



[Title]

### Sole Source Justification Approval Form

The objective of this form is to capture all relevant documentation to assist in the source justification review process. This form must be completed electronically and submitted with all relevant documentation for review and approval. Sole Source Justification Approval Forms will be posted to PSERS public website in accordance with Title 62 §106.1 and §515.

SECTION A			
<b>Requesting Office</b>		Public School Employees' Retirement System	
<b>Description</b>		Public School Employees' Retirement Board of Trustees investment-related policy compliance monitoring and reporting services	
<input type="checkbox"/>	<b>Material</b>		
<input checked="" type="checkbox"/>	<b>Services</b>		
<b>Delivery/service location</b>		5 North 5 <sup>th</sup> Street Harrisburg, PA 17101	
<b>SAP Vendor #</b>		<b>Est Total Value \$</b>	1,151,500.00
<b>Vendor</b>		IQ/EQ (formerly Constellation Advisors, LLC)	
<b>Vendor Address</b>		250 W 57 <sup>th</sup> St Floor 10, New York, NY 10107-0108	
<b>Start Date</b>		<b>End Date</b>	07/31/2027 w/ 3-one year renewal options
08/01/2025			

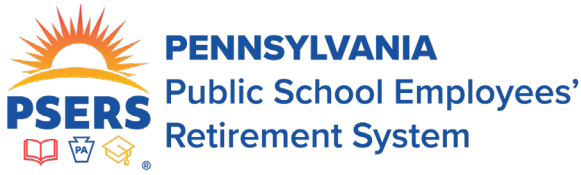
Requests over \$100,000 must include a **Cost or Pricing Data Certification form** signed by the supplier.

SECTION B	
<b>Check the appropriate reason(s) for this source justification.</b>	
<input type="checkbox"/>	<b>1. Sole Source.</b> Only known source – Not available from another supplier. Title 62. § 515. (a) (1)
<input type="checkbox"/>	<b>2. Exempt (Law).</b> A federal or state statute or regulation exempts the procurement from the competitive procedure. Any applicable information precluding the procurement from competitive procedures must be attached. Title 62. § 515. (a) (2)
<input type="checkbox"/>	<b>3. Feasibility.</b> Clearly not feasible to award the contract on a competitive basis. Title 62. § 515. (a) (4)
<input checked="" type="checkbox"/>	<b>4. Best Interest.</b> Clearly in the best interest of the Commonwealth. Title 62. § 515. (a) (10)
<input type="checkbox"/>	<b>5. Professional Expert/ Expert Witness.</b> Title 62. § 515. (a) (6)
<input type="checkbox"/>	<b>6. Single Source (Material/Repair/Maintenance).</b> Material or service MUST be compatible with existing equipment. Documentation must be provided by the manufacturer. Title 62. § 515. (a) (7)
<input type="checkbox"/>	<b>7. Investment Managers/ Advisors.</b> Title 62. § 515. (a) (8)

Sole source procurements that use above justifications 1 - 4 are required to be posted to PSERS public website for seven (7) days prior to approval. Within seven (7) days of approval, the form must be posted for at least thirty (30) days. Justifications 5-7 are exempt under the Procurement Code and do not require posting.



<b>SECTION C</b>		<i>(Answer for reasons 1-4 from Section B)</i>
<b>1. Describe the unique features of this procurement that prohibit a competitive environment. If applicable, attach a Statement of Work.</b>		
<p>The compliance monitoring of investment-related board policies and the subsequent reporting of those compliance reviews to the Audit, Compliance and Risk Committee of the PSERS Board is a critical component of the internal control environment. Due to a legislative mandate, PSERS is preparing to have a SOC 1, Type 2 audit completed, which is ultimately a review of our internal control environment. Utilizing the existing consultant relationship with IQ/EQ will facilitate stability within the Investment Office's internal control activities as the SOC 1, Type 2 audit and other strategically important internal control initiatives evolve. Changing the compliance consultant during or soon after the audit has the potential to undermine audit results, hence, it is important to have consistency in our compliance review process.</p>		
<b>2. Document and attach the research that has been conducted to date to verify the supplier is the only known source?</b>		
<p>IQ/EQ is the existing PSERS relationship and is a large firm with a team of over 5800 total employees worldwide and 100 professionals dedicated to U.S. regulatory and compliance services, the compliance group assigned to PSERS. They were the winning bidder via a RFP process 5 years ago, have delivered quality and timely results for PSERS during the 4+ years of the engagement, and due to reasons noted in other sections of this document additional research was not performed for this period.</p>		
<b>3. How has the material or service been procured in the past? Provide previous source justifications, contracts and POs.</b>		
<p>Yes, it was procured through the RFP process.</p>		
<b>4. If this is an upgrade, addition, alteration, etc., to an earlier procurement, please describe in detail.</b>		
<p>N/A</p>		
<b>5. What are the consequences of not approving this procurement?</b>		
<p>The review and reporting of investment-related Board policies will be delayed significantly, which would negatively impact the results of the SOC 1, Type 2 audit.</p>		
<b>6. If timing is a factor, what is the time factor and why?</b>		
<p>The compliance monitoring of investment-related board policies and the subsequent reporting of those compliance reviews to the Audit, Compliance and Risk Committee of the PSERS Board is a critical component of the internal control environment. Due to a legislative mandate, PSERS is preparing to have a SOC 1, Type 2 audit completed, which is ultimately a review of our internal control environment. Utilizing the existing consultant relationship with IQ/EQ will facilitate stability within the Investment Office's internal control activities as PSERS prepares for SOC 1, Type 2 audit and other strategically important internal control initiatives evolve. Changing the compliance consultant during or soon after the audit has the potential to undermine audit results, hence, it is important to have consistency in our compliance review process. A two-year initial term with three (3) one-year options have been added to ensure that there is enough time to complete the SOC 1 Type 2 audit and have sufficient time to prepare a new RFP.</p>		
<b>7. List any other information relevant to the acquisition of this procurement here or as an attachment.</b>		
<p>N/A</p>		
<b>8. Has the selection of this vendor been approved or directed by the Public School Employees' Retirement System Board?</b>		
<p><input checked="" type="checkbox"/> Yes</p>	<p><input type="checkbox"/> N/A</p>	



**SECTION D**

**Form Submitter**

<b>Name</b>	Joseph W. Sheva	<b>Title</b>	Director–Risk Management & Compliance
<b>Signature</b>	<i>Joseph W. Sheva</i>	<b>Date</b>	11/26/2024

This form must be signed by the PSERS Executive Director, their Designee or other individual authorized by the Board of the Public School Employees' Retirement System. Approving Authority signature connotes approval of the source justification and the cost or pricing data certification.

**Approving Authority**

<b>Name</b>	Terrill J. Sanchez	<b>Title</b>	Executive Director
<b>Signature</b>	<small>DocuSigned by:</small> <i>Terrill J. Sanchez</i>	<b>Date</b>	12/19/2024

The printed names or electronic representations of signatures appearing on this form shall constitute signatures of those individuals. No handwritten signatures shall be required for this form to be considered "signed" by those individuals whose names appear in the signature section.