

Solicitation RFP No. 07-S12015  
Offeror: \_\_\_\_\_

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**STATE OF NORTH CAROLINA  
REQUEST FOR PROPOSALS**

**RFP # 07-S12015**

**TITLE:** Unclaimed Property Audit and Training Services  
**USING AGENCY:** NC Department of State Treasurer Unclaimed Property Division  
**ISSUE DATE:** April 25, 2013  
**ISSUING AGENCY:** NC Department of State Treasurer Unclaimed Property Division

Sealed Proposals subject to the conditions made a part hereof will be received until **2:00 P.M. EST May 31, 2013** for furnishing services described herein.

SEND ALL PROPOSALS DIRECTLY TO THE ISSUING AGENCY ADDRESS AS SHOWN BELOW:

<b>DELIVERED BY US POSTAL SERVICE</b>	<b>DELIVERED BY ANY OTHER MEANS</b>
RFP NO. <u>07-S12015</u> North Carolina Department of State Treasurer Attention: Debra Bryan - Contract Specialist 325 North Salisbury Street Raleigh, NC 27603-1385	RFP NO. <u>07-S12015</u> North Carolina Department of State Treasurer Attention: Debra Bryan - Contract Specialist 325 North Salisbury Street Raleigh, NC 27603-1385

IMPORTANT NOTE: Indicate firm name ("Technical Proposal" or "Cost Proposal") (*if applicable*), and RFP number on the front of each sealed proposal envelope or package, along with the date for receipt of proposals specified above.

Bids submitted via telegraph, facsimile (FAX) machine, telephone, and electronic means, including but not limited to e-mail, in response to this Request for Proposals will not be acceptable.

Direct all inquiries concerning this RFP to: Debra Bryan - Contract Specialist  
North Carolina Department of State Treasurer  
325 North Salisbury Street  
Raleigh, NC 27603-1385

**NOTE:** Questions concerning the specifications in this Request for Proposals will be received until **2:00 P.M. EST May 3, 2013**. A summary of all questions and answers will be posted on the internet as an addendum, located under the RFP # being modified.  
**It is the Offeror's responsibility to assure that all addenda have been reviewed and, if need be, signed and returned.**

<http://www.pandc.nc.gov/>

**Within two days after notification of award of a contract, the Vendor must register in NC E-Procurement @ Your Service (<http://vendor.ncgov.com>).**

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**SECTION I: INTRODUCTION**

**A. Purpose**

The North Carolina Department of State Treasurer Unclaimed Property Division (“Division”) is soliciting proposals from Vendors to provide in-state and/or out-of-state unclaimed property audits and training services. A Vendor shall not commence an audit without prior authorization and approval from the Division. The audits shall be done in accordance with North Carolina General Statutes (NCGS) Chapter 116B and pertinent case law.

Section III - Scope of Work sets forth different components for which the Division is seeking proposals. Vendors may choose to respond independently to one or to all of the components based on their areas of expertise.

**B. Background**

Pursuant to North Carolina General Statute Chapter 116B, the Division is charged with collecting unclaimed property from entities holding such property, known as holders. Within the context of Chapter 116B, unclaimed property consists of items such as cash, outstanding checks, dormant checking/saving accounts, safe deposit box contents, stocks, bonds, mutual funds, and other general ledger or outstanding liabilities due or owing a person, business or entity as defined in the unclaimed property law. Once the property is collected, it is deposited in the Escheat Fund and is held by the Division until it is reunited with the true owner. The income earned from the property held in the Escheat Fund is distributed annually to the Educational Assistance Authority for grants and scholarships for students attending state institutions of higher education, in accordance with the State Constitution and statute.

In order to fulfill its statutory obligation to collect unclaimed property from holders, the Division employs full-time staff to perform unclaimed property audits and has historically contracted with Vendors to perform unclaimed property audits on a contingency fee basis. In 2012, legislation was enacted which prospectively limits the Division’s ability to pay Vendors on a contingency fee basis. As of July 17, 2012, the Division cannot pay a Vendor on a contingency fee basis unless the Vendor is conducting an audit of a life insurance company for the purpose of identifying unclaimed death benefits (“death benefit audit”) or unless the Vendor is conducting an audit of a holder of unredeemed bond funds (“bond funds audit”).

Vendor(s) which are selected to perform unclaimed property audits for the Division as a result of this RFP will conduct audits of specific holders at the request of the Division; and, in some cases Vendor(s) will propose to the Division specific holders to audit and the Division will decide whether to authorize and approve the audit proposed. The Vendor(s) shall not commence any audit without first obtaining the authorization and approval of the Division.

**C. Notice to Offerors**

**1. Components**

This RFP is divided into five (5) components:

Component 1 - Death Benefit and Bond Funds Audits in which the State of North Carolina is either the Lead State or a Participating State

Component 2 - State Initiated Audits, other than Death Benefit and Bond Funds Audits, in which the State of North Carolina is the Lead State

Component 3 - State Initiated Audits, other than Death Benefit and Bond Funds Audits, in which the State of North Carolina is a Participating State

Component 4 - Cooperative Audits, other than Death Benefit and Bond Funds Audits

Component 5 – Unclaimed Property Audit Training and Holder Education Training

Each component contains its own requirements and cost proposal. Offerors may choose to respond to all five (5) components, or either Component 1, Component 2, or Component 3 individually, or some combination thereof, but in order to respond to Component 4 or Component 5, an Offeror must also respond to either Component 1, Component 2, or Component 3, or some combination thereof. If Offeror is not selected for either Component 1, Component 2, or Component 3, or some combination thereof, then Offeror will not be considered for Component 4 or Component 5. If an Offeror bids on more than one (1) component, the Offeror may offer package pricing; however, pricing for the individual components is also required as the Division reserves the right to award components to multiple Vendors.

Offerors must indicate which RFP component(s) they are responding to by placing an “X” in the Component Selection box below and include in their technical proposal response:

Component	Selected
1 - Death Benefit and Bond Funds Audits in which the State of North Carolina is either the Lead State or a Participating State	
2 - State Initiated Audits, Other than Death Benefit	

and Bond Funds Audits, in which the State of North Carolina is the Lead State	
3 - State Initiated Audits, Other than Death Benefit and Bond Funds Audits, in which the State of North Carolina is a Participating State	
4 - Cooperative Audits, Other than Death Benefit and Bond Funds Audits	
5 - Unclaimed Property Audit Training and Holder Education Training	

Example – an Offeror choosing to respond to RFP Death Benefit and Bond Funds Audits component only would complete the Component Selection box as follows:

Component	Selected
1 - Death Benefit and Bond Funds Audits in which the State of North Carolina is either the Lead State or a Participating State	X
2 - State Initiated Audits, Other than Death Benefit and Bond Funds Audits, in which the State of North Carolina is the Lead State	
3 - State Initiated Audits, Other than Death Benefit and Bond Funds Audits, in which the State of North Carolina is a Participating State	
4 - Cooperative Audits, Other than Death Benefit and Bond Funds Audits	
5 - Unclaimed Property Audit Training and Holder Education Training	

Example – an Offeror choosing to respond to all five (5) RFP components would complete the Component Selection box as follows:

Component	Selected
1 - Death Benefit and Bond Funds Audits in which the State of North Carolina is either the Lead State or a Participating State	X
2 - State Initiated Audits, Other than Death Benefit and Bond Funds Audits, in which the State of North Carolina is the Lead State	X
3 - State Initiated Audits, Other than Death Benefit and Bond Funds Audits, in which the State of North Carolina is a Participating State	X
4 - Cooperative Audits, Other than Death Benefit and Bond Funds Audits	X
5 - Unclaimed Property Audit Training and Holder Education Training	X

## 2. Multiple Awards

The Division reserves the right to award multiple contracts resulting from this RFP to multiple Vendors.

If the Division determines multiple contract awards are the most advantageous and constitute the best value for the State, the Division may award multiple individual contracts for each component.

## 3. Single Award

The Division reserves the right to award the contract resulting from this RFP to one (1) Vendor if it is determined that single Vendor contract award is the most advantageous and constitutes the best value for the State.

## 4. Interviews

The Division may choose to interview Offerors after proposals are submitted. The interview will allow the Division to ask questions and seek clarifications regarding the Offerors' proposals.

## 5. Exhibit A – Cost Proposal

Exhibit A contains a Cost Proposal form for each of the five (5) components to this RFP.

## 6. Use of Terms

The terms Vendor and Offeror are used interchangeably throughout this RFP.

D. **RFP Functionality**

This RFP serves two functions:

1. Advises potential Offerors of the parameters of the services being sought by the Division; and
2. Provides the terms of the contract resulting from this procurement.

As such, all terms in the RFP shall be enforceable as contract terms in accordance with the General Terms and Conditions. The use of the phrases such as "shall," "will" "must" "required" and "requirements" are intended to create enforceable contract conditions. In determining whether proposals should be evaluated or rejected, the Plan will take into consideration the degree to which Vendors have proposed or failed to propose solutions that will satisfy the Division's needs as described in the RFP. Except as specifically stated in the RFP, the Division may exercise its discretion in determining whether failure to meet one or more requirements shall constitute a basis for rejecting a proposal in its entirety.

E. **RFP Timetables**

Release Date of the RFP **April 25, 2013**

Questions Regarding RFP due by **2:00 P.M. EST May 3, 2013**

Answers to Questions Regarding RFP will be posted by **2:00 P.M. EST May 13, 2013**

All Proposals Received No Later than **2:00 P.M. EST May 31, 2013**

Interviews (at discretion of Division)

***\*\*NOTE: These dates are not binding and are subject to change.***

## **SECTION II. GENERAL CONTRACT TERMS AND CONDITIONS**

### **A. Term of Contract and Renewals**

The initial term of the contract will be for one (1) year beginning on the date a proposal is awarded. At the discretion of the Division, the Division shall have the option to renew the contract for two (2) additional years, in one (1) year increments.

A selected Vendor shall have three (3) years from the date the Division approves, authorizes and/or assigns an unclaimed property audit to complete the audit.

### **B. Acceptance of RFP Terms and Conditions**

All proposals are subject to the terms and conditions outlined herein. All responses shall be controlled by such terms and conditions and the submission of other terms and conditions or other documents or exceptions as part of an Offeror's response shall be waived and have no effect either on this RFP or on any contract that may be awarded through this solicitation. By submitting an executed proposal, the Offeror specifically agrees to the conditions set forth in "General Information on Submitting Proposals" and "North Carolina General Contract Terms and Conditions" of this RFP.

### **C. Contract Documents**

The Contracts consists of the following documents, incorporated herein by reference:

1. The Addenda to this RFP, if any; and
2. This RFP, which includes all Exhibits
3. The Offeror's Technical Proposal and Cost Proposal including clarifications and supplemental documentation.

In the event of a conflict between or among the terms of the Contract Documents, the term in the Contract Document with the highest precedence shall prevail. The Addenda to the RFP (if any), in reverse order of publication, shall have the highest precedence, the RFP shall have the second highest precedence, and the successful Offeror's proposal shall have the third highest precedence. These documents constitute the entire agreement between the parties and supersede all prior oral or written statements or agreements.

### **D. Contract Administrator**

The contract administrator is the person to whom matters relating to the administration or interpretation of this Contract shall be addressed. The Division's Contract Administrator is the following:

Regina Morgan  
Vendor Audit Management Officer  
N C Department of State Treasurer  
Unclaimed Property Program  
325 N Salisbury Street  
Raleigh NC 27603-1385  
Regina.Morgan@nctreasurer.com  
919-508-5931  
919-508-5181 Fax

### **E. Confidentiality**

Vendor agrees to preserve the integrity of the Division's security and confidentiality. If Vendor is engaged in handling confidential information of the Division, it will be required to exercise appropriate security precautions including those in Chapter 75, Article 2A, "Identity Theft Protection Act." Failure to do so could result in immediate termination of the contract.

Except as allowed otherwise and subject to NCGS § 116-72(d) and the written permission of the Division, Vendor shall hold all information provided to the Division about a holder's property confidential for the Division, unless such information is already publicly known, and shall advise any party that may be processing such information on behalf of the Vendor of the confidential nature thereof.

## SECTION III. SCOPE OF WORK

### A. Component 1 - Death Benefit and Bond Funds Audits in which the State of North Carolina is either the Lead State or a Participating State

#### 1. Introduction

The Division seeks a Vendor, to be paid on a contingency fee basis, which has the skills, knowledge and experience to conduct death benefit and bond funds audits in which the State of North Carolina is either the Lead State or a Participating State. Specifically, as stated in N.C.G.S. § 116B-8, the Division may contract on a contingent fee basis to conduct audits of life insurance companies where the audit is being conducted for the purpose of identifying unclaimed death benefits ("death benefit audit") or to conduct audits of holders of unredeemed bond funds ("bond funds audit"). Pursuant to N.C.G.S. § 116B-8, compensation for such services on a contingent fee basis is limited to no more than twelve (12) percent of the unclaimed property remitted to North Carolina.

#### **A lead state is defined as:**

A lead state is the sole state or one of the first states to request that an audit be performed on a particular holder. Other states may have the option to join as well. Vendors often look to lead states to initiate any enforcement actions necessary.

#### **A participating state is defined as:**

A participating state is one that has been asked by a Vendor to consider participation in an audit of a holder for which another state has already authorized.

The Vendor will conduct audits of specific holders at the request of the Division. Additionally, the Vendor will identify specific holders which it believes possesses past-due unclaimed property due to North Carolina, and will propose to the Division to conduct an audit of those identified holders. The Division will decide whether to authorize and approve the proposed audit. The Vendor shall not commence any audit on behalf of North Carolina without first obtaining the authorization and approval of the Division.

#### 2. Minimum Qualifications

The Vendor must meet all of the following minimum qualifications to be given further consideration:

- a) **Written Certification Statement Verifying Relevant Knowledge:** The Vendor must provide a written certification statement to the Division verifying knowledge in the following areas: NCGS Chapter 116B, relevant United States and North Carolina appellate case law, Generally Accepted Accounting Principles, and Generally Accepted Auditing Standards.
- b) **Written Certification Statement Verifying Relevant Practical Experience:** The Vendor must provide a written certification statement to the Division verifying its practical experience in auditing, financial statement preparation, and general ledger account review as related to unclaimed property.
- c) Vendor must have at least three (3) years of experience in the area of unclaimed property.

#### 3. Duties of Vendor

Vendor will be required to perform the following with regards to a Death Benefit Audit or a Bond Funds Audit and must confirm that it will perform the following:

- a) Assist in identifying holders which are potentially in possession of past-due unclaimed property subject to report and delivery to the State of North Carolina.
- b) Upon authorization and approval, conduct audit of holders which are potentially in possession of past-due unclaimed property subject to report and delivery to the State of North Carolina.
  - i. Past-due unclaimed property is property that was demandable prior to the calling of an audit by a State's unclaimed property division or the Vendor's initial contact with the holder.
- c) Follow NCGS Chapter 116B with regards to the presumptions of abandonment and periods of limitations for the reporting of past-due property held by the holder pursuant to NCGS § 116B-53.
- d) Obtain prior written authorization from the Division before initiating a proposed audit on behalf of the State of North Carolina.
- e) Conduct an on-site or off-site examination of the holder's books and records.
- f) Employ generally accepted accounting practices to identify past-due unclaimed property, pursuant to Chapter 116B.
- g) Provide the Division with written notification within 30 calendar days of a holders' refusal to produce records to be reviewed or a holder's failure or refusal to report or remit unclaimed property. Vendor shall not initiate any further action unless advised otherwise in writing by the Division.
- h) Provide the Division with a Summary of Audit Findings.
- i) Assess, collect and remit any late interest in accordance with NCGS § 116B-77(a), unless otherwise agreed upon by the Division.
- j) Collect and remit the unclaimed property to the Division.
  - i. Prior to remittance, Vendor must balance and reconcile records.
  - ii. Vendor must remit all unclaimed property no less than monthly and must provide written identification and details of each property in accordance with the Division's direction.
  - iii. All unclaimed property funds, interest or penalties and other property shall be segregated and securely maintained by Vendor for a period not to exceed thirty (30) calendar days prior to being paid or delivered to the Division, or its

designee. If Vendor fails to pay or deliver to the Division or its designee within 30 days, Vendor shall be charged interest, at the rate established by NCGS § 116B-77(a) and 20 NCAC 08.0112. Vendor must deliver all funds directly to the Division via overnight courier, freight pre-paid to the following address:

North Carolina Department of State Treasurer  
Unclaimed Property Division  
4021 Barrett Drive  
Raleigh, North Carolina 27609

The processing procedure of the Division is to deposit daily all unclaimed property funds received by the Division. This deposit does not of itself confirm the Division's acceptance or approval of Vendor's auditing services.

- k) Deliver to the Division a completed holder report for each audit in both an electronic format prescribed by the Division, and a paper report or approved PDF file.
  - i. Property must be coded with the applicable property code.
  - ii. The use of "other" or "miscellaneous" property code categories can be used only when no other property code is applicable.
- l) Notify the Division within seven (7) days of discovering that a holder has filed for bankruptcy, and work with the Division to ensure that a proper proof of claim is filed in the bankruptcy action.
- m) Require each holder to confirm in writing that it has acted in accordance with the due diligence requirements of Chapter 116B, or has employed good faith efforts to locate owners, and provide certification of such to the Division.
- n) Instruct the holder to file all future reports directly with the Division, pursuant to Chapter 116B.
- o) Provide to the Division on a monthly basis a work in progress report ("WIP"), in accordance with a format prescribed by the Division.

**At which time the Vendor can reasonably estimate the amount of unclaimed property which will be remitted to North Carolina in any particular audit, the Vendor shall include such estimate in its monthly WIP.**

- p) Provide the Division with a calendar year end reconciliation report of all completed audits. The report shall be due within 30 days of December 31<sup>st</sup>.
- q) Pay any and all costs, charges, expenses or fees incurred by the Vendor in performing the audit. Division shall not be responsible for any such costs, charges, expenses or fees.
- r) Provide legal support and advice as needed.

#### 4. Authority of the Division

The Vendor must confirm its understanding and acceptance that the Division has the authority to do the following:

- a) Decline authorization requests for any and all audits without proving justification for such denial.
- b) Suspend or terminate an audit at any time.
- c) Review all audit working papers maintained by the Vendor that are necessary to ensure the Vendor's compliance with all technical and financial provisions and all other terms and conditions of the contract.
- d) Participate in any phase of the audit.

#### 5. Non-compensatory or Reduced Compensatory Items

The Vendor must confirm its understanding and acceptance that it shall not be compensated or compensation shall be reduced under the following circumstances:

- a) If Vendor is conducting an audit of a holder for which the Vendor or an affiliate of Vendor has a separate agreement or arrangement to assist in the processing of the holder's unclaimed property reports, including performing due diligence for the holder.
- b) If the total value of past-due property remitted for an audit is less than \$1,000.
- c) If Vendor submits unclaimed property reports that do not contain all required information and/or unclaimed property reports that are not formatted to the correct specifications. Property must be coded with the applicable property code. The use of "other" or "miscellaneous" property code categories can be used only when no other property code is applicable.
- d) If Vendor fails to obtain the required approvals regarding audit from the Division.
- e) If Vendor remits property to North Carolina which is not past-due.
- f) If within two (2) years of the Division's receipt of the Unclaimed Property Report, an owner is located at the last known address as shown on the records of the holder, the Vendor shall refund, upon written notice from the Division, its fees in connection with the property reported by the Vendor and claimed by the owner. The written notice provided by the Division shall include a copy of the claim paid by the Division.

#### 6. Requirements and Terms and Conditions for Charges and Payment

Vendor must confirm its understanding and acceptance of the following requirements and terms and conditions:

- a) Vendor shall submit an invoice for contingency fee due as past-due unclaimed property is remitted to the Division.
- b) The Division will pay the Vendor on a monthly basis, provided all terms and conditions of the contract are met.

B. **Component 2 - State Initiated Audits, other than Death Benefit and Bond Funds Audits, in which the State of North Carolina is the Lead State**

1. **Introduction**

The Division seeks a Vendor, to be paid on a per hour basis, which has the skills, knowledge and experience to conduct state initiated audits, other than death benefit and bond funds audits, in which the state of North Carolina is the lead state. Death benefit and bond funds audits shall not be included in this component.

**A state initiated audit is defined as:**

An audit in which a state, through its Unclaimed Property division, requests that the books and records of a holder and/or its agent, including a transfer agent, be examined to ensure that the holder is in compliance with unclaimed property laws.

**A lead state is defined as:**

A lead state is the sole state or one of the first states to request that an audit be performed on a particular holder. Other states may have the option to join as well. Vendors often look to lead states to initiate any enforcement actions necessary.

The Vendor will conduct audits of specific holders at the request of the Division. Additionally, the Vendor will identify specific holders which it believes possesses past-due unclaimed property due to North Carolina, and will propose to the Division to conduct an audit of those identified holders. The Division will decide whether to authorize and approve the proposed audit. The Vendor shall not commence any audit on behalf of North Carolina without first obtaining the authorization and approval of the Division.

The Vendor shall be paid on a per hour basis for conducting state initiated audits, other than death benefit and bond funds audits, in which the state of North Carolina is the lead state. The Division is prohibited from paying Vendors on a contingency fee basis for unclaimed property audits, except for death benefit and bond funds audits.

2. **Minimum Qualifications**

The Vendor must meet all of the following minimum qualifications to be given further consideration:

- a) Written Certification Statement Verifying Relevant Knowledge: The Vendor must provide a written certification statement to the Division verifying knowledge in the following areas: NCGS Chapter 116B, relevant United States and North Carolina appellate case law, Generally Accepted Accounting Principles, and Generally Accepted Auditing Standards.
- b) Written Certification Statement Verifying Relevant Practical Experience: The Vendor must provide a written certification statement to the Division verifying its practical experience in auditing, financial statement preparation, and general ledger account review as related to unclaimed property.
- c) Vendor must have at least three (3) years of experience in the area of unclaimed property.

3. **Duties of Vendor**

Vendor will be required to perform the following the duties with regards to a state initiated audit, other than death benefit and bond funds audits, in which the state of North Carolina is the lead state, and must confirm that it will perform the following:

- a) Assist in identifying holders which are potentially in possession of past-due unclaimed property subject to report and delivery to the State of North Carolina.
- b) Upon authorization and approval, conduct audits of holders which are potentially in possession of past-due unclaimed property subject to report and delivery to the State of North Carolina.
  - i. Past-due unclaimed property is property that was demandable prior to the calling of an audit by a State's unclaimed property division.
- c) Follow NCGS Chapter 116B with regards to the presumptions of abandonment and periods of limitations for the reporting of past-due property held by the holder pursuant to NCGS § 116B-53.
- d) Obtain prior written authorization from the Division before initiating a proposed audit on behalf of the State of North Carolina. If a proposed audit involves securities, the Vendor must provide the Division with a listing of the issue names and CUSIPs, event date, and name of registered agent.
- e) Conduct an on-site or off-site examination of the holder's books and records, including general ledger and securities, in an effort to identify past-due unclaimed property.
- f) Employ generally accepted accounting practices to identify all categories of past-due unclaimed property, pursuant to Chapter 116B.
- g) Provide the Division with written notification within 30 calendar days of a holders' refusal to produce records to be reviewed or a holder's failure or refusal to report or remit unclaimed property. Vendor shall not initiate any further action unless advised otherwise in writing by the Division.
- h) Provide the Division with a Summary of Audit Findings.
- i) Assess, collect and remit any late interest in accordance with NCGS § 116B-77(a), unless otherwise agreed upon by the Division.
- j) Collect and remit the unclaimed property to the Division.
  - i. Prior to remittance, Vendor must balance and reconcile records.
  - ii. Prior to remittance, Vendor must obtain approval of the Audit Findings from the Division.
  - iii. Vendor must remit all unclaimed property upon completion of audit and must provide written identification and details of each property in accordance with the Division's direction.

- iv. With regards to securities, electronically transfer directly from the holder or the holder's transfer agent, to the Division's account unless instructed otherwise in writing by the Division. The Division will only accept certified shares for those securities which cannot be sent electronically, unless otherwise agreed to in advance in writing by the Division, with potential additional charges incurred by Vendor.
- v. All unclaimed property funds, interest or penalties, securities and other property shall be segregated and securely maintained by Vendor for a period not to exceed thirty (30) calendar days prior to being paid or delivered to the Division, or its designee. If Vendor fails to pay or deliver to the Division or its designee within 30 days, Vendor shall be charged interest, at the rate established by NCGS § 116B-77(a) and 20 NCAC 08.0112. Vendor must deliver all funds directly to the Division via overnight courier, freight pre-paid to the following address:

North Carolina Department of State Treasurer  
 Unclaimed Property Division  
 4021 Barrett Drive  
 Raleigh, North Carolina 27609

All eligible securities must be electronically transferred directly from the holder or the holder's transfer agent, to the Division's custodial account unless instructed otherwise in writing by the Division. The Division will only accept certified shares for those securities which cannot be sent electronically, unless otherwise agreed to in advance in writing by the Division, with potential additional charged incurred by Vendor.

The processing procedure of the Division is to deposit daily all unclaimed property funds received by the Division. This deposit does not of itself confirm the Division's acceptance or approval of Vendor's auditing services.

- k) Deliver to the Division a completed holder report for each audit in both an electronic format prescribed by the Division, and a paper report or approved PDF file.
  - i. Property must be coded with the applicable property code.
  - ii. The use of "other" or "miscellaneous" property code categories can be used only when no other property code is applicable.
- l) Notify the Division within seven (7) days of discovering that a holder has filed for bankruptcy, and work with the Division to ensure that a proper proof of claim is filed in the bankruptcy action.
- m) Require each holder to confirm in writing that it has acted in accordance with the due diligence requirements of Chapter 116B-59, and has employed good faith efforts to locate the owner.
- n) Instruct the holder to file all future reports directly with the Division, pursuant to Chapter 116B.
- o) Provide to the Division on a monthly basis a work in progress report ("WIP"), in accordance with a format prescribed by the Division.

**At which time the Vendor can reasonably estimate the amount of unclaimed property which will be remitted to North Carolina in any particular audit, the Vendor shall include such estimate in its monthly WIP.**

- p) Provide the Division with a calendar year end reconciliation report of all completed audits. The report shall be due within 30 days of December 31<sup>st</sup>.
- q) Pay any and all costs, charges, expenses or fees incurred by the Vendor in performing the audit, including, but not limited to any custodian's charges and/or fees for services rendered related to custodial services engaged by Vendor. Division will not be responsible for any such costs, charges, expenses or fees.
- r) Provide legal support and advice as needed.

#### 4. Authority of the Division

The Vendor must confirm its understanding and acceptance that the Division has the authority to do the following:

- a) Decline authorization request for any audit without proving justification for such denial.
- b) Suspend or terminate an audit at any time.
- c) Review all audit working papers maintained by the Vendor that are necessary to ensure the Vendor's compliance with all technical and financial provisions and all other terms and conditions of the contract.
- d) Participate in any phase of the audit.

#### 5. Non-compensatory or Reduced Compensatory Items

The Vendor must confirm its understanding and acceptance that it shall not be compensated or compensation shall be reduced under the following circumstances:

- a) If Vendor is conducting an audit of a holder for which the Vendor or an affiliate of Vendor has a separate agreement or arrangement to assist in the processing of the holder's unclaimed property reports, including performing due diligence for the holder.
- b) If the total value of past-due property remitted for an audit is less than \$1,000.
- c) For any portions of an unclaimed property report in which shares of stock were registered in the Division's name prior to the audit start date.
- d) If Vendor submits unclaimed property reports which are "Out of Proof," unless otherwise agreed to in writing by the Division. Out of Proof is defined as a report in which the amount identified to be reported is different than the amount being remitted.
- e) If Vendor submits unclaimed property reports that do not contain all required information and/or unclaimed property reports that are not formatted to the correct specifications. Property must be coded with the applicable property code. The use of "other" or "miscellaneous" property code categories can be used only when no other property code is applicable.
- f) If Vendor fails to obtain the required approvals regarding audit from the Division.

- g) In cases of corporate actions such as mergers, acquisitions or exchanges, for stock issues previously reported by a Vendor or transfer agent.
- h) If the number of actual hours worked, as reflected in the Vendor's time sheets, is less than the number of total hours approved, the Division shall not pay more than the actual hours worked.
- i) If Vendor remits property to North Carolina which is not past-due.

#### 6. Requirements and Terms and Conditions for Charges and Payment

Vendor must confirm its understanding and acceptance of the following requirements and terms and conditions:

- a) The Vendor shall conduct research on a holder's demographics and provide to the Division an estimate of the billable hours needed to complete an audit of the holder's books and records. Vendor shall not charge the Division for the research conducted and Vendor will not be paid for such.
- b) Vendor shall submit the estimated billable hours to the Division for approval prior to audit authorization.
- c) The Division shall review the estimated billable hours and shall determine the number of hours necessary to complete the assigned audit. Vendor shall be notified of the hours approved by the Division ("hours approved").
- d) Vendor shall agree to, and shall conduct the audit within the hours approved.
- e) If Vendor determines additional time is needed to perform the audit, Vendor shall notify the Division, in writing, explaining the grounds for the request for additional hours. The Division shall consider Vendor's request and shall inform Vendor, in writing, of any additional hours approved ("additional hours approved"). Vendor shall not exceed the hours approved without prior written approval by the Division.
- f) Vendor shall include in its WIP report the total number of hours expended to date on the audit, the number of hours approved for the audit, and any additional hours approved.
- g) Vendor shall not be compensated for any hours billed in excess of the total hours approved by the Division.
- h) Vendor shall submit monthly time sheets. The time sheets shall indicate work performed and identify hours worked for each audit being conducted by Vendor on behalf of the Division. The time sheets shall include, but not limited to, the following detail: the name of the person performing the work, the title of the person performing the work, the person's billable rate of pay, and a summary of the duties performed by each person identified. Vendor shall identify hours worked as: hours approved, additional hours approved, or hours not approved. If the number of actual hours worked, as reflected on the time sheets, is less than the number of total hours approved, the Division shall not pay more than the actual hours worked.
- i) Vendor shall submit an invoice for fee due after all past-due unclaimed property identified in the audit has been remitted to the Division.
  - i. Vendor shall include with the invoice a comprehensive timesheet for the hours worked on the audit. If the number of actual hours worked, as reflected on the time sheets, is less than the number of total hours approved, the Division shall not pay more than the actual hours worked.
  - ii. Vendor shall only charge for time spent performing actual audit work. Vendor shall not charge for any travel time, and Vendor shall not charge for any communications or meetings between it and employees and agents of the Division, including, but not limited to, phone calls, e-mails, legal support or advice.
  - iii. The Division will pay the Vendor on a monthly basis, provided all terms and conditions of the contract are met.

C. **Component 3 – State Initiated Audits, Other than Death Benefit and Bond Funds Audits, in which the State of North Carolina is a Participating State**

1. **Introduction**

The Division seeks a Vendor, to be paid on a flat rate basis, which has the skills, knowledge and experience to conduct state initiated audits, other than death benefit and bond funds audits, in which the state of North Carolina is a participating state. Death benefit and bond funds audits shall not be included in this component.

**A participating state is defined as:**

A participating state is one that has been asked by a Vendor to consider participation in an audit of a holder for which another state has already authorized.

The Vendor will propose to the Division audits in which North Carolina may choose to participate. The Division will decide whether to authorize and approve North Carolina's participation in the audit. The Vendor shall not commence any audit on behalf of North Carolina without first obtaining the authorization and approval of the Division.

The Vendor shall be paid on a flat rate basis for conducting state initiated audits, other than death benefit and bond funds audits, in which the state of North Carolina is a participating state. The Division is prohibited from paying Vendors on a contingency fee basis for unclaimed property audits, except for death benefit and bond funds audits.

2. **Minimum Qualifications**

The Vendor must meet all of the following minimum qualifications to be given further consideration:

- a) Written Certification Statement Verifying Relevant Knowledge: The Vendor must provide a written certification statement to the Division verifying knowledge in the following areas: NCGS Chapter 116B, relevant United States and North Carolina appellate case law, Generally Accepted Accounting Principles, and Generally Accepted Auditing Standards.
- b) Written Certification Statement Verifying Relevant Practical Experience: The Vendor must provide a written certification statement to the Division verifying its practical experience in auditing, financial statement preparation, and general ledger account review as related to unclaimed property.
- c) Vendor must have at least three (3) years of experience in the area of unclaimed property.

3. **Duties of Vendor**

Vendor will be required to perform the following with regards to a state initiated audit, other than death benefit and bond funds audits, in which the state of North Carolina is a participating state, and must confirm that it will perform the following:

- a) Upon authorization and approval, conduct audits of holders which are potentially in possession of past-due unclaimed property subject to report and delivery to the State of North Carolina.
  - i. Past-due unclaimed property is property that was demandable prior to the calling of an audit by a State's unclaimed property division.
- b) Follow NCGS Chapter 116B with regards to the presumptions of abandonment and periods of limitations for the reporting of past-due property held by the holder pursuant to NCGS § 116B-53.
- c) Obtain prior written authorization from the Division before initiating a proposed audit on behalf of the State of North Carolina. If a proposed audit involves securities, the Vendor must provide the Division with a listing of the issue names and CUSIPs, event date, and name of registered agent.
- d) Conduct an on-site or off-site examination of the holder's books and records, including general ledger and securities, in an effort to identify past-due unclaimed property.
- e) Employ generally accepted accounting practices to identify all categories of past-due unclaimed property, pursuant to Chapter 116B.
- f) Provide the Division with written notification within 30 calendar days of a holders' refusal to produce records to be reviewed or a holder's failure or refusal to report or remit unclaimed property. Vendor shall not initiate any further action unless advised otherwise in writing by the Division.
- g) Provide the Division with a Summary of Audit Findings.
- h) Assess, collect and remit any late interest in accordance with NCGS § 116B-77(a), unless otherwise agreed upon by the Division.
- i) Collect and remit the unclaimed property to the Division.
  - i. Prior to remittance, Vendor must balance and reconcile records.
  - ii. Vendor must remit all unclaimed property upon completion of audit and must provide written identification and details of each property in accordance with the Division's direction.
  - iii. With regards to securities, electronically transfer directly from the holder or the holder's transfer agent, to the Division's account unless instructed otherwise in writing by the Division. The Division will only accept certified shares for those securities which cannot be sent electronically, unless otherwise agreed to in advance in writing by the Division, with potential additional charges incurred by Vendor.
  - iv. All unclaimed property funds, interest or penalties, securities and other property shall be segregated and securely maintained by Vendor for a period not to exceed thirty (30) calendar days prior to being paid or delivered to the Division, or its designee. If Vendor fails to pay or deliver to the Division or its designee within 30 days, Vendor shall

be charged interest, at the rate established by NCGS § 116B-77(a) and 20 NCAC 08.0112. Vendor must deliver all funds directly to the Division via overnight courier, freight pre-paid to the following address:

North Carolina Department of State Treasurer  
Unclaimed Property Division  
4021 Barrett Drive  
Raleigh, North Carolina 27609

All eligible securities must be electronically transferred directly from the holder or the holder's transfer agent, to the Division's custodial account unless instructed otherwise in writing by the Division. The Division will only accept certified shares for those securities which cannot be sent electronically, unless otherwise agreed to in advance in writing by the Division, with potential additional charged incurred by Vendor.

The processing procedure of the Division is to deposit daily all unclaimed property funds received by the Division. This deposit does not of itself confirm the Division's acceptance or approval of Vendor's auditing services.

- j) Deliver to the Division a completed holder report for each audit in both an electronic format prescribed by the Division, and a paper report or approved PDF file.
  - i. Property must be coded with the applicable property code.
  - ii. The use of "other" or "miscellaneous" property code categories can be used only when no other property code is applicable.
- k) Notify the Division within seven (7) days of discovering that a holder has filed for bankruptcy, and work with the Division to ensure that a proper proof of claim is filed in the bankruptcy action.
- l) Require each holder to confirm in writing that it has acted in accordance with the due diligence requirements of Chapter 116B-59, and has employed good faith efforts to locate the owner.
- m) Instruct the holder to file all future reports directly with the Division, pursuant to Chapter 116B.
- n) Provide to the Division on a monthly basis a work in progress report ("WIP"), in accordance with a format prescribed by the Division.

**At which time the Vendor can reasonably estimate the amount of unclaimed property which will be remitted to North Carolina in any particular audit, the Vendor shall include such estimate in its monthly WIP.**

- o) Provide the Division with a calendar year end reconciliation report of all completed audits. The report shall be due within 30 days of December 31<sup>st</sup>.
- p) Pay any and all costs, charges, expenses or fees incurred by the Vendor in performing the audit, including, but not limited to any custodian's charges and/or fees for services rendered related to custodial services engaged by Vendor. Division will not be responsible for any such costs, charges, expenses or fees.
- q) Provide legal support and advice as needed.

#### 4. Authority of the Division

The Vendor must confirm its understanding that the Division has the authority to do the following:

- a) Decline authorization request for any audit without proving justification for such denial.
- b) Suspend or terminate an audit at any time.
- c) Review all audit working papers maintained by the Vendor that are necessary to ensure the Vendor's compliance with all technical and financial provisions and all other terms and conditions of the contract.
- d) Participate in any phase of the audit.

#### 5. Non-compensatory or Reduced Compensatory Items

The Vendor must confirm its understanding that it shall not be compensated or compensation shall be reduced under the following circumstances:

- a) If Vendor is conducting an audit of a holder for which the Vendor or an affiliate of Vendor has a separate agreement or arrangement to assist in the processing of the holder's unclaimed property reports, including performing due diligence for the holder.
- b) If the total value of past-due property remitted for an audit is less than \$2,500.
- c) For any portions of an unclaimed property report in which shares of stock were registered in the Division's name prior to the audit start date.
- d) If Vendor submits unclaimed property reports that do not contain all required information and/or unclaimed property reports that are not formatted to the correct specifications. Property must be coded with the applicable property code. The use of "other" or "miscellaneous" property code categories can be used only when no other property code is applicable.
- e) If Vendor fails to obtain the required approvals regarding audit from the Division.
- f) In cases of corporate actions such as mergers, acquisitions or exchanges, for stock issues previously reported by a Vendor or transfer agent.
- g) If Vendor remits property to North Carolina which is not past-due.

#### 6. Requirements and Terms and Conditions for Charges and Payment

Vendor must confirm its understanding and acceptance of the following requirements and terms and conditions:

- a) Vendor shall submit an invoice for flat rate due after all past-due unclaimed property identified in the audit has been remitted to the Division.
- b) The Division will pay Vendor on a monthly basis, provided all terms and conditions of the contract are met.

D. **Component 4 - Cooperative Audits, Other than Death Benefit and Bond Funds Audits**

1. **Introduction**

The Division seeks a Vendor, to be paid on a flat rate basis, which has the skills, knowledge and experience to conduct a cooperative audit. Death benefit and bond funds audits shall not be included in this component.

**A cooperative audit is defined as:**

An audit in which a holder voluntarily requests a Vendor to assist in the examination of the books and records of the holder and/or its agent, including a transfer agent, to ensure that the holder is in compliance with unclaimed property laws, including the reporting of unclaimed property.

The Vendor will identify specific holders which it believes possesses past-due unclaimed property due to North Carolina, and will propose to the Division to conduct an audit of those identified holders. The Division will decide whether to authorize and approve the proposed audit. The Vendor shall not commence any audit on behalf of North Carolina without first obtaining the authorization and approval of the Division.

The Vendor shall be paid on a flat rate basis for conducting cooperative audits, other than death benefit and bond funds audits. The Division is prohibited from paying Vendors on a contingency fee basis for unclaimed property audits, except for death benefit and bond funds audits.

2. **Minimum Qualifications**

The Vendor must meet all of the following minimum qualifications to be given further consideration:

- a) **Written Certification Statement Verifying Relevant Knowledge:** The Vendor must provide a written certification statement to the Division verifying knowledge in the following areas: NCGS Chapter 116B, relevant United States and North Carolina appellate case law, Generally Accepted Accounting Principles, and Generally Accepted Auditing Standards.
- b) **Written Certification Statement Verifying Relevant Practical Experience:** The Vendor must provide a written certification statement to the Division verifying its practical experience in auditing, financial statement preparation, and general ledger account review as related to unclaimed property.
- c) Vendor must have at least three (3) years of experience in the area of unclaimed property.

3. **Duties of Vendor**

Vendor will be required to perform the following with regards to a cooperative audit, and must confirm that it will perform the following:

- a) Locate holders in possession of past-due unclaimed property subject to report and delivery to the State of North Carolina.
- b) Upon authorization and approval, conduct audits of holders which are potentially in possession of past-due unclaimed property subject to report and delivery to the State of North Carolina.
  - i. Past-due unclaimed property is property that was demandable prior to the Vendor's initial contact with the holder.
- c) Follow NCGS Chapter 116B with regards to the presumptions of abandonment and periods of limitations for the reporting of past-due property held by the holder pursuant to NCGS § 116B-53.
- d) Obtain prior written authorization from the Division before accepting property on behalf of North Carolina. If a proposed audit involves securities, the Vendor must provide the Division with a listing of the issue names and CUSIPs, event date, and name of registered agent.
- e) Employ generally accepted accounting practices to identify all categories of past-due unclaimed property, pursuant to Chapter 116B.
- f) Provide the Division with a Summary of Audit Findings.
- g) Assess, collect and remit any late interest in accordance with NCGS § 116B-77(a), unless otherwise agreed upon by the Division.
- h) Collect and remit the unclaimed property to the Division.
  - i. Prior to remittance, Vendor must balance and reconcile records.
  - ii. Vendor must remit all unclaimed property upon completion of the audit and must provide written identification and details of each property in accordance with the Division's direction.
  - iii. With regards to securities, electronically transfer directly from the holder or the holder's transfer agent, to the Division's account unless instructed otherwise in writing by the Division. The Division will only accept certified shares for those securities which cannot be sent electronically, unless otherwise agreed to in advance in writing by the Division, with potential additional charges incurred by Vendor.
  - iv. All unclaimed property funds, interest or penalties, securities and other property shall be segregated and securely maintained by Vendor for a period not to exceed thirty (30) calendar days prior to being paid or delivered to the Division, or its designee. If Vendor fails to pay or deliver to the Division or its designee within 30 days, Vendor shall be charged interest, at the rate established by NCGS § 116B-77(a) and 20 NCAC 08.0112. Vendor must deliver all funds directly to the Division via overnight courier, freight pre-paid to the following address:

North Carolina Department of State Treasurer  
Unclaimed Property Division  
4021 Barrett Drive  
Raleigh, North Carolina 27609

All eligible securities must be electronically transferred directly from the holder or the holder's transfer agent, to the Division's custodial account unless instructed otherwise in writing by the Division. The Division will only accept certified shares for those securities which cannot be sent electronically, unless otherwise agreed to in advance in writing by the Division, with potential additional charges incurred by Vendor.

The processing procedure of the Division is to deposit daily all unclaimed property funds received by the Division. This deposit does not of itself confirm the Division's acceptance or approval of Vendor's auditing services.

- i) Deliver to the Division a completed holder report for each audit in both an electronic format prescribed by the Division, and a paper report or approved PDF file.
  - i. Property must be coded with the applicable property code.
  - ii. The use of "other" or "miscellaneous" property code categories can be used only when no other property code is applicable.
- j) Notify the Division within seven (7) days of discovering that a holder has filed for bankruptcy, and work with the Division to ensure that a proper proof of claim is filed in the bankruptcy action.
- k) Require each holder to confirm in writing that it has acted in accordance with the due diligence requirements of Chapter 116B-59 and has employed good faith efforts to locate the owner.
- l) Instruct the holder to file all future reports directly with the Division, pursuant to Chapter 116B.
- m) Provide to the Division on a monthly basis a work in progress report ("WIP"), in accordance with a format prescribed by the Division.

**At which time the Vendor can reasonably estimate the amount of unclaimed property which will be remitted to North Carolina in any particular audit, the Vendor shall include such estimate in its monthly WIP.**

- n) Provide the Division with a calendar year end reconciliation report of all completed audits. The report shall be due within 30 days of December 31<sup>st</sup>.
- o) Pay the costs of any all expenses incurred by the Vendor in performing the audit, including, but not limited to any custodian's charges and/or fees for services rendered related to custodial services engaged by Vendor. Division will not be responsible for any such costs, charges, expenses or fees.
- p) Provide legal support and advice as needed.

#### 4. Authority of the Division

The Vendor must confirm its understanding and acceptance that the Division has the authority to do the following:

- a) Decline authorization requests for any and all audits without proving justification for such denial.
- b) Suspend or terminate an audit at any time.
- c) Review all audit working papers maintained by the Vendor that are necessary to ensure the Vendor's compliance with all technical and financial provisions and all other terms and conditions of the contract.

#### 5. Non-compensatory or Reduced Compensatory Items

The Vendor must confirm its understanding and acceptance that it shall not be compensated or compensation shall be reduced under the following circumstances:

- a) If Vendor reports property categories in which a holder, Vendor, or transfer agent has previously reported to the Division. In the case of corporate actions, such as mergers, acquisitions or exchanges, this would include stock issues previously reported to the Division by a holder, Vendor or transfer agent.
- b) For property remitted for holders incorporated or headquartered in North Carolina.
- c) If the Vendor remits property from a holder which was contacted by the Division for compliance purposes within 3 years of the start of the cooperative audit.
- d) If Vendor is conducting an audit of a holder for which the Vendor or an affiliate of Vendor has a separate agreement or arrangement to assist in the processing of the holder's unclaimed property reports, including performing due diligence for the holder.
- e) If the total value of past-due property remitted for an audit is less than \$1,000.
- f) For any portions of an unclaimed property report in which shares of stock were registered in the Division's name prior to the audit start date.
- g) If Vendor submits unclaimed property reports which are "Out of Proof," unless otherwise agreed to in writing by the Division. Out of Proof is defined as a report in which the amount identified to be reported is different than the amount being remitted.
- h) If Vendor submits unclaimed property reports that do not contain all required information and/or unclaimed property reports that are not formatted to the correct specifications. Property must be coded with the applicable property code. The use of "other" or "miscellaneous" property code categories can be used only when no other property code is applicable.
- i) If Vendor fails to obtain the required approvals regarding audit from the Division.
- j) If Vendor remits property to North Carolina which is not past-due.

#### 6. Requirements and Terms and Conditions for Charges and Payment

Vendor must confirm its understanding and acceptance of the following requirements and terms and conditions:

- a) Vendor shall submit an invoice for flat rate due after all past-due unclaimed property identified in the audit has been remitted to the Division.
- b) The Vendor's fee shall not be due and payable until all past-due unclaimed property identified in the audit has been remitted to the Division, and only if all terms and conditions of the contract are met.

**E. Component 5 – Unclaimed Property Audit Training and Holder Education Training**

**1. Introduction**

The Division seeks a Vendor, to be paid on a flat rate basis, which has the skills, knowledge and experience to provide audit training to its staff and to provide holder education training to entities which do business or have a presence in North Carolina.

The Vendor shall be paid on a flat rate basis to conduct the trainings.

**2. Minimum Qualifications**

The Vendor must meet all of the following minimum qualifications to be given further consideration:

- a) **Written Certification Statement Verifying Relevant Knowledge:** The Vendor must provide a written certification statement to the Division verifying knowledge in the following areas: NCGS Chapter 116B, relevant United States and North Carolina appellate case law, Generally Accepted Accounting Principles, and Generally Accepted Auditing Standards.
- b) **Written Certification Statement Verifying Relevant Practical Experience:** The Vendor must provide a written certification statement to the Division verifying its practical experience in auditing, financial statement preparation, and general ledger account review as related to unclaimed property.
- c) Vendor must have at least three (3) years of experience in the area of unclaimed property.

**3. Duties of Vendor**

Vendor will be required to perform the following with regards to trainings, and must confirm that it will perform the following:

**a) Audit Training for Division Staff**

Vendor must provide at least one (1) in-person training session with the Division's audit staff per contract year, according to the requirements below:

- i. The session must be held at a location, date and time mutually agreed upon with the Division.
- ii. The session must be at least six (6) hours in length.
- iii. The training must contain current and accurate information regarding unclaimed property audits, best practices and relevant laws and rules.
- iv. Vendor must provide needed presenters and relevant materials for the trainings.
- v. Vendor is responsible for all its travel costs.

**b) Holder Education Training**

Vendor must provide at least one (1) holder education training session per contract year, according to the requirements below:

- i. The session will be held at a location, date and time mutually agreed upon with the Division.
- ii. Vendor, in conjunction with Division staff, will advertise the training to holders.
- iii. The session must be at least six (6) hours in length.
- iv. The training must contain current and accurate information regarding unclaimed property audits, best practices and relevant laws and rules.
- v. Vendor must provide needed presenters and relevant materials for the trainings.
- vi. Vendor is responsible for any and all costs it incurs, including, but not limited to, its travel costs, and the costs of training materials.

**4. Requirements and Terms and Conditions for Charges and Payment**

Vendor must confirm its understanding and acceptance of the following requirements and terms and conditions:

- a) Vendor shall submit an invoice for flat rate due after the training session is completed.
- b) Vendor shall not be paid unless all terms and conditions of the contract are met.

**Prohibited Communications:** FROM THE ISSUANCE DATE OF THIS RFP THROUGH THE DATE THE CONTRACT IS AWARDED, EACH OFFEROR (INCLUDING ITS SUBCONTRACTORS AND/OR SUPPLIERS) 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, DEPARTMENT SECRETARY, AGENCY HEAD, MEMBERS OF THE GENERAL ASSEMBLY AND/OR GOVERNOR'S OFFICE), OR PRIVATE ENTITY, AND THE COMMUNICATION DISCUSSES THE CONTENT OF OFFEROR'S PROPOSAL OR QUALIFICATIONS, THE CONTENTS OF ANOTHER OFFEROR'S PROPOSAL, ANOTHER OFFEROR'S QUALIFICATIONS OR ABILITY TO PERFORM THE CONTRACT, AND/OR THE TRANSMITTAL OF ANY OTHER COMMUNICATION OF INFORMATION THAT HAS THE EFFECT OF DIRECTLY OR INDIRECTLY INFLUENCING THE EVALUATION OF PROPOSALS AND/OR THE AWARD OF THE CONTRACT. OFFERORS NOT IN COMPLIANCE WITH THIS PROVISION SHALL BE DISQUALIFIED FROM CONTRACT AWARD, UNLESS IT IS DETERMINED THAT THE BEST INTEREST OF THE STATE WOULD NOT BE SERVED BY THE DISQUALIFICATION. AN OFFEROR'S PROPOSAL MAY BE DISQUALIFIED IF ITS SUBCONTRACTOR AND SUPPLIER ENGAGE IN ANY OF THE FOREGOING COMMUNICATIONS DURING THE TIME THAT THE PROCUREMENT IS ACTIVE (I.E., THE ISSUANCE DATE OF THE PROCUREMENT TO THE DATE OF CONTRACT AWARD). ONLY THE DISCUSSIONS, COMMUNICATIONS OR TRANSMITTALS OF INFORMATION AUTHORIZED BY THE ISSUING AGENCY IN THIS RFP OR GENERAL INQUIRIES TO THE PURCHASER REGARDING THE STATUS OF THE CONTRACT AWARD ARE EXEMPT FROM THIS PROVISION.

**SECTION IV: THE PROCUREMENT PROCESS**

The following is a general description of the process by which a firm will be selected to provide services.

1. Request for Proposals (RFP) is issued to prospective contractors.
2. A preproposal conference and/or deadline for written questions is set. (See cover sheet of this RFP for details.)
3. Proposals in one original and **eight (8)** copies will be received from each Offeror in a sealed envelope or package. Each original shall be signed and dated by an official authorized to bind the firm. Unsigned proposals will not be considered.
4. All proposals must be received by the issuing agency not later than the date and time specified on the cover sheet of this RFP.
5. At that date and time the package containing the proposals from each responding firm will be opened publicly and the name of the Offeror and cost(s) offered will be announced. 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 an Offeror's pricing position.
6. At their option, the evaluators may request oral presentations or discussion with any or all Offerors for the purpose of clarification or to amplify the materials presented in any part of the proposal. However, Offerors are cautioned that the evaluators are not required to request clarification; therefore, all proposals should be complete and reflect the most favorable terms available from the Offeror.
7. Proposals will be evaluated according to the criteria below:

Criteria for Components 1., 2., 3., and 4. of RFP	Percentage Score
1. Expertise performing audits and use of technology to perform audits: Qualified staff (experience and training) Experience in providing like services Resources available References	30%
2. Reasonableness of cost	30%
3. Audit philosophy and strategy: Methodology to accomplish task Audit procedures/policies and practices utilized Identifying audit candidates	30%
4. Quality, completeness, responsiveness, conformity, and overall content of RFP answers: Responses formatted as required by RFP Acceptance of terms and conditions stated in RFP Vendor's understanding of the project Adequacy and completeness of the proposal	10%
5. Financial stability of Vendor	Pass/Fail

Criteria for Component 5. of RFP	Percentage Score
1. Knowledge in unclaimed property audit procedures and unclaimed property laws and holder reporting requirements: Qualified staff (experience and training) Experience in providing like services Resources available References	40%
2. Reasonableness of cost	50%
3. Quality, completeness, responsiveness, conformity, and overall content of RFP answers: Responses formatted as required by RFP Acceptance of terms and conditions stated in RFP Vendor's understanding of the project Adequacy and completeness of the proposal	10%
4. Financial stability of Vendor	Pass/Fail

Financial information, statements and/or documents submitted with a proposal shall be evaluated to determine: whether the Offeror has sufficient ability to perform the contract; whether the Offeror is able to meet its short term obligations, debts, liabilities, payroll, and expenses; whether Offeror has provided complete, reliable and accurate financial information regarding its business operation; whether the Offeror is financially solvent; and whether Offeror has sufficient cash flow and/or available financing from a financial institution to perform the proposed contract for 60 days without receiving payment from the State.

The evaluators may randomly select one of Offeror's references, but the evaluators' reserve the right to contact all the references listed, if information from the one reference contacted warrants further inquiry. The failure of the Offeror to list all similar contracts in the specified period may result in the rejection of the Offeror's proposal. The evaluators may check all public sources to determine whether Offeror has listed all contracts for similar work within the designated period. If the evaluators determine that references for other public contracts for similar contracts were not listed, the evaluators may contact the public entities to make

inquiry into Offeror's performance of those contracts and the information obtained may be considered in evaluating Offeror's proposal. Award of a contract to one Offeror does not mean that the other proposals lacked merit, but that, all factors considered, the selected proposal was deemed most advantageous to the State.

8. Offerors are cautioned that this is a request for offers, not a request to contract, and the State reserves the unqualified right to reject any and all offers when such rejection is deemed to be in the best interest of the State.

## SECTION V. PROPOSAL REQUIREMENTS

### A. Division's Right to Investigate and Reject

The Division may make such investigations as deemed necessary to ensure minimum experience requirements and to determine the ability of Vendor to perform the services specified. The Division reserves the right to reject any proposal if the evidence submitted by, or investigation of Vendor fails to satisfy the Division that Vendor is properly qualified to carry out the obligations of the contract. This includes the Division's ability to reject the proposal based on negative references.

### B. Submission of Technical Proposal (Content and Format)

The proposal must consist of a complete response to each of the RFP components on which the Offeror is bidding, as well as responses to the information requested within Section III. Responses should be organized and clearly labeled to correspond to the layout of the RFP.

**NOTE, responses and documents should be clearly labeled to indicate to which component(s) the responses and documents correspond.**

### C. Vendor Qualifications/Informational Requirements

In order for the Division to determine the capabilities of a Vendor to perform the services specified in Section III, Vendor must respond to the following requests for information regarding its ability to meet the Division's requirements.

#### 1. **Corporate Background**

Vendor shall provide background information on its entity and shall provide details of experience with similar projects.

#### 2. **References**

Vendor shall provide at least three (3) references that are currently utilizing the Vendor's services, comparable to the services the Vendor is proposing to provide to the Division.

Vendor should provide the name, contact person(s), telephone number, e-mail address, and a complete description of the service type, and dates the services were provided for each reference.

These references may be contacted by the Division to verify Vendor's ability to perform the contract.

The Division reserves the right to use any information or additional references deemed necessary to establish the ability of the Vendor to perform the conditions of the contract. Negative references may be grounds for proposal disqualification.

#### 3. **Resumes/Company Profile and Experience**

Vendor shall provide responses and provide documentation responsive to the following:

- a) **Legal Entity:** Vendor shall identify the legal entity submitting the proposal by providing the name and address of its principal office or headquarters, including specifying the office(s) from which this project will be managed.
- b) Vendor shall list all contracts with any entity within the last three (3) years in which the Vendor has provided, or is providing, services similar to those outlined in the components of the RFP for which the Vendor is submitting a proposal(s).
- c) **Resumes/Summary of Qualifications:** A resume or summary of qualifications, work experience, education, skills, etc., which emphasizes previous experience comparable to the services the Vendor is proposing to provide to the Division for all key personnel who will be involved with any aspects of the contract.
- d) **Audit Personnel List:** In response to Component 1, Component 2, Component 3, Component 4, or some combination thereof, list all personnel who will be assigned to assist in the audit, including but not limited to, the personnel who will conduct the initial activities of the audit, the personnel who will present the audit report to the Division, and the personnel who will provide audit correspondences at the Division's request.
- e) **Sub-Vendors:** Identify any Sub-Vendors, including legal support, that Vendor will utilize for services related to this RFP, such as but not limited to, due diligence, processing and/or converting data files, referrals, etc., and clearly outline the work to be performed by such SubVendor(s).
- f) **Proposal/Contract/Project Contacts:** Identify the person authorized to answer questions concerning the proposal. This person must be available and accessible to Division members and staff throughout the period of any contract negotiations. Identify the person authorized to execute the contract on behalf of the Vendor specific reference to any documents necessary to evidence such authority (e.g., articles of incorporation, bylaws, partnership agreement, etc.). Also name the person who will have responsibility for managing the project. The project manager must be available and accessible to Division members and staff throughout the period of any resulting contract.

#### 4. Method of Providing Services

- a) Requirements for Vendors submitting proposals responsive to Components, 1., 2., 3., and 4. of the RFP.

Vendor shall provide a description of its work plans, unclaimed property audit programs and its methods of auditing holders of unclaimed properties that will convincingly demonstrate to the Division what Vendor intends to do to complete the service requirements of the contract as set forth above for each of the following first level tasks. If Vendor proposes to provide services that do not meet the specific requirements, but in the opinion of Vendor are equivalent or superior to those specifically requested, any such differences must be expressly noted. A proposal that does not respond to the specific services requested may be deemed unresponsive. The required first level tasks are as follows:

- i. Perform Services Pursuant to the North Carolina Unclaimed Property Act.
- ii. Deliver Past-Due Unclaimed Property from Holders
- iii. File a Proof of Claim in Case of Bankruptcy Action.
- iv. Follow Provisions of NCGS Chapter 116B.
- v. Follow U.S. Supreme Court Rulings and Federal Law.
- vi. Perform Audits According to AICPA Professional Standards.
- vii. Deliver Electronic Holder Reports to the Division.
- viii. The Disclosure Information Requested below in # 5 of this Section.
- ix. Comply with Chapter 75, Article 2A of the General Statutes, "Identity Theft Protection Act".

Vendor shall provide the following documents:

- i. A sample holder report, both electronic and hard copy. The holder report should include the Division's ASD-159 and ASD-21, or equivalents.
- ii. A sample invoice for Components 1., 2., 3., and 4. of the RFP.
- iii. A sample timesheet for Component 2 of the RFP.
- iv. A sample WIP report for Components 1., 2., 3., and 4. of the RFP.

- b) Requirements for Vendors submitting proposals responsive to Component 5 of the RFP.

Vendor shall provide the following:

- i. A recent sample curriculum for audit and holder trainings, and related handouts.
- ii. A statement of the various methods of training Vendor provides (e.g. live training and webinars), and samples, if available.
- iii. A listing of all audit and holder trainings at which Vendor has participated in the last three (3) years.

#### 5. Conflict of Interest /Litigation Disclosure/Client Disclosure

Vendor shall provide responses and provide documentation responsive to the following:

- a) Vendor must identify any relationships it may have with holders, holder's agents, firms, individuals, or subsidiaries that could benefit from Vendor providing the services requested in this RFP. This would include any entities that would receive a portion of the fees paid to the Vendor.
- b) If Vendor has been involved in any litigation involving a sum of \$100,000 or more, or subject to any professional disciplinary action over the last three years, Vendor must provide a description of the litigation or disciplinary action.
- c) Vendor must disclose any separate agreements it may have, or an affiliate of the Vendor may have with holders, holders' agents, firms, individuals, or subsidiaries relating to unclaimed property services, such as, but not limited to, the processing of unclaimed property records or reports, and locating or due diligence services.

#### 6. Financial Statements

The Offeror shall provide the following financial information:

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 Offeror 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))

Consolidated financial statements of the Offeror's parent or related corporation/business entity shall not be considered, unless: (1) the Offeror'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 Division with a document wherein the parent or related corporation/business entity will be financially responsible for the Offeror'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) Offeror provides its own internally prepared financial statements and such other evidence of its own financial stability identified above.

The Offeror'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 Offeror's proposal and rejection is more likely to occur if other Offerors provide financial documentation in compliance with the foregoing provisions. Offerors 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 shall be kept confidential, IF THE OFFEROR COMPLIES WITH PARAGRAPH 13 OF THE GENERAL INFORMATION ON SUBMITTING PROPOSALS BY MARKING THE FINANCIAL INFORMATION, STATEMENTS AND/OR DOCUMENTS CONFIDENTIAL.

#### **7. Cost Proposal**

Offerors are required to submit a Cost Proposal for each component on which they are bidding. Cost proposal(s) must be submitted in accordance with Exhibit A. The Division reserves the right to reject proposals deemed incomplete or non-compliant with this requirement.

The Cost proposal(s) shall be submitted in a separate, sealed package.

**SECTION VI: COST PROPOSAL/EXECUTION OF PROPOSAL**

By submitting this proposal, the potential contractor certifies the following:

This proposal is signed by an authorized representative of the firm.

It can obtain insurance certificates as required within 10 calendar days after notice of award.

The cost and availability of all equipment, materials, and supplies associated with performing the services described herein have been determined and included in the proposed cost.

All labor costs, direct and indirect, and all Vendor's travel costs, have been determined and included in the proposed cost.

The Offeror can and will provide the specified performance bond or alternate performance guarantee *(if applicable)*.

The potential contractor has read and understands the conditions set forth in this RFP and agrees to them with no exceptions.

The Offeror is registered in NC E-Procurement @ Your Service or agrees to register within two days after notification of contract award.

Therefore, in compliance with this Request for Proposals, and subject to all conditions herein, the undersigned offers and agrees, if this proposal is accepted within 90 days from the date of the opening, to furnish the subject services for the cost stated.

OFFEROR: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

CITY, STATE, ZIP: \_\_\_\_\_

TELEPHONE NUMBER: \_\_\_\_\_ FAX: \_\_\_\_\_

E-MAIL: \_\_\_\_\_

Principal Place of Business if different from above (See General Information on Submitting Proposals, Item 18.):

\_\_\_\_\_

**Will any of the work under this contract be performed outside the United States?**  Yes  No  
**(If yes, describe in technical proposal.)**

**N.C.G.S. § 133-32 and Executive Order 24** prohibit the offer to, or acceptance by, any State Employee 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 any response in this procurement, you attest, for your entire organization and its employees or agents, that you are not aware that any such gift has been offered, accepted, or promised by any employees of your organization.

BY: \_\_\_\_\_ TITLE: \_\_\_\_\_ DATE: \_\_\_\_\_

(Signature)

\_\_\_\_\_

(Printed name)

\*\*\*\*\*

**ACCEPTANCE OF PROPOSAL**

***(Using Agency Name)***

BY: \_\_\_\_\_ TITLE: \_\_\_\_\_ DATE: \_\_\_\_\_

**THIS PAGE MUST BE SIGNED AND INCLUDED IN YOUR PROPOSAL.**

Unsigned proposals will not be considered.

**SECTION VII: WHERE SERVICE CONTRACTS WILL BE PERFORMED**

In accordance with NC General Statute 143-59.4 (Session Law 2005-169), this form is to be completed and submitted with the Offeror's (technical) proposal/bid.



Issuing Agency: NC Department of State Treasurer                      Solicitation # 07-S12015  
*Agency Contact Person & phone #: Debra Bryan – (919)508-5307*

Solicitation Title / Type of Services: Unclaimed Property Audit and Training Services

OFFEROR: \_\_\_\_\_

City & State: \_\_\_\_\_

Location(s) from which services will be performed by the contractor:

Service	City/Providence/State	Country
_____	_____	_____
_____	_____	_____
_____	_____	_____

Location(s) from which services are anticipated to be performed outside the U.S. by the contractor:

_____	_____	_____
_____	_____	_____

Location(s) from which services will be performed by subcontractor(s):

Service	Subcontractor	City/Providence/State	Country
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Location(s) from which services are anticipated to be performed outside the U.S. by the subcontractor(s):

_____	_____	_____	_____
_____	_____	_____	_____

(Attach additional pages if necessary.)

## SECTION VIII: GENERAL INFORMATION ON SUBMITTING PROPOSALS

1. **EXCEPTIONS:** All proposals are subject to the terms and conditions outlined herein. All responses shall be controlled by such terms and conditions and the submission of other terms and conditions, price lists, catalogs, and/or other documents as part of an Offeror's response will be waived and have no effect either on this Request for Proposals or on any contract that may be awarded resulting from this solicitation. Offeror specifically agrees to the conditions set forth in the above paragraph by signature to the proposal.
2. **CERTIFICATION:** By executing the proposal, the signer certifies that this proposal is submitted competitively and without collusion (G.S. 143-54), that none of our 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 we are not an ineligible Vendor as set forth in G.S. 143-59.1. False certification is a Class I felony.
3. **ORAL EXPLANATIONS:** The State shall not be bound by oral explanations or instructions given at any time during the competitive process or after award.
4. **REFERENCE TO OTHER DATA:** Only information which is received in response to this RFP will be evaluated; reference to information previously submitted shall not be evaluated.
5. **ELABORATE PROPOSALS:** Elaborate proposals in the form of brochures or other presentations beyond that necessary to present a complete and effective proposal are not desired.

In an effort to support the sustainability efforts of the State of North Carolina we solicit your cooperation in this effort.

**It is desirable that all responses meet the following requirements:**

- All copies are printed **double sided**.
  - All submittals and copies are printed on **recycled paper with a minimum post-consumer content of 30%** and indicate this information accordingly on the response.
  - Unless absolutely necessary, all proposals and copies should **minimize or eliminate use of non-recyclable or non re-usable materials** such as plastic report covers, plastic dividers, vinyl sleeves, and GBC binding. Three-ringed binders, glued materials, paper clips, and staples are acceptable.
  - Materials should be submitted in a format which allows for **easy removal and recycling** of paper materials.
6. **COST FOR PROPOSAL PREPARATION:** Any costs incurred by Offerors in preparing or submitting offers are the Offerors' sole responsibility; the State of North Carolina will not reimburse any Offeror for any costs incurred prior to award.
  7. **TIME FOR ACCEPTANCE:** Each proposal shall state that it is a firm offer which may be accepted within a period of 60 days. Although the contract is expected to be awarded prior to that time, the 60 day period is requested to allow for unforeseen delays.
  8. **TITLES:** Titles and headings in this RFP and any subsequent contract are for convenience only and shall have no binding force or effect.
  9. **CONFIDENTIALITY OF PROPOSALS:** In submitting its proposal the Offeror agrees not to discuss or otherwise reveal the contents of the proposal to any source outside of the using or issuing agency, government or private, until after the award of the contract. . Only those communications with the using agency or issuing agency authorized by this RFP are permitted. All Offerors are advised that they are not to have any communications with the using or issuing agency during the evaluation of the proposals (i.e., after the public opening of the proposals and before the award of the contract), unless the State's purchaser contacts the Offeror(s) for purposes of seeking clarification. An Offeror shall not: transmit to the issuing and/or using agency any information commenting on the ability or qualifications of other Offerors to perform the advertised contract and/or the other Offerors' proposals and/or prices at any time during the procurement process; or engage in any other communication or conduct attempting to influence the evaluation and/or award of the contract that is the subject of this RFP. Offerors not in compliance with this provision may be disqualified, at the option of the State, from contract award. Only discussions authorized by the issuing agency are exempt from this provision.
  10. **RIGHT TO SUBMITTED MATERIAL:** All responses, inquiries, or correspondence relating to or in reference to the RFP, and all other reports, charts, displays, schedules, exhibits, and other documentation submitted by the Offerors shall become the property of the State when received.
  11. **OFFEROR'S REPRESENTATIVE:** Each Offeror shall submit with its proposal the name, address, and telephone number of the person(s) with authority to bind the firm and answer questions or provide clarification concerning the firm's proposal.
  12. **SUBCONTRACTING:** Offerors may propose to subcontract portions of the work provided that their proposals clearly indicate what work they plan to subcontract and to whom and that all information required about the prime contractor is also included for each proposed subcontractor.
  13. **PROPRIETARY INFORMATION:** Trade secrets or similar proprietary data which the Offeror does not wish disclosed to other than personnel involved in the evaluation or contract administration will be kept confidential to the extent permitted by NCAC T01:05B.1501 and G.S. 132-1.3 if identified as follows: Each page shall be identified in boldface at the top and bottom as "CONFIDENTIAL". Any section of the proposal which is to remain confidential shall also be so marked in boldface on the title

page of that section. Cost information may not be deemed confidential. In spite of what is labeled as confidential, the determination as to whether or not it is shall be determined by North Carolina law.

14. **HISTORICALLY UNDERUTILIZED BUSINESSES:** Pursuant to General Statute 143-48 and Executive Order #150, the State invites and encourages participation in this procurement process by businesses owned by minorities, women, disabled, disabled business enterprises and non-profit work centers for the blind and severely disabled.
15. **PROTEST PROCEDURES:** When an Offeror wants to protest a contract awarded by the Secretary of Administration or by an agency over \$25,000 resulting from this solicitation, they must submit a written request to the State Purchasing Officer at Purchase and Contract, 1305 Mail Service Center, Raleigh, NC 27699-1305. This request must be received in the Division of Purchase and Contract within thirty (30) consecutive calendar days from the date of the contract award. When an Offeror wants to protest a contract awarded by an agency or university resulting from this solicitation that is over \$10,000 but less than \$25,000 for any agency, or any contract awarded by a university, they must submit a written request to the issuing procurement officer at the address of the issuing agency. This request must be received in that office within thirty (30) consecutive calendar days from the date of the contract award. Protest letters must contain specific reasons and any supporting documentation for the protest. Note: Contract award notices are sent only to those actually awarded contracts, and not to every person or firm responding to this solicitation. Contract status and Award notices are posted on the Internet at <http://www.pandc.nc.gov/>. All protests will be handled pursuant to the North Carolina Administrative Code, Title 1, Department of Administration, Chapter 5, Purchase and Contract, Section 5B.1519. (See Protest Information at <http://www.pandc.nc.gov/protests.pdf> for more information.)
16. **TABULATIONS:** The Division has implemented an Interactive Purchasing System (IPS) that allows the public to retrieve bid tabulations electronically from our Internet web site: <http://www.pandc.nc.gov/>. Click on the IPS BIDS icon, click on Search for Bid, enter the RFP number, and then search. Tabulations will normally be available at this web site not later than one working day after opening. Lengthy tabulations may not be available on the Internet, and requests for these verbally or in writing cannot be honored.
17. **VENDOR REGISTRATION AND SOLICITATION NOTIFICATION SYSTEM:** Vendor Link NC allows Vendors to electronically register free with the State to receive electronic notification of current procurement opportunities for goods and services available on the Interactive Purchasing System. Online registration and other purchasing information are available on our Internet web site: <http://www.pandc.nc.gov/>.
18. **RECIPROCAL PREFERENCE:** G.S. 143-59 establishes a reciprocal preference law to discourage other states from applying in-state preferences against North Carolina's resident Offerors. The "Principal Place of Business" is defined as the principal place from which the trade or business of the Offeror is directed or managed.

**SECTION IX: NORTH CAROLINA GENERAL CONTRACT TERMS AND CONDITIONS  
(Contractual and Consultant Services)**

**NOTE: For “Agency”, substitute “Department”, “University”, etc., as applicable.**

1. **GOVERNING LAW:** This contract is made under and shall be governed and construed in accordance with the laws of the State of North Carolina.
2. **SITUS:** The place of this contract, its situs and forum, shall be North Carolina, where all matters, whether sounding in contract or tort, relating to its validity, construction, interpretation and enforcement shall be determined
3. **INDEPENDENT CONTRACTOR:** The Contractor shall be considered to be an independent contractor and as such shall be wholly responsible for the work to be performed and for the supervision of its employees. The Contractor represents that it has, or will secure at its own expense, all personnel required in performing the services under this agreement. Such employees shall not be employees of, or have any individual contractual relationship with the Agency.
4. **KEY PERSONNEL:** The Contractor shall not substitute key personnel assigned to the performance of this contract without prior written approval by the Agency’s Contract Administrator. The individuals designated as key personnel for purposes of this contract are those specified in the Contractor’s proposal.
5. **SUBCONTRACTING:** Work proposed to be performed under this contract by the Contractor or its employees shall not be subcontracted without prior written approval of the Agency’s Contract Administrator. Acceptance of an Offeror’s proposal shall include any subcontractor(s) specified therein.
6. **PERFORMANCE AND DEFAULT:** If, through any cause, the Contractor shall fail to fulfill in timely and proper manner the obligations under this agreement, the Agency shall thereupon have the right to terminate this contract by giving written notice to the Contractor and specifying the effective date thereof. In that event, all finished or unfinished deliverable items under this contract prepared by the Contractor shall, at the option of the Agency, become its property, and the Contractor shall be entitled to receive just and equitable compensation for any satisfactory work completed on such materials. Notwithstanding, the Contractor shall not be relieved of liability to the Agency for damages sustained by the Agency by virtue of any breach of this agreement, and the Agency may withhold any payment due the Contractor for the purpose of setoff until such time as the exact amount of damages due the Agency from such breach can be determined.

In case of default by the Contractor, the State may procure the services from other sources and hold the Contractor responsible for any excess cost occasioned thereby. The State reserves the right to require a performance bond or other acceptable alternative performance guarantees from successful Offeror without expense to the State.

In addition, in the event of default by the Contractor under this contract, the State may immediately cease doing business with the Contractor, immediately terminate for cause all existing contracts the State has with the Contractor, and de-bar the Contractor from doing future business with the State

Upon the Contractor filing a petition for bankruptcy or the entering of a judgment of bankruptcy by or against the Contractor, the State may immediately terminate, for cause, this contract and all other existing contracts the Contractor has with the State, and de-bar the Contractor from doing future business

Neither party shall be deemed to be in default of its obligations hereunder if and so long as it is prevented from performing such obligations by any act of war, hostile foreign action, nuclear explosion, riot, strikes, civil insurrection, earthquake, hurricane, tornado, or other catastrophic natural event or act of God.

7. **TERMINATION:** The Agency may terminate this agreement at any time by 30 days notice in writing from the Agency to the Contractor. In that event, all finished or unfinished deliverable items prepared by the Contractor under this contract shall, at the option of the Agency, become its property. If the contract is terminated by the Agency as provided herein, the Contractor shall be paid for services satisfactorily completed, less payment or compensation previously made.
8. **PAYMENT TERMS:** Payment terms are Net not later than 30 days after receipt of correct invoice(s) or acceptance of services, whichever is later, or in accordance with any special payment schedule identified in this RFP. The using agency is responsible for all payments to the contractor under the contract. Payment by some agencies may be made by procurement card and it shall be accepted by the contractor for payment if the contractor accepts that card (Visa, Mastercard, etc.) from other customers. If payment is made by procurement card, then payment may be processed immediately by the contractor.
9. **AVAILABILITY OF FUNDS:** Any and all payments to the Contractor are dependent upon and subject to the availability of funds to the Agency for the purpose set forth in this agreement.
10. **CONFIDENTIALITY:** Any information, data, instruments, documents, studies or reports given to or prepared or assembled by the Contractor 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 Agency.

11. **CARE OF PROPERTY:** The Contractor agrees that it shall be responsible for the proper custody and care of any property furnished it for use in connection with the performance of this contract or purchased by it for this contract and will reimburse the State for loss of damage of such property.
12. **COPYRIGHT:** No deliverable items produced in whole or in part under this agreement shall be the subject of an application for copyright by or on behalf of the Contractor.
13. **ACCESS TO PERSONS AND RECORDS:** The State Auditor and the using agency's internal auditors shall have access to persons and records as a result of all contracts or grants entered into by State agencies or political subdivisions in accordance with General Statute 147-64.7 and Session Law 2010-194, Section 21 (i.e., the State Auditors and internal auditors may audit the records of the contractor during the term of the contract to verify accounts and data affecting fees or performance).
14. **ASSIGNMENT:** No assignment of the Contractor's obligations nor the Contractor's right to receive payment hereunder shall be permitted. However, upon written request approved by the issuing purchasing authority, the State may:
  - a. Forward the contractor's payment check(s) directly to any person or entity designated by the Contractor, or
  - b. Include any person or entity designated by Contractor as a joint payee on the Contractor's payment check(s).In no event shall such approval and action obligate the State to anyone other than the Contractor and the Contractor shall remain responsible for fulfillment of all contract obligations.
15. **COMPLIANCE WITH LAWS:** The Contractor shall comply with all laws, ordinances, codes, rules, regulations, and licensing requirements that are applicable to the conduct of its business, including those of federal, state, and local agencies having jurisdiction and/or authority.
16. **AFFIRMATIVE ACTION:** The Contractor shall take affirmative action in complying with all Federal and State requirements concerning fair employment and employment of people with disabilities, and concerning the treatment of all employees without regard to discrimination by reason of race, color, religion, sex, national origin, or disability.
17. **INSURANCE:** During the term of the contract, the contractor at its sole cost and expense shall provide commercial insurance of such type and with such terms and limits as may be reasonably associated with the contract. As a minimum, the contractor shall provide and maintain the following coverage and limits:
  - a. Worker's Compensation - The contractor shall provide and maintain Worker's Compensation Insurance, as required by the laws of North Carolina, as well as employer's liability coverage with minimum limits of \$150,000.00, covering all of Contractor's employees who are engaged in any work under the contract. If any work is subcontracted, the contractor shall require the subcontractor to provide the same coverage for any of its employees engaged in any work under the contract.
  - b. Commercial General Liability - General Liability Coverage on a Comprehensive Broad Form on an occurrence basis in the minimum amount of \$500,000.00 Combined Single Limit. (Defense cost shall be in excess of the limit of liability).
  - c. Automobile - Automobile Liability Insurance, to include liability coverage, covering all owned, hired and non-owned vehicles, used in connection with the contract. The minimum combined single limit shall be \$150,000.00 bodily injury and property damage; \$150,000.00 uninsured/under insured motorist; and \$1,000.00 medical payment.

Providing and maintaining adequate insurance coverage is a material obligation of the contractor and is of the essence of this contract. All such insurance shall meet all laws of the State of North Carolina. Such insurance coverage shall be obtained from companies that are authorized to provide such coverage and that are authorized by the Commissioner of Insurance to do business in North Carolina. The contractor shall at all times comply with the terms of such insurance policies, and all requirements of the insurer under any such insurance policies, except as they may conflict with existing North Carolina laws or this contract. The limits of coverage under each insurance policy maintained by the contractor shall not be interpreted as limiting the contractor's liability and obligations under the contract.

18. **ADVERTISING:** The Offeror shall not use the award of a contract as part of any news release or commercial advertising.
19. **ENTIRE AGREEMENT:** This contract and any documents incorporated specifically by reference represent the entire agreement between the parties and supersede all prior oral or written statements or agreements. This Request for Proposals, any addenda thereto, and the Offeror's proposal are incorporated herein by reference as though set forth verbatim.

All promises, requirements, terms, conditions, provisions, representations, guarantees, and warranties contained herein shall survive the contract expiration or termination date unless specifically provided otherwise herein, or unless superseded by applicable Federal or State statutes of limitation.
20. **AMENDMENTS:** This contract may be amended only by written amendments duly executed by the Agency and the Contractor. The NC Division of Purchase and Contract shall give prior approval to any amendment to a contract awarded through that office.
21. **TAXES:** G.S. 143-59.1 bars the Secretary of Administration from entering into contracts with Vendors if the Vendor or its affiliates meet one of the conditions of G. S. 105-164.8(b) and refuse to collect use tax on sales of tangible personal property to purchasers in North Carolina. Conditions under G. S. 105-164.8(b) include: (1) Maintenance of a retail establishment or office,

(2) Presence of representatives in the State that solicit sales or transact business on behalf of the Vendor and (3) Systematic exploitation of the market by media-assisted, media-facilitated, or media-solicited means. By execution of the proposal document the Vendor certifies that it and all of its affiliates, (if it has affiliates), collect(s) the appropriate taxes.

22. **YEAR 2000 COMPLIANCE/WARRANTY:** Vendor shall ensure the product(s) and service(s) furnished pursuant to this agreement ("product" shall include, without limitation, any piece of equipment, hardware, firmware, middleware, custom or commercial software, or internal components, subroutines, and interfaces therein) which perform any date and/or time data recognition function, calculation, or sequencing, will support a four digit year format, and will provide accurate date/time data and leap year calculations on and after December 31, 1999, at the same level of functionality for which originally acquired without additional cost to the user. This warranty shall survive termination or expiration of the agreement.
23. **GENERAL INDEMNITY:** The contractor shall hold and save the State, its officers, agents, and employees, harmless from liability of any kind, including all claims and losses accruing or resulting to any other person, firm, or corporation furnishing or supplying work, services, materials, or supplies in connection with the performance of this contract, and from any and all claims and losses accruing or resulting to any person, firm, or corporation that may be injured or damaged by the contractor in the performance of this contract and that are attributable to the negligence or intentionally tortious acts of the contractor provided that the contractor is notified in writing within 30 days that the State has knowledge of such claims. The contractor represents and warrants that it shall make no claim of any kind or nature against the State's agents who are involved in the delivery or processing of contractor goods to the State. The representation and warranty in the preceding sentence shall survive the termination or expiration of this contract.
24. **OUTSOURCING:** Any Vendor or subcontractor providing call or contact center services to the State of North Carolina shall disclose to inbound callers the location from which the call or contact center services are being provided.

If, after award of a contract, the contractor wishes to outsource any portion of the work to a location outside the United States, prior written approval must be obtained from the State agency responsible for the contract.

Vendor must give notice to the using agency of any relocation of the Vendor, employees of the Vendor, subcontractors of the Vendor, or other persons performing services under a state contract outside of the United States.

25. **By EXECUTIVE ORDER 24**, issued by Governor Perdue, and N.C. G.S. § 133-32, it is unlawful for any Vendor or contractor ( i.e. architect, bidder, contractor, construction manager, design professional, engineer, landlord, Offeror, seller, subcontractor, supplier, or Vendor), to make gifts or to give favors to any State employee of the Governor's Cabinet Agencies (i.e., Administration, Commerce, Correction, Crime Control and Public Safety, Cultural Resources, Environment and Natural Resources, Health and Human Services, Juvenile Justice and Delinquency Prevention, Revenue, Transportation, and the Office of the Governor). This prohibition covers those Vendors and contractors who:
- (1) have a contract with a governmental agency; or
  - (2) have performed under such a contract within the past year; or
  - (3) anticipate bidding on such a contract in the future.

For additional information regarding the specific requirements and exemptions, Vendors and contractors are encouraged to review Executive Order 24 and G.S. Sec. 133-32.

Executive Order 24 also encouraged and invited other State Agencies to implement the requirements and prohibitions of the Executive Order to their agencies. Vendors and contractors should contact other State Agencies to determine if those agencies have adopted Executive Order 24."

**EXHIBIT A – 1**

**Contingency Fee Cost Proposal Schedule for:  
Component 1 – Death Benefit and Bond Funds Audits in which the State of North Carolina is either the Lead State or a Participating State**

The Division will compensate the Vendor at the contingency fee percentage as proposed below, provided all other provisions and terms and conditions of the contract are met. The proposed contingency fee percentage should include any and all expenses and charges related to the audit. Pursuant to N.C.G.S. § 116B-8, compensation for such services on a contingent fee basis is limited to no more than twelve (12) percent of the unclaimed property remitted to North Carolina.

The Vendor shall provide the contingency fee cost in the below chart.

Audit services include the following:	Contingency Fee Percentage

What fee discounts will apply if you are selected as a Vendor to provide services under more than one (1) of the five (5) components set forth in this RFP? Indicate and explain the fee discounts.

BY: \_\_\_\_\_ TITLE: \_\_\_\_\_ DATE: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed name)

**EXHIBIT A – 2**

**Fixed Hourly Rate Cost Proposal Schedule for:**

**Component 2 – State Initiated Audits, Other than Death Benefit and Bond Funds Audits, in which the State of North Carolina is the Lead State**

The Division will compensate the Vendor at the fixed hourly rate by skill level as proposed below, provided all other provisions and terms and conditions of the contract are met. The maximum hours per audit will be set prior to the audit, as determined by the Division. The proposed hourly rate should include any and all expenses and charges related to the audit.

The Vendor shall provide the fixed hourly rate by skill level in the below chart.

Audit services include the following:	Position Title & Skill Level	Hourly Rate

Vendor may insert additional position classifications and skill levels as needed. Note: The Division will not reimburse for position and skill levels not listed in the Vendor's Cost Proposal.

What fee discounts will apply if you are selected as a Vendor to provide services under more than one (1) of the five (5) components set forth in this RFP? Indicate and explain the fee discounts.

BY: \_\_\_\_\_ TITLE: \_\_\_\_\_ DATE: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed name)

**EXHIBIT A – 3**

**Flat Rate Cost Proposal Schedule for:**

**Component 3 – State Initiated Audits, other than Death Benefit and Bond Funds Audits, in which the State of North Carolina is a Participating State**

The Division will compensate the Vendor at the flat rate per audit as proposed below, provided all other provisions and terms and conditions of the contract are met. The proposed flat rate should include any and all expenses and charges related to the audit.

The Vendor shall provide the flat rate in the below chart.

Audit services include the following:	Flat Rate Per Audit

What fee discounts will apply if you are selected as a Vendor to provide services under more than one (1) of the five (5) components set forth in this RFP? Indicate and explain the fee discounts.

BY: \_\_\_\_\_ TITLE: \_\_\_\_\_ DATE: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed name)

**EXHIBIT A – 4**

**Flat Rate Cost Proposal Schedule for:**

**Component 4 – Cooperative Audits, Other than Death Benefit and Bond Funds Audits**

The Division will compensate the Vendor at the flat rate per audit as proposed below, provided all other provisions and terms and conditions of the contract are met. The proposed flat rate should include any and all expenses and charges related to the audit.

The Vendor shall provide the flat rate in the below chart.

Audit services include the following:	Flat Rate Per Audit

What fee discounts will apply if you are selected as a Vendor to provide services under more than one (1) of the five (5) components set forth in this RFP? Indicate and explain the fee discounts.

BY: \_\_\_\_\_ TITLE: \_\_\_\_\_ DATE: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed name)

Flat Rate Cost Proposal Schedule for:

**Component 5 - Unclaimed Property Audit Training and Holder Education Training**

The Division will compensate the Vendor at the flat rate per training session as proposed below, provided all other provisions and terms and conditions of the contract are met. The proposed flat rate should include any and all expenses and charges related to the training.

The Vendor shall provide the flat rate in the below chart.

Audit Training includes the following:	Flat Rate Per Training
Holder Training includes the following:	Flat Rate Per Training

What fee discounts will apply if you are selected as a Vendor to provide services under more than one (1) of the five (5) components set forth in this RFP? Indicate and explain the fee discounts.

BY: \_\_\_\_\_ TITLE: \_\_\_\_\_ DATE: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed name)