
New England Sports Network	Programming Manager	2012-2018

NC Gen. Stat., 132-1.2

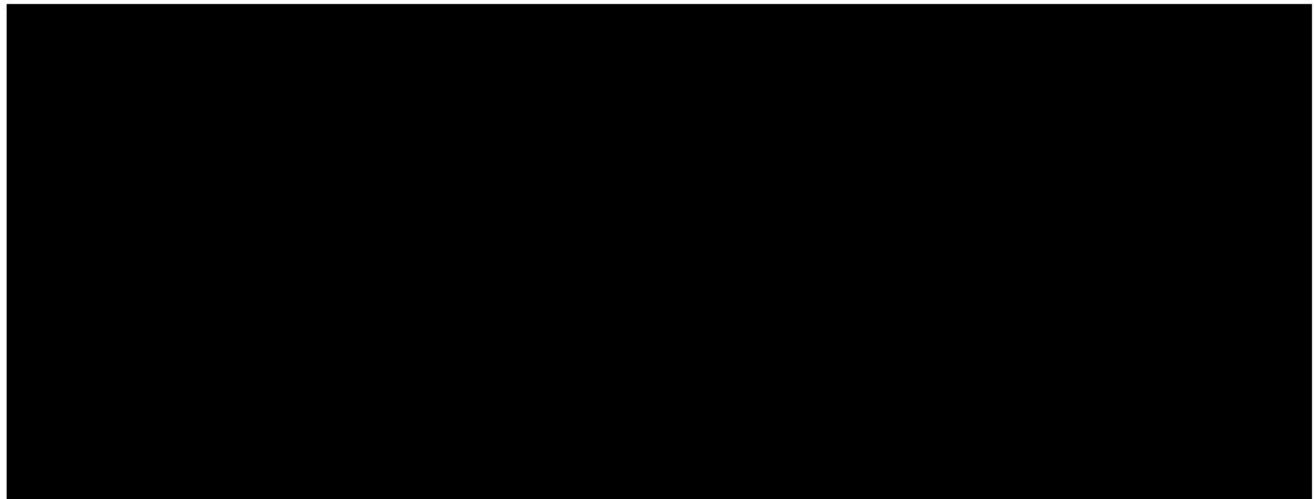
Managerial Advisory Services - Base

Key expertise and experience

- 4+ years of experience in managerial advisory services
- Experience in supporting organizational efficiencies and strategic planning and project implementation
- Experience providing managerial advisory services to public sector clients

NC Gen. Stat., 132-1.2

NC Gen. Stat., 132-1.2



Education

Institution	Degree	Year
University of Chicago	M.B.A., Behavioral Science, Economics, Entrepreneurship, Finance	2020
Yale University	B.A., Ethics, Politics, and Economics	2013

Work history

Employer	Role	Years
McKinsey & Company	Associate	2019-present
NY/NJ High Intensity Drug Trafficking Area	Lead, NYC Overdoes Reduction Initiatives	2016-2018
The New York County District Attorney's Office	Intelligence Analyst	2014-2016
Millstein & Co.	Research Analyst	2013-2014

Appendix B: Disclosure

McKinsey & Company, Inc. Washington D.C. (“McKinsey DC”) primarily serves public sector clients, with some social sector and commercial client work. Per the North Carolina General Terms and Conditions as attached to RFP # DPC-646236801-MT, we are not aware of any McKinsey DC work that poses a conflict of interest. For additional transparency, we note that McKinsey & Company, Inc. United States (“McKinsey US”), an affiliate, provides or has provided consulting services in the US to commercial institutions across all industries, including automotive (including light vehicle & commercial vehicle OEMs, dealers, and aftermarket), electric, gas, and water utilities (public and private), transportation, machinery & industrial automation, construction equipment & technology, electrical equipment, private financial institutions, engineering, construction & building material providers (including building materials & products, construction services, architecture & engineering services), industry regulators, healthcare systems, travel, logistics, transportation providers, technology, telecommunications, network infrastructure, real estate, and private equity. McKinsey US’s consulting services include analysis, advice, and implementation support across many areas of business, including sales, marketing, pricing operations (including digitization, analytics, automation, process improvements & efficiency, procurement, capital projects), strategy, value creation (including assessment of capabilities and impact on customers, employees, finance and operations, and social & environmental), corporate finance, people and organization (including talent, operating model, and organization design, change and culture management, leadership, capability building), management of risk (e.g., portfolio optimization), building of resilience against non-navigable events (including crisis response), technology, transformation (including helping companies significantly change their performance trajectory by reducing costs (e.g., procurement, labor, fixed costs, digitization/automation) and/or driving growth (e.g., acquisitions, divestitures, new investments, business building)), mergers & acquisitions topics (including merger strategy, due diligence, integration planning, divestiture planning, IPOs, JVs & alliances), and sustainability. Given the RFP and applicable terms and conditions indicate that disclosure of conflicts of interest is an ongoing requirement, McKinsey will continue to review and address conflicts at the task order level. McKinsey DC does not hold ownership interests in their clients, but we note that other affiliates may hold ownership interests in McKinsey US clients across various industries.

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		
					Vendors may enter provide rates for additional staff categories, if applicable.		
Services Category	Staff Base Rate	Staff Upper Rate	Supervisor	Executive	Functional Support		
Operational/Performance Audit	NC Gen. Stat., 132-1.2						
Investigative Audit							
Compliance Audit							
Information System Audit							
Risk Assessment and Audit Plan							
Development							
Financial Audit							
Data Analytic Services							
Managerial Advisory Services							
Accounting Services							



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

ADDENDUM NUMBER 3				
Modifi- cation #	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			
	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
	Modified RFP Evaluation Criteria			
	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	
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.

SOLICITATION NUMBER: DPC-646236801-MT
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.

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

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

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

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.

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

Question #	Document Section	Vendor Question	State's Response
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.

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

Question #	Document Section	Vendor Question	State's Response
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.

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

Question #	Document Section	Vendor Question	State's Response
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.

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

Question #	Document Section	Vendor Question	State's Response
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.

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

Question #	Document Section	Vendor Question	State's Response
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.

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

Question #	Document Section	Vendor Question	State's Response
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.

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

Question #	Document Section	Vendor Question	State's Response
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.

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

Question #	Document Section	Vendor Question	State's Response
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.

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

Question #	Document Section	Vendor Question	State's Response
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.

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

Question #	Document Section	Vendor Question	State's Response
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.

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

Question #	Document Section	Vendor Question	State's Response
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.

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

Question #	Document Section	Vendor Question	State's Response
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

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

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.

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

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.

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

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.

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

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.

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

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.

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

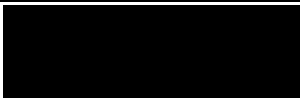
Question #	Document Section	Vendor Question	State's Response
125.	Section 4.7 External Reviews and Regulatory Action	Could the State please clarify if vendors who can provide point b but not point a are still eligible to bid on this solicitation?	Only vendors required by the AICPA are required to meet 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.

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

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

	September 6, 2023
Authorized Signature	Date
Tony D'Emidio	Partner
Printed Name	Title