



FIREFIGHTERS' PENSION INVESTMENT FUND

1919 S. HIGHLAND AVE. • BUILDING A, SUITE 237 • LOMBARD, IL. 60148

FPIF Certified Asset List Audit – Vendor Question List

1. Do you have a general sense of what you'd be looking for in the Agreed Upon Procedures? If the testing is variable based on the investment balance or number of investments of an Article 4 fund the time necessary for each AUP will vary significantly given the varying sizes of the funds.

The AUP will include developing a comprehensive list of assets that will be transferred from Local Funds to FPIF. The information that should be presented on the CAL should include the following:

- Name of Security
- Security Identifier
- Quantity
- Fair Market Value as of the date the CAL is drafted
- Any other information that you believe would be required to complete the transition in a manner consistent with all Generally Accepted Accounting Principles (GAAP) requirements

This information should come primarily from information and data feeds received from the legacy asset holders and any transferrable assets not held at the legacy custodian/broker

2. Do you expect that an independent valuation of market values by a third-party source would be necessary?

No independent valuation of market values will be required. The market values as of the date of the CAL will be provided by the legacy holder.

3. Based on the RFP, it appears that Northern Trust, the Article 4 Fund or the Article 4 Fund's current custodian could be considered a responsible party in relation to the AUP. If any of these are determined to be responsible parties, we may need to obtain written representations from them to complete the agreed upon procedures. This could add a level of coordination and time that may increase the per audit cost. Do you expect any of these to be considered responsible parties?

This project will involve a high degree of coordination between the accounting firm, FPIF, Northern trust and the legacy asset holder. FPIF plans to obtain authorization that will allow our team to work with and gain access to data from the legacy asset holder from each Article 4 Fund. The Article 4 Fund and the FPIF Custodian Northern Trust will also be key players in this process. No written representations from responsible parties are currently contemplated but this project will require a high degree of coordination between all parties. We might revisit the issue of written representations from responsible parties during the AUP Scoping process.

4. You ask for a per audit fee, since the assets held can vary significantly by the separate Article 4 Funds (based on the varying level of net assets). Can you provide the asset detail for one of the larger and one of the smaller Article 4 funds to determine how much variance there may be?

Yes – provided to all respondents that requested this data.

5. Do you intent to split the Article 4 funds ratably across those awarded the contracts since you are asking for a set per audit quote so that each firm has some larger and some smaller funds?



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This is a factor to be considered when allocating CAL lists to selected vendors. FPIF will attempt to factor in an equitable distribution of member fund CAL list across our vendors to ensure workflow is evenly distributed and the process is implemented correctly with target dates met.

6. This may be encompassed in item 1 above, but can you send a sample asset list of one of the Article 4 Funds to be used in the sample CAL to be provided?

The information that should be presented on the CAL should include the following:

- Name of Security
- Security Identifier
- Quantity
- Fair Market Value as of the date the CAL is drafted
- Any other information that you believe would be required to complete the transition in a manner consistent with all Generally Accepted Accounting Principles (GAAP) requirements

7. Can you verify that the exact procedures under the AUP engagements will be determined upon completion of the vendor selection?

Yes – once the vendors are selected for this work, we will set up a scoping meeting to develop a single AUP that will apply to all vendors. Most of the procedures envisioned are detailed in the RFP but a limited number may be added or deleted during the scoping process.

8. On page 2 of the RFP, it is noted that electronic copies should be submitted to the two email addresses provided. Does FPIF also wish to receive hard copies of the proposal? If so, what is the deadline for the hard copy proposals?

No hard copy is required

9. Per page 5 of the RFP, “interested respondents should reach out to the Search Contact ... for a detailed listing of assets related to this transition”. Please provide us this detailed listing.

Yes – provided to all respondents that requested this data

10. Per page 7 of the RFP, “As part of this RFP the independent CPAs selected to do this work are expected to work in coordination with FPIF and other providers to determine the exact scope of the AUP Engagement to be executed to prepare the CAL for each transferor fund.” It appears the procedures are defined by the bullets on the bottom of page 8 and the top of page 9. What additional procedures are to be performed that would determine the exact scope? If there are additional procedures, this may affect the pricing provided. How will FPIF address this?

The procedures that are outlined on page 8 and page 9 of the RFP constitute the process as we currently envision it. We may have some changes (additions or deletions) during the AUP scoping process, but these should be minimal.



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11. Page 16 asks for the per audit fee. Can we revise this in our response to per agreed upon procedures fee?

Yes – This should be referenced as an Agreed Upon Procedures Fee by all respondents.

12. Page 16 requests a per audit fee. This does not take into consideration that funds under \$2.5 million in assets will require much less time than funds with over \$10 million in assets. Can a tiered pricing model be proposed instead based on size of fund?

No - Please provide a quote based on the details included in the RFP. We structured this request so that we would obtain a consistent quote from all respondents. We understand that there could be some difference in cost to perform the AUP engagements based on fund size but the procedures that will need to be applied should not differ that much between funds. Also, we hope to provide a mix of various fund sizes to each individual vendor that is selected so that the impact of the differences will be minimized.

13. When an Article 4 fund is notified that the asset transfers related to their fund will be occurring, is that when the investment manager must discontinue buys and sells of investments? It seems that would make the asset transfer a smoother process rather than waiting until two weeks before the transfer upon the certified asset list.

Per the statute, a freeze on trading of assets is in place from the date that the certified asset list is delivered to the Article 4 Fund. We cannot put a freeze on trading prior to this date and the local funds would probably oppose any attempt to do this.

14. On page 8, there is a discussion of a weekly data feed between Northern Trust and the legacy custodian. In what electronic format can this data feed be provided?

We hope to establish data feeds via Excel but there is a chance we receive data in another format (PDF, .txt, etc.)

15. How are assets not held at a custodian being considered for certified asset list? Are these assets excluded as nontransferable assets (i.e., bank certificates of deposit, insurance and annuity contracts)?

Assets not held at a legacy custodian may be nontransferable, but it is not guaranteed. FPIF will review data feeds leading up to the transition to identify nontransferable assets. The list of nontransferable assets and CAL will include all assets held by the member fund/prior custodian.

16. Page 9 discusses variances in quantities and market values. How will a CPA determine variances in market values since market values adjust daily and can come from many different pricing sources? It would seem that only quantities should be listed on the Certified Asset Listing and not market values. Northern Trust market values would then be added on the date of the transfer as the custodian for FPIF.

The initial market value for the CAL would be derived from the prior custodian data feed. Any difference in the market value between the date of the CAL and the date of delivery to Northern Trust would be explained on the reconciliation to be prepared 30 days after the transition by Northern Trust as usual market activity. Any variance related to trades that occurred during the period when trading was supposed to be frozen would have to be split out separately.

17. Are electronic signatures accepted for the transmittal letter and minimum qualifications requirements and certifications?

Yes – electronic signatures are acceptable