

Request for Proposal #10-01 - Questions and Answers

Number	Question	Answer
1	What do I have to do to view a successful RFP regarding Financial Services and Insurance?"	The Bureau of State Audits (BSA) does not have an example related to a request for proposal (RFP) for this type of service. However, in the past we have published RFPs for other types of services such as federal compliance audits. If you would like to receive a copy of the RFP related to federal compliance audit work and a related successful proposal, you can contact Sunny Andrews at 916-445-0255. We caution, however, that the requirements in the federal compliance RFP were very different from those in the current RFP. For this reason, successful proposals will also differ significantly from the example proposal. In short, vendors should carefully read the current RFP and ensure that their proposals contain all the required elements noted therein.
2	Can you provide details of how the STO currently values the securities in the PMIA for each type of security? Specifically, the RFP states that the investments are reported at fair value (FV) which "generally is based on quoted market prices." Under what circumstances are the FVs not reported at market prices?	For the majority of its securities, the STO uses fair values provided by a number of consultants. In some instances, the STO uses indices provided by consultants in conjunction with the Bloomberg system to determine FV.
3	What percentage of securities do not have market values?	A majority of the securities should have a market value provided by the STO. The proportion having market value will change depending on the composition of the portfolio at fiscal year end.
4	If market prices are not available for certain investments, how are the investments currently valued?	See our response to question 2.
5	Would all of the for-review-securities that are in the sample be publicly traded?	No, see our response to question 2.

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6	What is the definition of a variance? In other words, how large do the variances in price have to be considered a material variance (i.e. would require a variance to be recorded). For instance, on a bond price, would a difference in a third decimal place be considered a variance that would need to be reported? Or, would a transaction where the transaction price is within the lowest bid and highest asking price on that day be considered a variance?	All variances between STO's values and your values should be presented in the required, detailed tables. Variances expressed to two decimal points are sufficient. In addition, we expect the analyses to include a discussion of the significance of any variances based on your professional judgement.
7	How will the sample be picked? Will the sample have representation from each class of investment based on materiality or will it be based on lack of market quotes?	The BSA will pick the sample that will include all items over a determined dollar threshold (key items) and a stratified sample of the remaining items (non-key items). As a general rule, there is representation from each investment class. Lack of market quotes is not a factor in selecting the sample.
8	Would STO need our assistance in identifying the sample?	No.
9	Would the deliverables need to include hard copies of the source documents used to assess the reasonableness of the reported values/transaction prices for each security in the sample?	No, but source documents should be available upon request.
10	Will the cost of subscribing to a specialized market price database be reimbursable?	Your proposal should detail any non-personnel costs that you would charge to the BSA related to performing work under the RFP.
11	For each security in the sample, in addition to the security description, CUSIP, maturity date, purchase date, par value, and interest rate, will STO be able to provide the governing transaction document, describing the transaction?	In most cases we expect that additional detail will not be necessary. However, in those instances where more information is needed, we will work with the STO to provide this information to you.

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12	It appears the market value analysis is limited to purchased or sold securities. To confirm, the analysis will not include existing securities in the portfolio?	To clarify, the analysis for objective one relates to the reasonableness of the FV of securities held at June 30. Consequently, these securities are part of the portfolio holdings at June 30. For objective two, the analysis is of the reasonableness of the prices paid and received on the date STO purchased or sold securities. Therefore, the STO may or may not have held these securities at June 30. The analysis relates to the prices/values at the time the securities were purchased or sold.