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CPA -CAL Request for Proposal

Responses to questions

August 20, 2021

1. Per page 1 of the RFP discusses the engagement of CPA firms. Is the Illinois Department of Insurance also proposing on these services?

It is the intention of IPOPIF to have the Department of Insurance in an on-going role and as a part of this process, but to what extent is not yet fully known. The Department of Insurance will not be a respondent to the CPA-CAL RFP.

2. Page 14 asks for the "per audit fee". Can we revise this in our response to "per agreed upon procedures fee"?

The IPOPIF will agree to this and should be referenced as an Agreed Upon Procedures Fee by all respondents.

3. Page 14 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? Can a tiered pricing model be proposed also based on custodian?

The IPOPIF would ask for one per AUP fee. This ensures that we would obtain a consistent quote from all respondents. The IPOPIF will work with the firms to assign workload, but our intent is 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.

However, the IPOPIF will accept and consider an additional fee schedule provided by a respondent firm that is based on a tiered fee approach. We would also require an average fee with this fee schedule.

4. Page 3 of the RFP notes that the schedule of the transition of assets has not been established. Therefore, we do not know when the work will be performed. Is there an estimate of how many tranches (months) the transfers will occur over? Can a tiered pricing model be proposed based on when the work is performed?

The transition plan is in development; however, our preliminary view is 3-4 monthly tranches starting in December or January.

5. On page 4, there is a discussion of a weekly data feed between the IPOPIF Custodian and the legacy custodian. In what electronic format can this data feed be provided? Can this be provided in Microsoft Excel?

The intention will be to get the data feed in excel format but the conversations with the custodians have not yet occurred.

6. 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)?

IPOPIF staff and consultants will work with the CPA firms and custodians to determine which assets will fall under the "non-transferable asset list" portion of the AUP.

7. Are electronic signatures accepted for the proposal?

Yes, the IPOPIF will accept electronic signatures.

8. Will the IPOPIF require one signed agreed upon procedures report per Article 3 Fund at the completion of all of our work related to that Fund or will a signed report be required with each part of the engagement (initial CAL creation, reconciliation creation, updated CAL creation, if necessary, etc.)?

The IPOPIF has not decided on this and will engage in a discussion with the firms that are hired as the firms might have different views on when they need to issue a report.

9. Will the IPOPIF be delivering the baseline CAL or an updated CAL to the Article 3 fund to trigger the no buy/sell provision?

Yes, CPA firms will deliver the CALs to IPOPIF and IPOPIF will deliver the CAL to the Article 3 funds with the statutory no trade direction.

10. Based on the RFP, the IPOPIF Custodian, the Article 3 Fund or the Article 3 Fund's legacy 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. If considered a responsible party, will receiving representation letters from them be possible?

This project will involve a high degree of coordination between the accounting firm, IPOPIF, State Street Bank and Trust and the legacy fund asset holder. The IPOPIF intends to discuss this issue with the firms selected and design a procedure and process that works for everyone with the intent to try and have consistency as possible across the board, so the deliverables/communication/expectations are all the same.

11. Generally, we restrict the use of an agreed upon procedures report to the engaging party (IPOPIF) and responsible parties providing a representation letter. Will the IPOPIF require other specified parties to be listed as a user of the report even if they cannot provide a representation letter? If so, who do you anticipate to be included as a user of the report.

IPOPIF is the engaging party. At this point, we would consider our Investment Custodian to be another user of the report. We will continue to discuss this item with the Respondent firms.