

1. Have any previous actuarial audits been conducted for the ERB? If so, please provide a copy of the most recent actuarial audit report and disclose the fee paid for those services.

Buck Consultants conducted an actuarial review dated February 2011 on the June 30, 2009 actuarial valuation report prepared by the actuaries Gabriel Roeder Smith & Company (GRS). The actuarial review also included the 2008 experience study, and actuarial assumptions and methods used in the valuation. This review was performed for the New Mexico Legislative Council Service, and we do not know the cost for these services. A copy of the review is attached here:



A copy of the 2013 actuarial valuation prepared by GRS is located on the ERB website at: <http://www.nmerb.org/pdfs/2013actuarial.pdf>.

2. What is the target date desired for completion of the actuarial audit?

The actuarial audit is expected to be completed by May 31, 2014.

3. Should the proposal include an appearance by the “Senior Auditor” to present the actuarial audit results to the ERB?

Yes, this will most likely occur at the Board meeting scheduled for June 13, 2014.

4. On page 30, paragraph 1.a. states that the review will include “Review and analysis of the calculation results, including an evaluation of the data used for reasonableness and consistency as well as a review of the mathematical calculations for completeness and accuracy.” Also, paragraph 1.b. states that the review will include “Verification that all appropriate benefits have been valued and valued accurately.” Please clarify whether this is intended to be accomplished by: (a) making a full replication of the valuation results or (b) testing the valuation results using sampling. [Note that while there is no official definition of the different levels of actuarial audits, a 2003 memorandum prepared by Gabriel, Roeder, Smith & Company describes a full replication as a “Level One” audit and a test using sampling as a “Level Two” audit.]

It is expected that the objective will be accomplished through the use of sampling.

5. On page 27, paragraph 21 describes sample contract provisions regarding health coverage for a contractor’s employees. What requirements would be applicable for a corporation located outside of New Mexico that has no employees working in New Mexico?

Any questions regarding your specific situation should be directed to **Insure New Mexico! SOLUTIONS Center** at 1-888-997-2583 or visit their website at: <http://www.insurenemexico.state.nm.us/default.aspx>.

The ERB does not give advice or make determinations of Contractor status regarding the requirements for New Mexico Employee Health Coverage.

6. Similarly, on page 27, paragraph 22 describes sample contract provisions regarding pay equity reporting. What requirements would be applicable for a corporation located outside of New Mexico that has no employees working in New Mexico?

Please refer to the information provided at the website cited in the rfp. It is located at: http://www.generalservices.state.nm.us/statepurchasing/Pay_Equity.aspx.

The ERB does not give advice or make determinations of Contractor status regarding the requirements for Employee Pay Equity Reporting.

7. On page 29, there is a signature block for the New Mexico Taxation and Revenue Department to state that “the Contractor is registered with the Taxation and Revenue Department of the State of New Mexico to pay gross receipts and compensating taxes.” We understand that a corporation located outside of New Mexico would be required to register with the State of New Mexico and pay some type of state taxes on compensation received from ERB for services under this contract. What would be the amount or percentage of tax levied by the state?

Information regarding tax rates and filing requirements can be found at the website for the New Mexico Taxation and Revenue Department, located at: <http://www.tax.newmexico.gov/Pages/TRD-Homepage.aspx>.

The ERB does not give advice or make determinations of Contractor status regarding the requirements for the payment of New Mexico gross receipts and compensating taxes.

8. Is ERB requesting a full or limited scope audit?

ERB is requesting a limited scope audit, sometimes referred to as a Level 2 audit.

9. Why is this service being requested at this time?

This service is being requested to accomplish the goal listed on Attachment 1, page 30 of the rfp.

10. What were the fees paid for the 2011 actuarial audit?

The 2011 review was performed for the New Mexico Legislative Council Service, not ERB. We do not know the cost of that service.

11. Is there a budget for the 2013 actuarial audit? If so, what is the amount of the budget?

No, there is no budget identified for this requested service.

12. Will GRS provide the Contractor with test lives as requested by the Contractor?

Yes.

13. Will the Contractor be provided with the data files provided to GRS as well as the valuation ready data the GRS used in its valuations?

Yes.

14. Will the Contractor be provided with a listing of the data edits that GRS performed on the raw data files?

GRS does not have a formal list of data edits, but will cooperate with the Contractor and answer all questions regarding edits performed.

15. Will the Contractor have access to GRS's workpapers in order to determine whether appropriate checking and reviewing procedures were followed?

No, but GRS will walk through any calculations and answer questions regarding procedures taken.

16. Are there any specific areas of the actuarial valuation that ERB would like the Contractor to address?

ERB wishes the Contractor to achieve the objective listed in the Scope of Work in Attachment 1, page 30 of the rfp, by performing the activities listed there.

17. Can you please provide copies of the actuarial valuation and experience study?

The 2013 Actuarial Valuation Report can be found on ERB's website, located at <http://www.nmerb.org/pdfs/2013actuarial.pdf>. Please note that there is not an experience study related to the 2013 report, however, there is an experience study as of June 30, 2012, located at <http://www.nmerb.org/pdfs/NewMexicoExpStudy2012.pdf>.

18. When was the last actuarial audit performed? Can we obtain a copy of the report as part of your responses to these questions?

ERB has not had an actuarial audit performed for a number of years. Please refer to Question 1.

19. Did the prior audit reveal any discrepancies or errors? Did any issues arise from the previous audit that would be a significant consideration for the current audit?

Please refer to Question 1.

20. Are there any differences in the scope of work for this audit compared to the prior audit?

There has been no recent audit of actuarial services.

21. Is the prior auditor eligible to bid for the new audit services?

There has been no recent audit of actuarial services.

22. What fees were paid for the prior actuarial audit?

Please refer to Question 1.

23. Please confirm that: a) the successful bidder is not expected to perform a full replication parallel valuation and b) the audit does not require a historical development of the actuarial value of assets.

ERB is seeking services consistent with those of a limited scope audit, sometimes referred to as a Level Two audit. We do not desire a full replication valuation or a historical development of the actuarial value of assets.

24. Please provide a list of the companies that expressed an interest in submitting a proposal.

ERB will not reveal the firms responding to this Request for Proposals until the entire process is completed.

25. Would the ERB be willing to negotiate certain terms and conditions with the winning bidder, such as a commercially standard limitation of the contractor's liability?

The ERB will consider proposals to modify certain contractual terms and conditions in light of the limited scope of the proposed audit, to the extent permitted by state law and policy regarding procurements.

26. What budget, if any, has been established for this audit?

Please refer to Question 11.

27. Regarding the actuarial valuation census data to be provided: will the ERB and the current actuary provide data in the form of text files, MS Access, or another type of file?

The census data will be provided in text files.

28. How many in-person meetings does the ERB require of the successful contractor during the course of the actuarial audit?

Theoretically, there would be a possible minimum of two meetings. The first would likely occur when, as a finalist, the potential contractor would make a presentation to the Evaluation Committee at a meeting, scheduled to occur between January 6–8, 2014. Secondly, the successful contractor would present the results to the Board, most likely in June, 2014.

29. Does the audit of liabilities include validating results by individual decrements (i.e. retirement, disability, etc.), or can the validation be done in the aggregate?

It would include validating results by individual decrements.