

RECORD

VENDOR COMMITTEE

5.21.2014, 9:00 a.m., Little Rock Headquarters

The meeting was called to order by Commissioner Scott. Committee members present were Commissioners Campbell, Baldrige, Lamberth, and Engstrom. Commissioners Frazier and Streett were also present. ALC employees Director Woosley and Internal Auditor Brown were present, as were staff members Smith, Block, Bunten, Stebbins, Vick, Fetzer, Craig and others.

The first order of business was approval of the record of the April 16, 2014, meeting. Commissioner Engstrom moved to approve the record and Commissioner Baldrige seconded the motion. The motion passed unanimously.

Commissioner Scott recognized Mr. Brown to present the next item on the agenda, the review of the criteria for a proposed Performance Audit. The criteria were presented to the committee in a report entitled, "Objectives, Qualifications, Criteria, and Requirements for Consideration" (in file).

He advised the committee that he, along with ALC Director Woosley and Chief Legal Counsel Block, had met with the Division of Legislative Audit (DLA) on May 6 because of the portion of the [Arkansas Scholarship Act] law that requires their involvement in anything that has to do with audit. During the meeting, ALC Staff and DLA defined the roles of each agency and developed a timeline in the performance audit process that each agency would follow. He said that on May 7 he met with Director Woosley and Ms. Block to review the procurement process. He added that during that meeting they agreed that the process should include a Request for Proposal (RFP) and that a draft of the RFP would be provided to DLA no later than June 2. He said he anticipated that DLA should have completed their review of the RFP no later than June 19. A draft of the RFP will be sent to members of the Vendor Committee for review no later than June 20, and sometime during the week of June 21-26, the RFP will be brought before the commission for approval. He said that the anticipated release date for the RFP is June 27. Vendor questions will be due July 14. Mr. Brown said that although ALC would be involved, it was his understanding that Legislative Audit would be overseeing the process, including responding to vendor questions. Answers to vendor questions will be due July 28, bids will be opened on August 18, and no later than August 25 there will be proposal evaluations and notification to ALC of the winning bid. The winning bid will be forwarded for ALC approval the week of August 25. After approval by the ALC, the proposed contract will be submitted to the Legislative Oversight Committee for review. Mr. Brown stated that if everything worked out as planned, the earliest timeframe for beginning the performance audit would be some time in September.

Commissioner Engstrom asked who would be performing the vendor evaluation process on August 25. Mr. Brown responded that the details were not yet worked out, but that it was the position of ALC that someone from ALC should participate in the scoring process. He said that he thought there would be someone from DLA involved in the scoring process as well. He said that, given the level of cooperation

between ALC and DLA to date, he believed it was something DLA and ALC would be able to reach an agreement on.

Commissioner Engstrom asked if, after ALC has gone through the entire process and the commission is not satisfied with the bidders or the cost, ALC would be able to stop the process, to which Mr. Brown responded in the affirmative. Commissioner Scott clarified that although some state lotteries are required by their legislature to have performance audits, ALC does not have that statutory requirement. He added that ALC is considering a performance audit as an opportunity to sustain scholarships and increase revenue, but that the next step would be to consider the cost of the performance audit [once the bids have come in].

Mr. Brown asked the committee members if they would prefer to go over the report section by section, or if there were any specific questions the members had. Commissioner Engstrom asked if the RFP would address ALC's organizational structure. He said that he had the feeling that when the lottery was originally set up it was very rigid, and the positions may now need to be changed. Mr. Brown stated that Organizational Structure, including Departmentalization, Reporting Structure, Headcount Optimization and Compensation Structure/Market Competitiveness, were being considered for inclusion in the RFP.

Commissioner Engstrom made a motion to adopt the criteria for the Performance Audit RFP, as presented by Internal Auditor Brown. Commissioner Lamberth seconded the motion and the motion passed unanimously, to be presented to the full commission for consideration.

There being no further business, the meeting was adjourned.