

***Request for Proposal to Provide Audit Services for the
William Marsh Rice University Defined Contribution Retirement Plan***

INTRODUCTION

Rice University (“the University”) requests a proposal to provide external audit services for the William Marsh Rice University Defined Contribution and Supplemental 403(b) Retirement Plans, as required under Department of Labor regulations. As more fully described in this memorandum, you should submit a written proposal outlining your firm’s qualifications, approach, and fees for this work.

It is the practice of the University to appoint or reappoint a plan auditor on an annual basis. However, the University expects a continuing relationship with the firm selected and will consider an initial appointment of up to three years, subject to approval of the Audit Committee of the Board of Trustees. The reason for issuing this request for proposals is because Rice has maintained our current plan auditor since 2014, and it is time for a periodic review of services and fees. There have been no disagreements with the current audit firm regarding generally accepted accounting principles or generally accepted auditing standards. We strive for an efficient process with open and frequent communication between the auditors and management. We would like an audit partner with whom we would also have strategic discussions around best practices and audit/compliance trends.

SCOPE OF THE PROFESSIONAL AUDIT SERVICES

The University is interested in obtaining a proposal that will cover the audits of the Defined Contribution as well as the Supplemental 403(b) Retirement Plans.

This examination is an opinion based upon limited scope audits of the financial statements for a defined contribution 401(a) plan as well as the Supplemental 403(b) retirement plan, together with supplemental schedules, for the calendar year ended December 31. The supplemental schedules are those required in order to comply with the Department of Labor rules and regulations for reporting and disclosure under the Employee Retirement Income Security Act of 1974 (ERISA).

The custodians for the plans are Teachers Insurance and Annuity Association (TIAA) and Fidelity Investments. Fidelity acts as our “lead” record-keeper for the Plans. The administrator for both plans is Joan Nelson, Rice University Associate Vice President for Human Resources.

The 401(a) plan had 8,828 participants and the 403(b) plan had 7,533 participants as of December 31, 2020. The participant selection for testing is typically performed in March. The participant and financial testing phase is usually performed in early to mid-May. The financial audit of the Retirement Plans and preparation of the financial statements is coordinated by staff within the Controller’s Office, with assistance from Human Resources staff. The audit must be completed no later than June 15 to allow the statements to be mailed on or before July 31.

SYSTEM AND PLAN INFORMATION

The University runs its payroll internally through the Oracle Cloud enterprise resource planning system. This system was implemented in July 2021. Payroll inputs, processing, and remittances

of employee contributions are handled on a centralized basis and detailed reports can be produced from Rice systems. Information for January 1, 2021 through June 30, 2021 is available as needed from the former system, Banner.

Demographic data is stored in Rice's system but the census data for each plan will differ since the 401(a) and 403(b) plans have different eligibility and participation. The 403(b) plan is open to any employee who receives pay via the payroll system (universal availability) whereas the 401(a) plan is strictly limited to benefits eligible Rice faculty and staff with six-months of service. Rice provides the auditors with one list of all disbursements by employee for both the 401(a) and 403(b) plans indicating the amount of disbursement and the plan number from which the funds came.

In 2020, we have made changes to the vesting period from one-year cliff vesting to three-year cliff vesting. At the same time, we also made changes to begin eligibility to the 401(a) at six months of service instead of day one.

There have been no significant mergers or spin-offs affecting the plan year to be audited. There has been no litigation, governmental investigations, or prohibited transactions that impact the plans. There have been no regulatory reviews, enforcement matters, investigations, or litigation. There have been no non-exempt transactions (e.g., non-timely remittance of employee contributions) or events or activities that could cause loss of tax-exempt status (e.g., violations of any law or regulation or plan provisions) identified either during the year under audit or in the past. There have been no inquiries from the IRS or the DOL during the current or prior plan years.

There have been no changes in service providers (e.g., trustee/asset custodian, investment managers, record-keepers, legal counsel, etc.) during the year under audit. Our current 401(a) fee disclosure can be found online here: http://www1.tiaa-cref.org/ucm/groups/public/@ap_ucm_p_tcp_docs/documents/document/tiaa04057567.pdf In addition to the TIAA Traditional, the TIAA Real Estate is also not a marketable security. All other investments are limited to mutual funds. The plans have always held their contracts with TIAA and added Fidelity Investments in 1998.

We have not experienced delinquent employee contributions to any of the 403(b) plans. No plan amendments have been adopted or become effective for the year under audit. Fidelity prepares the draft Form 5500 and the university uses the Fidelity system to finalize and file the 5500s.

Participant transactions occur telephonically, online, or in one-on-one meetings with TIAA or Fidelity representatives which are followed by confirmation statements. Rice management is not aware of any problems in the past with respect to receipt of participant confirmation or document requests from service providers.

The Rice retirement accountant will prepare the trial balance of all financial activity of the plans for the year including activity that runs through the trusts and plan activity that may occur outside the trust.

The current year 403(b) plan was created in 1998, and amended and restated January 1, 2013; however, the “old RA” plan with TIAA dates back over 50 years. There was sufficient data to provide beginning balances but we do not have data prior to the current plan creation date.

Rice has a Retirement Plan Investment Committee (RPIC) and uses Captrust as a co-fiduciary and strategic investment advisor to the plan.

FEES

Your proposal should state the proposed fees and related expenses for the audits to be performed for plan year 2021 and the following two years on a realistic and sustainable basis, supplemented by a schedule of hours and cost per hour by level of person assigned to the engagement. Please incorporate effort associated with preparing for and meeting with the Audit Committee annually to report results, in person and online, in your proposed fee. The retirement plan auditors have historically only met with the committee once per year in September to discuss results; however, if discrepancies or issues are uncovered then more meetings may be necessary.

Please propose your standard fees and put your best proposal forward. Rice is looking for the best provider and, while fees are a consideration, they do not necessarily drive the decision.

REPORTING RESPONSIBILITIES

The auditor must provide an opinion on each plan’s financial statements described in this memorandum. The auditor must also provide a letter to management at the conclusion of the examination with recommendations for improvements, if applicable.

CONTENTS OF PROPOSAL

Your proposal should consist of an executive summary indicating why your firm should be selected along with descriptions of the following as they relate to your firm:

- Experience in auditing defined contribution benefit plans, particularly 401(a) and 403(b) plans or other types of plans commonly sponsored by not-for-profit entities.
- Experience conducting audits of other plans that use TIAA or Fidelity Investments.
- Approach to the incorporation of new tax and Department of Labor or other federal or State of Texas regulations, changes in accounting standards, and emerging issues related to retirement plans.
- A list of and commentary on the primary issues that may impact defined contribution benefit plans over the next three to five years.
- A list of at least five defined contribution benefit plan clients of similar size who are willing to provide a reference.

Staffing

- The names and resumes, including benefit plan audit experience of the partner and manager who will be responsible for the audit.
- Accessibility of the partner and manager for consultation on a year-round basis as issues

arise.

- Policy on partner, manager, and staff rotation.
- Management approach to maintaining staff continuity.

Other Items

- A copy of the most recent peer review of your firm and your responses, if available.
- The types of educational resources you will provide to management, for example, informal consultations, issues papers, alerts, bulletins, supplemental literature, etc.
- Requirements for access to prior year work papers and cooperation with predecessor auditors, if necessary.
- Policy on making work papers available to a successor audit firm.
- Any suggestions or concerns you may have, after reviewing the most current financial statements and form 5500, regarding the schedules or disclosures included in those reports.
- Discussion of any transition issues, including time involved, handling of “start up” costs as well as contingencies for unanticipated events, extra costs, and any issues that would need to be addressed in order to issue comparative financial statements for plan year 2021.

MISCELLANEOUS

- The contents of the proposal submitted by the selected independent audit firm will be considered the basis for the finalization of a contractual agreement.
- We intend that this memorandum describe the requirements and response format in sufficient detail to evaluate comparable proposals. Firms may submit proposals that differ from the described specifications though the firm does so at its own risk.
- Any material that is to be considered confidential by the firm submitting the proposal must be so indicated.
- Any material submitted by a firm will become the property of the University. Please do not submit a proposal longer than 30 pages in total.
- Discussion and negotiation of an agreement will follow selection of the apparent successful firm. Because of the complex nature of this process, it is unlikely that our selection will be made directly and solely on the basis of the proposal content. The University reserves the right to negotiate further with one or more firms, including asking one or more firms to meet with management and/or members of the Audit Committee on campus in January/February 2022. The content of the successful firm’s proposal will become an integral part of the agreement but may be modified by provisions of the agreement. Firms must be amenable to the inclusion in a potential contract, any information provided in response to this request for proposal or during the selection process. The University reserves the right to change its selection or withdraw from negotiation with the selected firm prior to finalization of any agreement.
- The University deems this request for proposal, including all its attachments, to be confidential.

- This request does not commit the University to pay any costs associated with submitting your proposal, making studies or designs for preparing the proposal, or in procuring or subcontracting for services or supplies related to the submission of the proposal.

SELECTION TIMETABLE

Monday, December 13, 2021: Distribution of Request for Proposal

Wednesday, January 5 through Thursday, January 13, 2022: Available for questions

Friday, January 14, 2022: Written Proposals Due

January/February 2022: Oral Presentations from Selected Finalists

March 2, 2022: Decision and Approval by Rice University Audit Committee of the Board of Trustees

SUBMISSION OF PROPOSAL

Proposals must be submitted electronically, by 5:00 p.m. on Friday, January 14, 2022, to:

Ms. Janet Covington
Director – Internal Audit
jcov@rice.edu
713-348-6312

EVALUATION CRITERIA

Following the deadline for submittals, a selection committee will review and evaluate all proposals received by the University no later than the date and time specified on this RFP. The selection committee will review, analyze, and rank all submittals based on their response to the information requested. The selection process will include the following criteria in the evaluation of proposals.

- Qualifications and experience with similar institutions
- Ability to meet scope and deliverable requirements
- Pricing
- Diversity in team structure
- Requirements met as stated in proposal

WITHDRAWAL OF PROPOSAL

Proposals may be withdrawn up to the time of the proposal deadline upon written request to above named individual.

INQUIRIES

If you have any questions prior to your submission, or if you wish to schedule a campus or virtual meeting with the individuals involved in the benefit plan audit, please contact Ms. Covington via phone or e-mail (contact information above).

REJECTION OR ACCEPTANCE OF PROPOSALS

Proposals submitted shall impose no liability or obligation on the University and the University reserves the right to accept or reject any or all proposals in full or in part and further reserves the right to request future quotations at its discretion. The University also reserves the right to condition the award on successful additional clarification and/or negotiations of scope and fees.

ATTACHMENTS

- Defined Contribution Retirement Plan for the Calendar Year Ended December 31, 2020
- Supplemental 403(b) Retirement Plan for the Calendar Year Ended December 31, 2020
- IRS Forms 5500 for the Calendar Year Ended December 31, 2020

End of Request for Proposal