



ILLINOIS FIREFIGHTERS' PENSION INVESTMENT FUND
Article 4 Fund Audits RFP(10.21.22) Question List

- Do you intend for these to fall as agreed upon procedures engagements? Or consulting engagements?
 - Agreed Upon Procedures -Scoping will be coordinated with DOI and FPIF
- Will the selected audit firms have any input on timing of the work? What quarter to perform them in? Will we coordinate with the member funds?
 - The audits will be assigned on a quarterly basis and the timing of the audits during the quarter will be a matter for discussion between the vendors selected, FPIF, DOI and the Article 4 Fund. Vendors will coordinate directly with member funds in order to complete the work
- Will the procedures take place onsite or remote?
 - Remote is acceptable as DOI has been performing the audits this way for the last several years
- Will there be follow up required by the CPA firm on current findings? Will the current audit require follow up regarding findings from previous exams?
 - Vendors will be required to issue final reports and this process will include obtaining responses from the Article 4 Funds on any findings identified, incorporating these into the final report and resolving and disputes that may occur with the Article 4 Funds (possibly involving DOI if required). Findings from prior audit reports should be considered. Findings from the current report would likely be followed up on in the next three-year cycle
- Is the per audit fee to remain the same for the entire contract period?
 - Yes - Smooth any inflation adjustments over the three-year period

- We will have to perform this engagement under AICPA standards which will result in a report that looks different than what the IDOI was able to issue in the past. The procedures we are able to perform under attestation standards may be different than what IDOI performed since what IDOI has done in the past does not fit into existing attest standards and would have to be modified or discussed further. Especially with multiple providers retained for this work. Can FPIF clarify which standards they are expecting us to follow in the completion of the engagement as this could significantly impact the average hours per Article 4 Fund audit and what procedures we can perform?
 - The report of examination should continue as it has been used historically. The AICPA standards are not required as they are not statutorily imposed in Article 1A or 22B or 22C. GASB is required of the annual audit of the two consolidated funds but is not mentioned in the amendments to 1A-104, so the format and

procedures used by DOI historically should suffice. This is currently envisioned as an Agree Upon Procedures Engagement. Scoping will be coordinated with DOI and FPIF

- Can you provide the work program that IDOI has followed in the past to perform their examinations?
 - Included in a separate Excel File
- Can you provide an estimated overall picture of the project timing and deadlines by calendar quarter? Overall number of funds in a quarter and when audits would begin and end?
 - Roughly 25 audits will be performed a quarter split between all selected firms. Timing of the audits will be worked out between the vendor, FPIF, DOI and the Article 4 Fund. Audit reports should be issued by the end of the quarter in which the audit is assigned
- Do you expect periodic status meetings with the CPA firms throughout the three years? If so, what is your anticipated cadence of the meetings
 - We envision a series of scoping/planning meetings between the vendors FPIF and DOI to start off the project. We also anticipate having status meeting during the quarter (probably monthly)
- Question 12 in Exhibit B of the RFP asks for Article 4 funds that the firm currently advises. Does this cover only funds where we perform consulting services or audit services as well?
 - Yes
- Engagement scope – Is the expectation that the contracted audit firms will issue some form of auditor’s report under professional standards (i.e., Audit, Attestation)?
 - The report of examination should continue as it has been used historically. The AICPA standards are not required as they are not statutorily imposed in Article 1A or 22B or 22C. GASB is required of the annual audit of the two consolidated funds but is not mentioned in the amendments to 1A-104, so the format and procedures used by DOI historically should suffice. This is currently envisioned as an Agree Upon Procedures Engagement. Scoping will be coordinated with DOI and FPIF
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- Engagement scope – If the answer to question one above is “yes”, what standards and type of report is FPIF anticipating (i.e., AUP, Assertion-Based Examination, Examination of Specified Requirements)?
 - This is currently envisioned as an Agreed Upon Procedures Engagement. Scoping will be coordinated with DOI and FPIF
- Engagement approach - Given that FPIF expects to contract with multiple firms, is a standardized testing approach anticipated to be established and utilized or is the work

open to each firm's interpretation or process based on the statutes as well as professional standards (depending on the response to questions one and two)?

- This is currently envisioned as an Agreed Upon Procedures Engagement. A standard set of procedures will be used by all firms and scoping will be coordinated with DOI and FPIF
- Engagement approach – In regard to performance of detailed procedures, are adequate sampling methods to test compliance requirements considered appropriate or is the expectation that 100% testing will be performed?
 - A standard set of procedures will be used by all firms. Scoping and sample sizes will be coordinated with DOI and FPIF. We envision a series of scoping/planning meetings between the vendors FPIF and DOI to start off the project where these standards will be set.
- Department of insurance (DOI) report – how has reporting of investments changed for a fund's specific DOI report now that the Fund's no longer own individual investment securities and are investors in the FPIF pool?
 - Investments have been transferred to FPIF (except for very limited exceptions still held at the local fund level – Cash, GIC's etc.). The funds investments with FPIF will probably be a part of the testing supported by Monthly Account Statements received from FPIF
- How will the fund's supporting documentation be provided to the engaged firms? Will the engaged firm need to coordinate with the assigned pension funds, or will it flow from the FPIF?
 - The firms will need to coordinate with the Article 4 Funds that they are assigned. The work can be done remotely so delivery of documents via email is probably the best approach
- Does the CPA firm determine when the Article 4 fund audit will occur or does FPIF determine the timing?
 - Roughly 25 audits will be performed a quarter split between all selected firms. Timing of the audits will be worked out between the vendor, FPIF, DOI and the Article 4 Fund. Audit reports should be issued by the end of the quarter in which the audit is assigned
- Exhibit D 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?
 - Please respond with a single quote per audit assuming a mix of fund sizes. FPIF and DOI will do everything possible to ensure that funds are assigned to the individual vendors in an equitable manner
- The RFP contemplates an audit report being issued for each fund. There is a sample provided of how DOI structured these reports. However, we don't know what level of sampling that DOI used in their testing. In order for us to propose and determine a fee, the level of sampling will need to be determined by FPIF. In addition, we believe this should be an Agreed Upon Procedures (AUP) engagement.

- The report of examination should continue as it has been used historically. The AICPA standards are not required as they are not statutorily imposed in Article 1A or 22B or 22C. GASB is required of the annual audit of the two consolidated funds but is not mentioned in the amendments to 1A-104, so the format and procedures used by DOI historically should suffice. This is currently envisioned as an Agree Upon Procedures Engagement. A standard set of procedures will be used by all firms. Scoping and sample sizes will be coordinated with DOI and FPIF. We envision a series of scoping/planning meetings between the vendors FPIF and DOI to start off the project where these standards will be set.

- We do not currently have the resources to complete this proposal by November 11. We request that FPIF reissue the RFP based on an agreed upon procedures engagement with defined sampling. For example, test 20% of the new beneficiary calculations approved since the last audit period. This would need to be provided for each area of the AUP.
 - FPIF needs to implement this audit process as soon as possible therefore we will not be able to reissue the RFP. This is currently envisioned as an Agree Upon Procedures Engagement. A standard set of procedures will be used by all firms. Scoping and sample sizes will be coordinated with DOI and FPIF. We envision a series of scoping/planning meetings between the vendors FPIF and DOI to start off the project where these standards will be set.

- Will the pension attorneys be directed to assist the awarded vendor with any portion of the compliance audit that applies to pensionable salary or, perhaps, will DOI set up a training class for employees of the awarded vendor so there can be a formal “certification” process?
 - DOI can certainly aid or educate any of the vendors on this topic of what is pensionable salary. The statute, rules, and advisory opinions and case law can be accessed at any time in this process of aiding or educating the vendors