

State of Arkansas  
ARKANSAS LOTTERY COMMISSION

REQUEST FOR PROPOSAL

<b>RFP Number: ALC-RFP-140001</b>	<b>Buyer:</b>
<b>Service: Performance Audit and Consulting Services on the Operations of the Arkansas Lottery Commission (ALC)</b>	<b>Proposal Due Date: August 18, 2014</b>
<b>Date: June 27, 2014</b>	<b>Proposal Opening Time: 10:00 a.m. CDT</b>

**SUBMISSIONS WILL BE ACCEPTED UNTIL THE TIME AND DATE SPECIFIED ABOVE. THE SUBMISSION ENVELOPE MUST BE SEALED AND SHOULD BE PROPERLY MARKED WITH THE SUBMISSION NUMBER, DATE AND HOUR OF SUBMISSIONS OPENING AND VENDOR'S RETURN ADDRESS. IT IS NOT NECESSARY TO RETURN "NO BIDS" TO THE ARKANSAS LOTTERY COMMISSION.**

**Vendors are responsible for delivery of their submission to the Arkansas Lottery Commission prior to the scheduled time for opening of the particular submission. When appropriate, Vendors should consult with delivery providers to determine whether the submission will be delivered to the Arkansas Lottery Commission office street address prior to the scheduled time for submission opening. Delivery providers, USPS, UPS, FedEx, and DHL deliver mail to our street address, 124 W. Capitol Avenue, Suite 1400, Little Rock, AR 72201, on a schedule determined by each individual provider. These providers will deliver to our offices based solely on our street address.**

<b>MAILING ADDRESS:</b> P.O. Box 3238 Little Rock, AR 72203-3238	<b>SUBMISSION OPENING LOCATION:</b> Arkansas Lottery Commission Offices
<b>TELEPHONE NUMBER: (501) 683-2000</b>	

Company Name: \_\_\_\_\_

Name (type or print): \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Fax Number: \_\_\_\_\_

E-Mail Address: \_\_\_\_\_

Signature: \_\_\_\_\_

**USE INK ONLY; UNSIGNED SUBMISSIONS WILL NOT BE CONSIDERED**

Identification:

\*

\*

Federal Employer ID Number

Social Security Number

FAILURE TO PROVIDE TAXPAYER IDENTIFICATION NUMBER MAY RESULT IN  
SUBMISSION REJECTION

Business Designation  
(check one):

Individual

\*

Sole Proprietorship

\*

Public Service Corp

\*

Partnership

\*

Corporation

\*

Government/ Nonprofit

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GENERAL DESCRIPTION:

In-depth assessment of the performance of the ALC's operations in specified areas and identification of recommendations and actionable plans for use by the ALC at its discretion to improve its operations, with the overall goals of:

- Increased revenue;
- Cost Control;
- Increased contribution to the Arkansas Academic Challenge Scholarship program.

These requirements are not all inclusive. Responding Vendors are expected to propose, and clearly specify in their Proposal, any and all materials, services, or involvement of any additional subcontractors or consultants that the Responding Vendor believes would assist the ALC in assessing its performance with the aforementioned objectives in mind.

TYPE OF CONTRACT:

Firm

BUYER:

AGENCY P.R. NUMBER

INVOICE TO: Arkansas Lottery Commission

F.O.B:

### **MINORITY-OWNED AND FEMALE-OWNED BUSINESS POLICY**

Participation by minority-owned and female-owned businesses is encouraged in this and all other procurements by state agencies. "Member of a minority" is defined at A.C.A. § 23-115-103(15) as "a lawful permanent resident of this state who is: (A) African American; (B) Hispanic American; (C) American Indian; (D) Asian American; or (E) Pacific Islander American." "Minority-owned business" is defined at A.C.A. § 23-115-103(16) as "a business that is owned by: (A) An individual who is a member of a minority who reports as his or her personal income for Arkansas income tax purposes the income of the business; (B) A partnership in which a majority of the ownership interest is owned by one (1) or more members of a minority who report as their personal income for Arkansas income tax purposes more than fifty percent (50%) of the income of the partnership; or (C) A corporation organized under the laws of this state in which a majority of the common stock is owned by one (1) or more members of a minority who report as their personal income for Arkansas income tax purposes more than fifty percent (50%) of the distributed earnings of the corporation". The Arkansas Economic Development Commission conducts a certification process for minority businesses. Vendors unable to include minority-owned business as subcontractors "may explain the circumstances preventing minority inclusion."

"Female-owned business" is defined at A.C.A. § 23-115-103(5) as "a business: (A) Whose management and daily business operations are under the control of one (1) or more females; and (B) Either: (i) Individually owned by a female who reports as her personal income for Arkansas income tax purposes the income of the business; (ii) Which is a partnership in which a majority of the ownership interest is owned by one (1) or more females who report as their personal income for Arkansas income tax purposes more than fifty percent (50%) of the income of the partnership; or (iii) Which is a corporation organized under the laws of this state in which a majority of the common stock is owned by one (1) or more females who report as their personal income for Arkansas income tax purposes more than fifty percent (50%) of the distributed earnings of the corporation."

The ALC strongly encourages utilization of small, minority-owned, and women-owned businesses to the greatest extent possible, including subcontractors. ALC will employ staff to assist prospective Vendors and retailers with entering into and competing for Contracts.

### **EQUAL EMPLOYMENT OPPORTUNITY POLICY**

In compliance with A.C.A. § 19-11-104 et seq., the Office of State Procurement of the Department of Finance and Administration is required to have a copy of the Vendor's Equal Opportunity Policy prior to issuing a contract award. EO Policies may be submitted in electronic format to the following email address: [eeopolicy.osp@dfa.state.ar.us](mailto:eeopolicy.osp@dfa.state.ar.us) or as a hard copy accompanying the solicitation response. The Office of State Procurement and the Arkansas Lottery Commission will maintain a file of all Vendor EO policies submitted in response to solicitations issued by this office. The submission is a one-time requirement but Vendors are responsible for providing updates or changes to their respective policies and of supplying EO policies upon request to other state agencies that must also comply with this statute.

### **TECHNOLOGY ACCESS FOR THE BLIND**

Please reference Section 508 of the federal Rehabilitation Act, 29 U.S.C. 794d and A.C.A. § 25-26-201 et seq., as amended by Act 308 of 2013 which expresses the policy of the state to provide individuals who are blind or visually impaired with access to information technology purchased in whole or in part with state funds. The Vendor expressly acknowledges that State funds may not be expended in connection with the purchase of information technology unless that system meets certain statutory requirements, in accordance with the State of Arkansas technology policy standards, relating to accessibility by persons with visual impairments.

Accordingly, the Vendor represents and warrants to the Arkansas Lottery Commission that the technology provided in response to this Request for Proposal for purchase is capable either by virtue of features included within the technology or because it is readily adaptable by use with other technology of:

- Providing equivalent access for effective use by both visual and non-visual means;
- Presenting information, including prompts used for interactive communications, in formats intended for non-visual use; and
- After being made accessible, it can be integrated into networks for obtaining, retrieving, and disseminating information used by individuals who are not blind or visually impaired.

For purposes of this paragraph, the phrase "equivalent access" means a substantially similar ability to communicate with or make use of the technology, either directly by features incorporated within technology or by other reasonable means such as assistive devices or services which would constitute reasonable accommodations under the Americans with Disabilities Act or similar state or federal laws. Examples of methods by which equivalent access may be provided include, but are not limited to, keyboard alternatives to mouse commands and other means of navigating graphical displays, and customizable display appearance.

#### **ACT 157 of 2007 EMPLOYMENT OF ILLEGAL IMMIGRANTS**

Pursuant to Act 157 of 2007 (Ark. Code Ann. § 19-11-105), all Vendors must certify prior to award of the contract that they do not employ or contract with any illegal immigrants in its contract with the State.

Vendors shall certify online at: <https://www.ark.org/dfa/immigrant/index.php/user/login>

Any subcontractors used by the Vendor at the time of the Vendor's certification shall also certify that they do not employ or contract with any illegal immigrant. Certification by the subcontractors shall be submitted within thirty (30) days after contract execution.

#### **ARKANSAS LOTTERY COMMISSION MAJOR PROCUREMENT RULES**

Vendors are subject to all requirements of the Arkansas Lottery Commission Major Procurement rules (Attachment A), whether such requirements are specifically set forth in this RFP or not.

#### **ALTERATION OF ORIGINAL RFP DOCUMENTS**

The original written or electronic language of the RFP shall not be changed or altered except by approved written addendum issued by the Arkansas Lottery Commission. This does not eliminate a Vendor from taking exception(s) to these documents, but does clarify that the Vendor cannot change the original document's written or electronic language. If the Vendor wishes to make exception(s) to any of the original language, it must be submitted by the Vendor in separate written or electronic language in a manner that clearly explains the exception(s). If Vendor's/Contractor's submittal is discovered to contain alterations/changes to the original written or electronic documents, the Vendor's response may be declared as "non-responsive" and the response shall not be considered.

#### **REQUIREMENT OF AMENDMENT**

THIS RFP MAY BE MODIFIED ONLY BY AMENDMENTS WRITTEN AND AUTHORIZED BY THE ARKANSAS LOTTERY COMMISSION. Vendors are cautioned to ensure that they have received or obtained and responded to any and all amendments to the RFP prior to submission.

#### **DELIVERY OF RESPONSE DOCUMENTS**

In accordance with the Arkansas Lottery Commission Major Procurement Rules, it is the responsibility of Vendors to deliver submissions at the place and on or before the date and time set in the RFP solicitation documents. Submissions received at the Arkansas Lottery Commission Offices after the date and time designated for the RFP opening are considered late submissions and shall not be considered. Documents that are to be returned may be opened to verify which RFP the submission is for.

### **INTENT TO AWARD**

After complete evaluation of the submissions, the intent to award will be posted on the Arkansas Lottery Commission's website (<http://myarkansaslottery.com/>) and/or the legal section of a newspaper of statewide circulation. The purpose of the posting is to establish a specific time in which Vendors and agencies are aware of the intent to award. The RFP results will be posted for a period of at least five (5) business days prior to the issuance of any award. Vendors and agencies are cautioned that these are preliminary results only, and no official award will be issued prior to the end of the posting period. Accordingly, any reliance on these preliminary results is at the agency's/Vendor's own risk.

The Arkansas Lottery Commission reserves the right to waive this policy when it is in the best interest of the State. Vendors are responsible for viewing the Intent to Award section of the Arkansas Lottery Commission's web site at: <http://myarkansaslottery.com/>.

### **PAST PERFORMANCE**

In accordance with provisions of the Arkansas Lottery Commission Major Procurement Rules Section (7)(C)(iii)(g), a Vendor's past performance with the State may be used in the evaluation of any offer made in response to this solicitation. The past performance should not be greater than three (3) years old and must be supported by written documentation on file in the Arkansas Lottery Commission at the time of the submission opening. Documentation may be in the form of a written or electronic report, VPR, memo, file or any other appropriate authenticated notation of performance to the Vendor files.

### **EO-98-04 GOVERNOR'S EXECUTIVE ORDER**

Completion of Disclosure Forms is required by Governor's Executive Order EO-98-04 as a condition of obtaining, extending, amending, or renewing a contract, lease, purchase agreement, or grant award with any Arkansas state agency.

([www.dfa.arkansas.gov/offices/accounting/internalaudit/Pages/ExecutiveOrder98-04.aspx](http://www.dfa.arkansas.gov/offices/accounting/internalaudit/Pages/ExecutiveOrder98-04.aspx).)

## SECTION I. GENERAL INFORMATION

### 1.0 INTRODUCTION

The purpose of this Request for Proposal (RFP) is to invite responses (Proposals) from qualified firms (Vendors) desiring to perform an in-depth assessment of the performance of the ALC's operations in specified areas and after such assessment has been completed, to identify recommendations and actionable plans for the use of the ALC at its discretion to improve its operations, with the overall goals of:

- Increasing revenue;
- Cost control;
- Increasing the ALC's contribution to the Arkansas Academic Challenge Scholarship program.

On May 21, 2014, the Arkansas Lottery Commission (ALC) requested a performance audit of certain areas of the ALC's operations. Accordingly, ALC intends to execute one contract as a result of this procurement (the Contract), if any contract is issued at all, encompassing all or some of the products and services contemplated in this RFP, and Proposals shall be evaluated accordingly. All Vendors must fully acquaint themselves with ALC's needs and requirements and obtain all necessary information to develop an appropriate solution and to submit responsive and effective Proposals. Vendors must also acquaint themselves with the ALC's Major Procurement rules (Attachment A), and adhere to the requirements of those rules throughout this process.

The Arkansas Lottery Commission is an instrumentality of the state of Arkansas. It employs approximately eighty (80) people statewide. Its headquarters are located in Little Rock, and it operates claim centers in Springdale, Jonesboro, and Camden. The ALC is committed to maximizing revenues for specific scholarship education programs in Arkansas by providing entertaining lottery products and quality customer service to retailers and players, while maintaining its integrity and the integrity of its games.

### 1.1 ISSUING AGENCY

The Arkansas Lottery Commission is the issuing agency of this RFP. The issuing agency is the sole point of contact in the State for the selection process. Vendor questions regarding RFP related matters should be made in writing made in writing to the ALC Chief Legal Counsel Jean Block at [jean.block@arkansas.gov](mailto:jean.block@arkansas.gov).

### 1.2 SCHEDULE OF EVENTS

Release RFP	June 27, 2014
Written Vendor questions due	July 14, 2014 no later than 5:00 PM CDT
Answers to Vendor questions	July 28, 2014 no later than 5:00 PM CDT
Bids Due & Opened	August 18, 2014 no later than 10:00 AM CDT
Evaluations of Proposals	No later than August 25, 2014 5:00 PM CDT
Anticipation of Award	Within approximately five (5) days after ALC evaluation or one (1) day after Lottery Oversight Committee review, if required.

Proposals are due no later than the date and time listed on the top of Page 1 of the RFP.

### 1.3 CAUTION TO VENDORS

- During the time between the Proposal opening and contract award, any contact concerning this RFP will be initiated by the issuing office or requesting entity and not the Vendor. Specifically, the person(s) named herein will initiate all contact.
- Vendors are requested to respond to each numbered paragraph of the RFP.
- Vendors must submit one (1) signed original submission on or before the date specified on page 1 of this RFP. The Vendor should submit seven (7) complete copies (marked copy) of the signed RFP response, and two (2) electronic versions (one (1) redacted electronic version and one (1) unredacted electronic version), preferably in MS Word/Excel format, on CD. Do NOT include any pricing from the Request for Proposal Price Sheet on the copies, including the CD. Pricing from the Official Request for Proposal Price Sheet must be separately sealed from the submission and clearly marked as pricing information. The electronic version of the Official Request for Proposal Price Sheet must also be sealed separately from the electronic version of the submission. Failure to submit the required number of copies with the submission may be cause for rejection. If the ALC requests additional copies of the submission, they must be delivered within twenty-four (24) hours of request.
- For a submission to be considered, an official authorized to bind the Vendor to a resultant contract must have signed the submission and the Official Request for Proposal Price Sheet.
- All official documents and correspondence shall be included as part of the resultant Contract.
- The ALC reserves the right to award a contract or reject a submission for any or all line items of a submission received as a result of this RFP, if it is in the best interest of the ALC to do so. Submissions will be rejected for one or more reasons not limited to the following:
  - a. Failure of the Vendor to submit his or her submission(s) on or before the deadline established by the issuing office;
  - b. Failure of the Vendor to respond to a requirement for oral/written clarification, presentation, or demonstration;
  - c. Failure to supply Vendor references;
  - d. Failure to sign an Official RFP Document;
  - e. **Failure to complete the Official Request for Proposal Price Sheet(s) and include them sealed separately from the rest of the Proposal;**
  - f. Any wording by the Vendor in their response to this RFP, or in subsequent correspondence, which conflicts with or takes exception to a requirement in the RFP; or
  - g. Failure of any proposed services to meet or exceed the specifications.
- The Official Request for Proposal Price Sheet, Attachment B, is attached and posted and may be downloaded at <http://myarkansaslottery.com/>.
- Following the selection of a winning Vendor pursuant to this RFP process, the nine-member Arkansas Lottery Commission and the Arkansas Lottery Commission Legislative Oversight Committee shall have the final authority to determine whether to proceed with a contract with the selected Vendor. Either the Commission or the Committee may decide for financial or other reasons not to proceed with a contract.

#### **1.4 RFP FORMAT**

Any statement in this document that contains the word “**must**” or “**shall**” means that compliance with the intent of the statement is mandatory, and failure by the Vendor to satisfy that intent will cause the submission to be rejected. It is recommended that Vendors respond to each item or paragraph of the RFP in sequence. Items not needing a specific Vendor statement may be responded to by concurrence or acknowledgement; no response will be interpreted as an affirmative response or agreement to the conditions outlined in the RFP. Reference to handbooks or other technical materials as part of a response must not constitute the entire response and must identify the specific page and paragraph being referenced.

#### **1.5 SEALED PRICES**

The Request for Proposal Price Sheet submitted in response to this RFP must be submitted separately sealed from the submission of Proposal response. ***Vendors must include all pricing information on the Official Request for Proposal Price Sheet and must clearly mark said page(s) as pricing information. The electronic version of the Official Request for Proposal Price Sheet must also be sealed separately from the electronic version of the submission.***

#### **1.6 TYPE OF CONTRACT**

This will be a firm contract. Work is anticipated to begin within two weeks of contract award and to be completed no later than March 31, 2015.

#### **1.7 PAYMENT AND INVOICE PROVISIONS**

All invoices shall be delivered to directly to the ALC and sent to attention of the Internal Auditor at the following address:

Arkansas Lottery Commission  
Attn: Internal Auditor  
Post Office Box 3238  
Little Rock, Arkansas 72203

The Invoice, Invoice Remit, and Summary must be delivered via paper at no cost to the ALC.

The ALC shall have no responsibility whatsoever for the payment of any federal, state, or local taxes which become payable by the Successful Vendor or its subcontractors, agents, officers, or employees. The Successful Vendor shall pay and discharge all such taxes when due.

Payment will be made in accordance with applicable State of Arkansas accounting procedures upon acceptance by the ALC. The ALC may not be invoiced in advance of delivery and acceptance of any services. Payment will be made only after the Successful Vendor has successfully satisfied the ALC as to the reliability and effectiveness of the services as a whole. Purchase Order Number and/or Contract Number should be referenced on each invoice.

The Successful Vendor shall be required to maintain all pertinent financial and accounting records and evidence pertaining to the Contract in accordance with generally accepted principles of accounting and other procedures specified by the ALC. Access will be granted upon request, to State or Federal Government entities or any of their duly authorized representatives.



Financial and accounting records shall be made available, upon request, to the ALC's designee(s) at any time during the contract period and any extension thereof, and for five (5) years from expiration date and final payment on the Contract or extension thereof.

### **1.8 PROPRIETARY INFORMATION**

Proprietary information submitted in response to this RFP will be processed in accordance with applicable State of Arkansas procurement procedures. All documents pertaining to the RFP become the property of the ALC and shall be open to public inspection subsequent to anticipation of award. It is the responsibility of the Vendor to identify all proprietary information and to seal such information in a separate envelope marked as confidential and proprietary.

The Vendor should submit one (1) complete electronic copy of the RFQ response from which any proprietary information has been removed, i.e., a redacted copy (marked "REDACTED COPY"). The redacted copy should reflect the same pagination as the original, show the empty space from which information was redacted, and should be submitted on a CD or flash drive, preferably in PDF format. Except for the redacted information, the redacted copy **must** be identical to the original hard copy. The respondent is responsible for ensuring the redacted copy on CD/flash drive is protected against restoration of redacted data. The redacted copy **will** be open to public inspection under the Arkansas Freedom of Information Act (AFOIA) without further notice to the respondent after award of the Contract. If a redacted copy is not received the entire response **will** be open to public inspection with the exception of financial data. If the ALC deems redacted information to be subject to the AFOIA the Vendor will be contacted prior to ALC sending out the information.

### **1.9 CLARIFICATION OF RFP AND QUESTIONS**

If additional information is necessary to enable Vendors to better interpret the information contained in the RFP, written questions will be accepted until 5:00 PM CDT on Monday, July 14, 2014. Vendor questions submitted in writing will be consolidated and responded to by the ALC. The consolidated written ALC response will be posted on the ALC website on or before 5:00 P.M. CDT on Monday, July 28, 2014. Written questions should be submitted to the ALC Chief Legal Counsel Jean Block at [jean.block@arkansas.gov](mailto:jean.block@arkansas.gov).

### **1.10 BID EVALUATION**

The ALC RFP evaluation committee will evaluate all submissions to ensure all requirements are met. The Contract will be awarded on the basis of the proposal that receives the highest cumulative point total as defined in the evaluation criteria in Section 6.2 of this RFP.

### **1.11 ORAL INTERVIEWS**

The Vendor may be invited to an oral interview to comply with the requirement.

The RFP evaluation committee chairperson will schedule the time and location for each interview. All interviews are subject to be recorded.

All expenses associated with the interview except travel, meals, and lodging for evaluation committee personnel, will be borne by the Vendor.

### **1.12 PERFORMANCE SECURITY**

In lieu of any performance security requirement, the Vendor shall be paid for performance audit and consulting services upon successful completion of all milestones outlined in the Vendor's proposal and delivery of its final report, to the satisfaction of the ALC.

### **1.13 PRIME CONTRACTOR RESPONSIBILITY**

The Successful Vendor will be required to assume prime contractor responsibility for the Contract and will be the sole point of contact.

The ALC reserves the right to interview the key personnel assigned by the Successful Vendor to this project and to recommend or require reassignment of personnel deemed unsatisfactory by the ALC.

The ALC reserves the right to approve subcontractors for this project and require primary contractors to replace subcontractors that are found to be unacceptable.

If any part of the work is to be subcontracted the Vendor is subject to the provisions of A.C.A. § 23-115-501(c), in that the Vendor must disclose the same information for the subcontractor as for itself.

Responses to this RFP must include a list of subcontractors, including: firm name and address, contact person, complete description of work to be sub-contracted, and descriptive information concerning subcontractor's organizational activities.

### **1.14 DELEGATION AND/OR ASSIGNMENT**

The Vendor shall not assign the Contract in whole or in part or any payment arising there from without the prior written consent of the ALC. The Vendor shall not delegate any duties under the Contract to a subcontractor unless the ALC has given written consent to the delegation.

### **1.15 CONDITIONS OF CONTRACT**

The Successful Vendor shall at all times observe and comply with federal and State laws, local laws, ordinances, orders, and regulations existing at the time of or enacted subsequent to the execution of this Contract which in any manner affect the completion of the work. The Successful Vendor shall indemnify and save harmless the ALC and all its officers, representatives, agents, and employees against any claim or liability arising from or based upon the violation of any such law, ordinance, regulation, order, or decree by an employee, representative, or subcontractor of the Successful Vendor. Vendors may obtain a copy of the ALC's Policies and Procedures at: [myarkansaslottery.com](http://myarkansaslottery.com).

### **1.16 CANCELLATION**

In the event the ALC no longer needs the service or commodity specified in the Contract or purchase order due to program changes, changes in laws, rules, or regulations, relocation of offices, or lack of appropriated funding, the ALC may cancel the Contract or purchase order by giving the Vendor written notice of such cancellation thirty (30) days prior to the date of cancellation and a right to a hearing before the Commission.

### **1.17 STATEMENT OF LIABILITY**

The ALC will demonstrate reasonable care but shall not be liable in the event of loss, destruction, or theft of contractor-owned technical literature to be delivered or to be used in the installation of deliverables. The Vendor is required to retain total liability for technical literature until the deliverables have been accepted by the ALC. At no time will the ALC be responsible for or accept liability for any Vendor-owned items.

The Successful Vendor shall indemnify and hold harmless the ALC, its officers, directors, agents, retailers, and employees and the State of Arkansas, from and against any and all suits, damages, expenses, losses, liabilities, claims of any kind, costs or expenses of any nature or kind, including, with limitation, court costs, attorneys' fees, and other damages, arising out of, in connection with or resulting from the development, possession, license, modification, disclosure or use of any copyrighted or non-copyrighted materials, trademark, service mark, secure process, invention, process or idea (whether patented or not), trade secret, confidential information, article, or appliance furnished or used in the performance of the Contract.

#### **1.18 AWARD RESPONSIBILITY**

The ALC will be responsible for award and administration of any resulting Contract.

#### **1.19 INDEPENDENT PRICE DETERMINATION**

By delivery of this submission, the Vendor certifies, and in the case of a joint submission, each party thereto certifies as to its own organization, that in connection with this submission:

- The prices in the submission have been arrived at independently, without collusion and that no prior information concerning these prices has been received from or given to a competitive company; and
- If there is sufficient evidence of collusion to warrant consideration of this submission by the Office of the Attorney General, all Vendors shall understand that this paragraph may be used as a basis for litigation.

#### **1.20 PUBLICITY**

News release(s), media interviews or other publicity by a Vendor pertaining to this RFP or any portion of the project shall not be made without prior written approval of the ALC. Failure to comply with this requirement is deemed to be a valid reason for disqualification of the Vendor's submission.

The Successful Vendor agrees not to use the ALC's names, trademarks, service marks, logos, images, or any data arising or resulting from this RFP or the Contract as part of any commercial advertising or submission without the express prior written consent of the ALC in each instance.

#### **1.21 CONFIDENTIALITY**

The Successful Vendor shall be bound to confidentiality of any confidential information that its employees may become aware of during the course of performance of contracted services. Consistent and/or uncorrected breaches of confidentiality may constitute grounds for cancellation of the Contract.

The Successful Vendor shall represent and warrant that its performance under the Contract will not infringe any patent, copyright, trademark, service mark, or other intellectual property rights of any other person or entity and that it will not constitute the unauthorized use or disclosure of any trade secret of any other person or entity.

#### **1.22 SUBMISSION TENURE**

All Submissions shall remain valid for one hundred eighty (180) calendar days from the opening date referenced on Page 1 of the RFP.

### **1.23 COST**

All charges must be included on the Official Request for Proposal Price Sheet, must be valid for one hundred eighty (180) days following submission opening, and shall be included in the costing evaluation. The pricing must include all associated cost for the service being bid. **Pricing from the Official Request for Proposal Price Sheet must be separately sealed from the response and clearly marked as pricing information. Do not include any pricing from the Official Request for Proposal Price Sheet on the copies, including the CD. The electronic version of the Official Request for Proposal Price Sheet must also be sealed separately from the electronic version of the submission.**

#### **NOTE:**

1. The ALC will not be obligated to pay any costs not identified on the Official Request for Proposal Price Sheet.
2. Any cost not identified by the Vendor but subsequently incurred in order to achieve successful operation will be borne by the Vendor.
3. Official Request for Proposal Price Sheets may be reproduced as needed.
4. Vendors may expand items to identify all proposed services. A separate listing, which must include pricing, may be submitted with summary pricing.

### **1.24 WARRANTIES**

- The Successful Vendor shall warrant that it currently is, and will at all times remain, lawfully organized and constituted under all federal, state and local law, ordinances and other authorities of its domicile and that it currently is, and will at all times remain in full compliance with all legal requirements of its domicile and the State of Arkansas.
- The Successful Vendor shall warrant and agree that all services provided pursuant to this RFP and the Contract have been and shall be prepared or done in a workman-like manner consistent with the highest standards of the industry in which the services are normally performed. The Successful Vendor further represents and warrants that all computer programs implemented for performance under the Contract shall meet the performance standards required thereunder and shall correctly and accurately perform their intended functions on the equipment supplied by the ALC or the Successful Vendor.
- The Successful Vendor shall warrant that it is qualified to do business in this state and shall file appropriate tax returns as provided by the laws of this state.

### **1.25 ONGOING PERFORMANCE REQUIREMENTS**

The ALC may terminate the Contract by the Successful Vendor or its subcontractors under the terms of the Contract if, within ten (10) days after the ALC gives the Successful Vendor written notice specifying a default, the Contractor has not, in the ALC's sole judgment, either cured the default or given adequate assurance that assures the default will not adversely affect the timely implementation of the lottery or its continued operation.

Moreover, the ALC may cancel and terminate the Contract on less than ten (10) days written notice in cases of fraud, failure to disclose information required under this RFP, submission of work product in contravention of the terms of the Contract, refusal to permit inspections authorized by the Contract, and failure to adhere to all security requirements established from time to time by the ALC.

### **1.26 VENDOR PROPOSAL**

The Successful Vendor must, upon request of the ALC, furnish satisfactory evidence of its ability to furnish products or services in accordance with the terms and conditions of this RFP. The ALC reserves the right to make the final determination as to the Vendor's ability to provide the services requested herein. The Vendor must demonstrate that it possesses the capabilities described in Section 3.

### **1.27 NEGOTIATIONS**

As provided in this RFP and under the ALC's Major Procurement Rules, discussions may be conducted with a responsible Vendor whose submission is determined to be reasonably susceptible of being selected for award for the purpose of obtaining clarification of submission response and negotiation for best and final offers.

## **SECTION II. OVERVIEW**

### **2.0 ALC OVERVIEW**

Legislation creating the Arkansas Lottery, also referred to as the Arkansas Scholarship Lottery (ASL), and the Arkansas Lottery Commission (ALC), was signed into law on March 26, 2009 (the Arkansas Scholarship Lottery Act, Ark. Code Ann. § 23-115-101 et seq. and § 6-85-201 et seq.). In accordance with that legislation, for the benefit of the people of Arkansas, the ALC issues this Request For Proposal (RFP) for Performance Audit and Consulting Services to assist the ALC in its mission to operate a lottery that provides continuing entertainment to the public, maximizes the revenue generated for the support of higher education scholarships, preserves the integrity and dignity of the process, and accounts to the public and the General Assembly through reports and audits.

The Arkansas Lottery Commission is an independent agency of the state of Arkansas. It employs approximately eighty (80) people statewide. The ALC is committed to maximizing revenues for the Arkansas Academic Challenge Scholarship Program (AACSP) set forth in the Act creating the Arkansas Scholarship Lottery. The ALC began lottery ticket sales on September 28, 2009, offering the public instant games and, shortly after, terminal-generated games. In the first nine months of operation, the ALC generated over \$384 million in revenue and transferred over \$82 million in proceeds for the fiscal year. In fiscal year 2014, the ALC is projecting sales of \$417 million and expects proceeds to be in the range of \$82 million. The ALC's retailer base is nearly nineteen-hundred (1,900). Convenience store retailers are the strongest segment, followed by tobacco, grocery and liquor stores. Attachment D includes a current organizational chart and summary of sales by each retailer segment.

### **2.1 ALC PRODUCT OFFERINGS**

The ALC's product mix is composed of instant and terminal-generated numbers games. Instant games are played by removing a scratch-off coating from the play area of the ticket. There are various ways to win, including matching certain symbols, adding up to a specified total or otherwise satisfying the requirements listed on the ticket. If the specified condition occurs, the ticket is an instant winner. These play styles are combined with a variety of game themes and ticket prices. Instant games were the first type of games offered by the ALC. In fiscal year ending June 30, 2014, the ALC will launch 48 instant ticket games with price points of \$1, \$2, \$3, \$5, \$10 and \$20. In fiscal year 2013, instant games sales were \$355,061,785, accounting for 80.8% of sales. Attachment D includes a summary of product sales over the last two fiscal years.

Terminal-generated games allow players to select the numbers for their wager, or players may utilize computer-generated plays. Players receive a ticket with the numbers selected or automatically generated and await the results of a drawing to determine if they have matched the numbers and won. The ALC offers seven different types of terminal-generated games: Powerball®, Mega Millions®, Decades of Dollars, Natural State Jackpot, Cash 3, Cash 4, Fast Play, Arkansas 50/50 and AR Progressive Jackpot. In fiscal 2013, terminal-generated sales accounted for 19.2% of total sales.

Powerball® is a multi-state draw game jointly operated by the 33 member lotteries of the Multi-State Lottery Association and sold in 45 states and territories. Players select one set of five numbers from a pool of one to 59 and one additional number designated as the "Powerball" from a second pool of one to 35. To win the jackpot, all six numbers must be matched. The minimum jackpot amount is \$40 million, which increases for each subsequent draw when the jackpot is not won. Each Powerball® play costs \$2. For an additional dollar, the PowerPlay® feature allows players multiply their non-jackpot prizes to win an additional prize of up to \$1,000,000. A jackpot winner may select either an annuitized prize paid in 30 annual installments or a lump sum payment. Drawings are held every Wednesday and Saturday night. In fiscal year 2013, Powerball® sales were \$47,409,700, accounting for 10.8% of total sales for the year.

Mega Millions® is a second multi-state draw game sold in accordance with a cross-selling agreement between the 12 Mega Millions® member states and the Multi-State Lottery Association. Mega Millions® is sold in 45 states and territories. Players select one set of five numbers from a pool of one to 56 and one additional number from a second pool of one to 46. To win the jackpot, all six numbers must be matched. The minimum jackpot amount is \$12 million, which increases for each subsequent draw when the jackpot is not won. Each Mega Millions® play costs \$1. For an additional dollar, the Megaplier® feature allows players to multiply non-jackpot winnings up to four times. A jackpot winner may select either an annuitized prize paid in 26 annual installments or a lump sum payment. Drawings are held every Tuesday and Friday night. In fiscal year 2013, sales for Mega Millions® were \$13,891,465, accounting for 3.1% of total sales during the year.

Decades of Dollars is a draw game sold in Arkansas, Georgia, Kentucky, and Virginia. Players have a chance to win \$250,000 a year for 30 years or a lump sum of \$4 million. Each Decades of Dollars play costs \$2. Players select six numbers from a pool of one to 47, and must match all six numbers to win the jackpot. Prizes are also paid for matching two to five numbers. Drawings are held every Monday and Thursday night. In fiscal year 2013, sales for Decades of Dollars were \$2,927,572, accounting for .7% of total sales during the year. The ALC plans to replace the Decades of Dollars game with Lucky for Life, a multi-state annuity game, in fiscal year 2015.

Natural State Jackpot is an Arkansas-only lotto style draw game that uses a standard matrix where a player selects five different numbers from one to 39. The game offers overall odds of one in nine of winning a prize, with top prize odds of one in 575,757. The top (jackpot) prize starts at \$25,000, with incremental growth of \$5,000 following each draw held without a top prize winner. The game also offers additional prize levels of \$1 for correctly matching two of the numbers drawn; \$7 for correctly matching three of the numbers drawn; and \$300 for matching four of the numbers drawn. The Natural State Jackpot amount re-sets to \$25,000 when the current jackpot is won by a player (or players) who correctly matched all five numbers drawn in a drawing. Drawings take place nightly Monday through Saturday at 8:00 PM (CT). Natural State Jackpot sales for fiscal 2013 were \$6,994,820, accounting for 1.6% of sales during the year.

Cash 3 is a terminal-generated game in which players select three numbers between zero and nine and can play the numbers straight, box, straight/box or combo. Cash 3 can be played starting at 50 cents. Drawings are conducted twice per day except Sunday, which has one drawing. In fiscal year 2013, sales for Cash 3 were \$6,161,706, accounting for 1.4% of total sales during the year.

Cash 4 is played similarly to Cash 3, with players selecting four numbers between zero and nine. Players may play the numbers straight, box, straight/box, and combo. Cash 4 can be played starting at 50 cents. Drawings are conducted twice per day except Sunday, which has one drawing. In fiscal year 2013, sales for Cash 4 were \$3,324,150, accounting for .7% of total sales during the year.

Fast Play is an instant play-style game that prints from retail terminals so players can determine instantly whether they have won. There are various ways to win, including matching certain symbols, adding up to a specified total, or otherwise satisfying the requirements listed on the ticket. The AR Progressive Jackpot Fast Play game launched on April 15, 2013. This game incorporates a new progressive jackpot gaming theme along with fixed lower-tier prizes. This Fast Play game offers the player a chance to win a prize at different fixed-prize levels, or a portion of the cumulative jackpot, or the entire cumulative jackpot with each play/ticket purchase. The game is available at three different price points (\$1, \$2 and \$5). On the AR

Progressive Jackpot Fast Play ticket, a play can win up to five times, \$250 (or 20% of the current jackpot) on a single \$1 ticket; up to ten times, \$500 (or 40% of the current jackpot) on a single \$2 ticket; and up to fifteen times, \$1,000 (or 100% of the current jackpot) on a single \$5 ticket. The AR Progressive Jackpot amount re-sets to \$1,000 if the entire \$5 AR Progressive Jackpot is won. The AR Progressive Jackpot amount continuously grows with each ticket sold (10% of each ticket sale is contributed to the current AR Progressive Jackpot amount). In fiscal year 2013, sales for Fast Play were \$3,391,691, which is .8% of total sales during the year.

Arkansas 50/50 is a raffle-style draw game exclusive to Arkansas. Draw sales begin on the first of every month and end on the last day of every month. Arkansas 50/50 tickets are generated from the retail terminal in sequential order, beginning with 000001 for each drawing. Twenty-five winning numbers are selected in each drawing, which is held on the first Tuesday of each month. Fifty percent of sales during the month preceding the draw are allocated to prizes. Of that amount, 75% is won by one ticket number. The remaining 25% is divided among 24 winning tickets. A player wins if the number on his or her ticket matches, with digits in exactly the same order, any of the winning numbers drawn by ALC. In fiscal year 2013, sales for Arkansas 50/50 were \$385,105, which is .1% of total sales during the year.

## **2.2 REVENUE, OPERATING EXPENSES, AND NET PROCEEDS**

As of April 2014, the ALC is down \$18.5 million in sales as compared to the same period last year. The decrease in sales is primarily attributed to a decrease in instant games sales. In fiscal year 2013, the ALC saw a \$33.5 million, or 7.1%, decrease in lottery sales for fiscal year 2013 as compared to fiscal year 2012, of which instant ticket sales decreased by \$36.2 million, or 9.3%, while online ticket sales increased by \$2.7 million, or 3.3%. In fiscal 2013, Powerball® had a \$9.5 million, or 25.1%, increase in sales for fiscal year 2013, and Fast Play sales increased by \$0.7 million, or 24.6%, over fiscal year 2012. Due to a large jackpot run in January through April 2014, Natural State Jackpot sales are trending up for the 2014 fiscal year. Additionally, Fast Play sales are expected to increase significantly due to the success of the AR Progressive Jackpot Fast Play game. Attachment C includes a summary of revenue, operating expenses and net proceeds over the last four years of operation.

Advertising expenses have been approximately \$4,500,000 annually since fiscal year 2010. This is slightly lower than the national average of advertising spend, which is approximately one percent (1%) of sales. Advertising media expenses have traditionally been highest in the television category followed by radio, outdoor, internet/digital and print. Expenses are consistent with industry spend levels in each category. Attachment D includes a breakdown of expenses for each advertising category.

## **2.3 U.S. LOTTERIES' SALES**

In fiscal 2013, the ALC generated \$439.5 million in sales, or \$152 in per capita sales. The ALC ranked 25<sup>th</sup> out of 44 states in per capita sales. ALC per capita annual instant tickets sales were \$122, outperforming 26 other states in this gaming category. Attachment D includes a summary of US lotteries' sales.

## **2.4 SALES BY COUNTY**

ALC Management has identified the regions of northwest Arkansas and northeast Arkansas as geographical areas of the state that are underperforming in relation to sales per capita, and determined that a focus in fiscal year 2015 will be improving sales in these areas. Attachment D includes a summary of sales by county.



## **2.5 MARKETING RESEARCH**

In January 2010, Crestwood, on behalf of the ALC, conducted a demographic survey to measure playership, demographics, and awareness levels. A combined methodology of telephone and online research was utilized in a sample of 1,198 adults 18+ (N=397 phone surveys were collected, as well as N=801 online surveys). The ALC plans to conduct a similar study in fiscal year 2015 as a way to track results and to gain information to assist us in strategy development for increasing sales. Attachment D includes a summary of the results.

In spring 2013, Strategic Market Research, on behalf of the ALC, conducted a marketing survey to measure frequency of play, advertising awareness, lottery perceptions and beneficiary awareness. A combined methodology of telephone and online research was utilized of a sample of 500 adults 18+ (N=150 phone surveys were collected, as well as N=350 online surveys). As a way to track those measurements year over year, the ALC conducted the same study in spring 2014. Attachment D includes a summary of the results.

## **SECTION III. ALC OBJECTIVES**

### **3.1 OVERVIEW**

The integrity of the Arkansas Scholarship Lottery is essential. The ALC must maintain control over all functions and be assured that they are performed to provide the greatest long-term benefit to the state of Arkansas, the greatest integrity for the ALC, and the best service and products for the public, all in a manner consistent with the dignity of the state of Arkansas.

This RFP is designed to identify and evaluate proposals submitted by qualified firms to perform an in-depth assessment of the performance of the ALC's operations in specified areas and provide recommendations and actionable plans for use by the ALC at its discretion to improve its operations, with the overall goals of:

- Increased revenue;
- Cost control;
- Increased contribution to the Arkansas Academic Challenge Scholarship program.

All responses to this RFP shall reflect these overall goals and objectives outlined herein.

### **3.2 SUCCESSFUL VENDOR/ALC RELATIONSHIP**

The nature of this RFP and the Contract that will result from this procurement will result in a relationship between the Successful Vendor and the ALC, which relationships must be founded in mutual trust and respect. The Successful Vendor must adopt the same attitudes and concerns towards integrity, security and quality of the Arkansas lottery's games, financial performance, and minority and female participation and commitment to nondiscrimination as are held by the ALC.

### **3.3 VENDOR QUALIFICATIONS**

The Vendor is required to perform an in-depth assessment of the ALC's performance in specified areas. As such, there are minimum qualifications that the Vendor must meet in order to successfully execute the desired services and maximize the benefit of such services to the ALC and state of Arkansas. These minimum qualifications are:

- At least three (3) years of verifiable lottery industry experience related to the key areas outlined in Section 3.4 of this RFP.
- Experience and capacity to make detailed and specific recommendations to the ALC as a result of a thorough assessment of its operations in the areas specified in this RFP.

### **3.4 KEY AREAS FOR ASSESSMENT / SCOPE**

The Vendor is expected to complete an assessment of the ALC's performance in the key areas outlined below, but responding Vendors are encouraged to outline additional areas it believes are also relevant and critical for review and analysis. While a portion of such assessment is expected to include comparisons of the ALC's performance to other state lotteries, it is expected that the Vendor will devote most of its time and effort to understanding the ALC's current operations, business environment, and current performance in order to identify recommendations and actionable plans to achieve ALC's stated objectives of increased revenue and cost control for the benefit of the Arkansas Academic Challenge Program. The Vendor is encouraged to provide multiple scope options, allowing for evaluation of the proposed services collectively and separately, so that ALC can exercise the options that are determined to be the most advantageous for the ALC to assess its performance and identify actionable plans to achieve its objectives.

The key areas of the ALC's operations are:

#### Retailers

- Retailer Penetration (including by retailer category analysis)
- Retailer Education and Communication Methods and Materials
- Placement of Point of Sale (POS) Materials
- Product Placement
- Commissions and Incentive Methods and Structures (including comparison to other lotteries)
- Recruiting Methods
- Sales Performance

#### Product Portfolio

- Performance of existing instant and online game portfolio
- Launch Schedules
- Price Points
- Payouts
- Prize Offerings
- Analysis of Per Capita Sales by Product

#### Marketing, Advertising, and Promotion

- Budgeted and Actual Spend Allocations
- Efficiency and Effectiveness of Existing Advertising Methods and Programs
- Winner Awareness
- Use of Social Media
- Promotional Events
- Development of Point of Sale (POS) Materials

#### Public Relations

- Public Perception of the ALC (including adverse or positive publicity, lawsuits, contract disputes, and if these items have influence on buying decisions)
- Public Awareness of ALC Beneficiaries, Mission, and Past Performance
- Public Awareness and Perception of Legal Limitations and Requirements (including encouragement of responsible play, age limitations, and problem gambling assistance)

#### Organizational Structure

- Departmentalization
- Reporting Structure
- Headcount Optimization (by Department and as a whole)
- Compensation Structure and Market Competitiveness

### **3.5 USE OF MEASUREMENT CRITERIA**

It is expected that in order to facilitate its assessment of the areas outlined in this RFP, the Vendor may choose to identify comparisons or comparative standards that are useful to measure the ALC's performance. It is also possible that the ALC may ask the Vendor to consider and provide feedback regarding comparisons or comparative standards that it believes are useful to measure ALC's performance. Should the ALC elect to provide to the Vendor comparisons or comparison standards it believes are relevant measures for feedback and review by the Vendor, the Vendor shall provide specific written analysis regarding the Vendor's own assessment of the ALC's performance using such measures and the relevance and reliability of using such metrics in assessing the ALC's performance.

Any comparisons or comparison standards used by the Vendor in its assessment and the basis for their selection shall be explained in any formal written communications or reports issued by the Vendor at the conclusion of performance audit and consulting activities. Further, any such standards used by the Vendor to measure the ALC's performance against other lotteries should be based on factors such as:

- Geographic proximity
- Population
- Years in business
- Statutory requirements
- Other factors deemed relevant and useful by the Vendor (including an explanation of why the Vendor deems such measure relevant and useful).

### **3.6 PROPOSAL REQUIREMENTS**

Each Vendor's proposal must describe the following in detail:

- Methodology for conducting the performance audit and related consulting services
- Description of the Vendor's lottery industry experience, both at a firm and individual engagement team level
- List of expected engagement team members, including any Subject Matter Experts (SMEs) employed by the Vendor as primary contractor and any SMEs expected to be engaged as a subcontractors
- Timeline for completion of the performance audit, including the timing of expected key deliverables.

### **3.7 REQUIRED DELIVERABLES**

The Successful Vendor is required to deliver the following to the ALC:

- Final list of engagement team members, including SMEs employed directly by the Vendor and any subcontractors used to complete the performance audit and related consulting services. This shall be provided to the ALC prior to the Successful Vendor beginning the performance audit.
- List of relevant performance metrics (either comparative measures against other lotteries or internal metrics) used by the Vendor to measure the success of the ALC in all areas covered by the performance audit, including method of calculating such metrics and the source of information used to calculate such metrics (may be incorporated into final report issued by Vendor).
- Final report that includes a description of the review and analysis procedures undertaken and provides recommendations and action plans for use by the ALC to improve its operations at its discretion.

### **3.8 OTHER REQUIREMENTS**

The Successful Vendor, at its own cost, may be asked by ALC to present and explain the performance audit report before the nine-member Arkansas Lottery Commission or the Arkansas Lottery Commission Legislative Oversight Committee.

## SECTION IV. COST

### **4.0 BIDDING SCHEDULE/COST SUBMISSION**

As outlined in Section 1.7 of this RFP, the ALC expects that the Successful Vendor shall be compensated for the Work by the ALC based on a fixed fee agreed upon by the ALC. However, Vendors are encouraged to offer, in addition to a fixed fee, alternative pricing terms that allow for evaluation of the proposed services collectively and separately, so that it can exercise the options that are determined to be the most advantageous to pursue in assessing its performance and identifying actionable plans to achieve its objectives. Suppliers are reminded that the cost quotation should cover all of the Services and other items covered and required by this RFP, as well as other Services and Deliverables deemed necessary by the Vendor, to be provided by the Successful Vendor to meet the stated objectives of this RFP. All Services required by this RFP must be included in such fee, without limitation.

**Bidders must include all pricing information on the Official Request for Proposal Price Sheet and must clearly mark said page(s) as pricing information. The electronic version of the Official Request for Proposal Price Sheet must also be sealed separately from the electronic version of the submission.** Vendors are reminded that the cost quotation should take into account and cover all of the services provided under the terms of this RFP and to be provided by the Successful Vendor during the term of the Contract. A cost submission must meet both the immediate and long-term needs of the ALC. **Cost information provided in a format other than that set forth in this RFP will not be accepted.** The format of the Official Request for Proposal Price Sheet shall not be modified.

Finally, bidders are reminded that as outlined in Section 1.12 of this RFP, the Successful Vendor shall be paid for performance audit and consulting services upon successful completion of all milestones outlined in the Vendor's proposal and delivery of its final report, to the satisfaction of the ALC. No progress billing or other arrangements will be accepted.

## **SECTION V. ADDITIONAL VENDOR REQUIREMENTS**

### **5.0 SUBMISSION OF INFORMATION**

All submissions should be complete and carefully worded and should convey all of the information requested. If significant errors are found in the Vendor's submission, or if the submission fails to conform to the essential requirements of the RFP, the ALC will be the sole judge as to whether that variance is significant enough to reject the submission. Submissions should be prepared simply and economically, providing a straightforward, concise description of the Vendor's capabilities to satisfy the requirements of the RFP. Emphasis should be on completeness and clarity of the content. Submissions which include either modifications to any of the contractual requirements of the RFP or a Vendor's standard terms and conditions may be deemed non-responsive and therefore not considered for award.

### **5.1 VENDOR PROFILE**

A Vendor must submit the following information:

- Business Name;
- Business Address;
- Alternate Business Address;
- Primary Contact Name, Title, Telephone, Fax, and E-mail address;
- How many years the Vendor has been in this type of business;
- Proof that the Vendor is qualified to do business in the State of Arkansas;
- A disclosure of the Vendor's name and address, and, as applicable, the names and addresses of the following individuals who will be directly working on this project: If the Vendor is a corporation, the officers, directors, and each stockholder of more than a ten percent (10%) interest in the corporation. However, in the case of owners of equity securities of a publicly traded corporation, only the names and addresses of those known to the corporation to own beneficially five percent (5%) or more of the securities need be disclosed; if the Vendor is a trust, the trustee and all persons entitled to receive income or benefits from the trust; if the Vendor is an association, the members, officers, and directors; and if the Vendor is a partnership or joint venture, all of the general partners, limited partners, or joint venturers;
- A disclosure of all the states and jurisdictions in which the Vendor does business and the nature of the business for each state or jurisdiction;
- A disclosure of all the states and jurisdictions in which the Vendor has contracts to supply gaming goods or services, including without limitation lottery goods and services, and the nature of the goods or services involved for each state or jurisdiction;
- A disclosure of all the states and jurisdictions in which the Vendor has applied for, has sought renewal of, has received, has been denied, has pending, or has had revoked a lottery or gaming license of any kind or had fines or penalties assessed to the Vendor's license, contract, or operation and the disposition of each instance in each state or jurisdiction. If any lottery or gaming license or contract has been revoked or has not been renewed or any lottery or gaming license or application has been either denied or is pending and has remained pending for more than six (6) months, all of the facts and circumstances underlying the failure to receive a license shall be disclosed;
- A disclosure of the details of any finding or plea, conviction, or adjudication of guilt in a state or federal court of the Vendor for any felony or any other criminal offense other than a traffic violation committed by the persons identified under A.C.A. § 23-115-501 (b)(1). The ALC may request that any or all of the persons identified under § 23-115-501 (b)(1) undergo a state and federal criminal background check. If requested, a state and federal criminal background check shall be conducted in the manner under § 23-115-601(e);

- A disclosure of the details of any bankruptcy, insolvency, reorganization, or corporate or individual purchase or takeover of another corporation, including without limitation bonded indebtedness, and any pending litigation of the Vendor;
- A disclosure of the Vendor’s most recent financial report.; and
- Additional disclosures and information that the ALC may determine to be appropriate for the procurement involved.

**5.2 ORGANIZATION, SIZE, STRUCTURE, AND FINANCIAL CONDITION**

Vendor shall include all pertinent information to substantiate its Proposal and capabilities to perform the services described in the scope of work including a copy of the most recent financial statements.

**5.3 GENERAL INFORMATION**

Vendor shall submit any additional information for consideration such as specialized services, staffs available, or other pertinent information the Vendor may wish to include.

**5.4 BACKGROUND INVESTIGATION**

The ALC may conduct background investigations, as required by law. The Successful Vendor shall be required to conduct background investigations with the approval of the ALC on all subcontractors.

**5.5 DISCLOSURE OF LITIGATION**

A Vendor must include in its Submission a complete disclosure of any civil or criminal litigation or indictment involving such Vendor. A Vendor must also disclose any civil or criminal litigation or indictment involving any of its joint ventures, strategic partners, prime contractor team members, and subcontractors. This disclosure requirement is a continuing obligation, and any litigation commenced after a Vendor has delivered a submission under this RFP must be disclosed to the ALC in writing within five (5) days after the litigation is commenced.

**5.6 IMPLEMENTATION ROLLOUT**

A Vendor must provide a summary overview and an implementation plan for the entire project being proposed. The intent of this requirement is to provide the ALC with a concise but functional summary (the “Executive Summary”) of discussion of each phase of the Vendor’s plan in the order of progression. While the ALC expects a Vendor to provide full details in each of the sections in other areas of the RFP relating to its plan, the Executive Summary will provide a “map” for the ALC to use while reviewing the Submission.

Each area summarized must be listed in chronological order, beginning with the date of Contract execution, to provide a clear indication of the flow and duration of the project. A Vendor may use graphics, charts, pre-printed marketing pieces, or other enhancements as a part of this section to support the chronology or add to the presentation. Any such materials must be included in the original and each copy of the Submission.

**5.7 BACKGROUND AND FINANCIAL VIABILITY**

A Vendor must provide evidence of financial responsibility and stability for performance of a Contract of this magnitude. A Vendor must demonstrate the ability to finance the project described by the Vendor’s submission and must also disclose any outside financial resources that will be utilized.

In addition, a Vendor must submit a copy of its last three (3) years financial statements.

**5.8 REFERENCES**

Vendor shall provide references of similarly situated clients (see Attachment C).



## SECTION VI. EVALUATION CRITERIA FOR SELECTION

### 6.0 GENERAL

The Vendor should address each item listed in this RFP to be guaranteed a complete evaluation.

Evaluation criteria has been developed that will be used by the evaluation committee which is incorporated in Section 6.2 of this RFP. Other agencies and consultants of the state of Arkansas and the ALC may also examine documents.

The ALC requires that the Services requested under this RFP be available for use in the time and manner previously stated in this RFP. A Vendor's submission implies Vendor acceptance of the evaluation technique and Vendor recognition that subjective judgments must be made by the evaluation committee during the assignment of rating points.

The ALC reserves, and a Vendor by delivery of a submission grants to the ALC, the right to obtain any information from any lawful source regarding the past business history, practices, and abilities of Vendor, its officers, directors, employees, owners, team members, partners, and/or subcontractors.

### 6.1 EVALUATION CRITERIA

The RFPs will be evaluated and scored on the following criteria which will be rated by the points system outlined in Section 6.2 of this RFP.

### 6.2 EVALUATION POINTS

<u>Criteria</u>	<u>Points</u>
Professional qualifications and certifications including the specialized lottery industry experience with respect to the professional services sought	30
Methodology and approach for conducting the performance audit and related consulting services	25
References of similarly situated clients	15
Flexibility of Pricing Options	15
Minority Owned and Female Owned Business Participation	5
<b><u>Subtotal</u></b>	<b>90</b>
Cost	10
<b><u>Total Points</u></b>	<b>100</b>