

**REQUESTS FOR PROPOSALS – QUESTIONS AND ANSWERS****INDEPENDENT CERTIFIED PUBLIC ACCOUNTING FIRMS TO CONDUCT  
AGREED UPON PROCEDURES OF POLICE PENSION FUNDS ESTABLISHED  
UNDER ARTICLE 3 OF THE ILLINOIS PENSION CODE**

- 1) Is this the first-time independent CPA firms will be contracted to perform the “Examinations” (or agreed upon procedures (AUPs))?

A: This is the first time that IPOPIF is engaging independent CPA firms to perform the examinations. Per page 1 of the RFP, prior to the transfer of the investment assets of each Article 3 Fund to IPOPIF, the Illinois Department of Insurance (“IDOI”) had the sole responsibility for completing these procedures, which were referred to as examinations and investigations. IPOPIF staff does not have information regarding the resources utilized by the IDOI to perform these examinations and investigations prior to December 31, 2022.

- 2) If that is the case, can IPOPIF provide a version of the procedures, in more specific detail, that the CPA firm will perform.

A: All procedures performed will be designed to strictly comply with 40 ILCS 5/1A-104 of the Illinois Pension Code. The IDOI has provided a General Procedures document as a helpful tool to aid in understanding how the examinations were performed in the past. See the Excel document, Attachment 1 “Copy of General Procedures” for further information. Also note that familiarity with Article 3 of the Illinois Pension Code, 40 ILCS 5/3, for Police Pension Funds of Municipalities of 500,000 and Under, is recommended to understand the requirements of the Article 3 Funds that will be subject to the Agreed-Upon Procedures. Specific sample sizes will be determined as part of the planning procedures once the CPA firms are retained.

- 3) If it is the case that IPOPIF would expect the CPA firm to craft the agreed upon procedures in a manner consistent with requirements of our professional standards for performing such attestation engagements, should a one-time fee for that be included separately from the fee for performing the AUPs?

A: IPOPIF requests that a fee be provided in the format on Page 6 of the RFP, which is stated below:

Per Agreed Upon Procedures Engagement: \$ \_\_\_\_\_

If the respondent anticipates that a more economical and practical structure of fees would provide for a separate and distinct fee that relates exclusively to the planning process, in

addition to the fee for each Agreed Upon Procedures engagement, such fee should be outlined and detailed in the response.

- 4) The RFP states that each selected firm should receive a minimum of 50 audits. Is that 50 per year or 50 to perform every three years?

A: The quantity of Agreed-Upon Procedures engagements for each selected CPA firm will depend on various factors. It is anticipated that each firm would receive a minimum of 50 Agreed-Upon Procedures over the course of three years, but if only two firms are selected, 50 engagements would be awarded annually.

- 5) The estimated number of hours for each engagement was stated as 20 to 24 hours. However, it was also stated the CPA firm would be responsible for coordinating the auditee's responses, etc. 20 – 24 hours does not seem reasonable for performing the procedures, writing the report and coordinating and incorporating the auditee's responses. Was the 20-24 hours only an estimate for actual procedures, exclusive of the reporting?

A: The 20 to 24 hours is a reasonable estimate based on discussions with IDOI and other similarly situated organizations responsible for performing such examinations. If a respondent does not believe that the 20 to 24 hours is reasonable, then provide a reasonable estimate with a detailed explanation of the time involved.

- 6) Are you expecting a not to exceed amount the for the AUP's or hourly rates, given the potential variability of hours for each engagement?

A: As stated on Page 3 of the RFP, the same fee for each Agreed-Upon Procedures Engagement should be provided. The respondent should determine how best to calculate such amount.

- 7) What is your position of cost overruns, if unforeseen circumstances are encountered, such as a lack of cooperation, numerous findings, exceptions, etc..?

A: IPOPIF staff understands that if unforeseen circumstances are encountered, the CPA firm would expect to be compensated for the time incurred. Additional fees must be approved by the Board of Trustees. IPOPIF staff must be made aware of all unforeseen circumstances as soon as possible and before any additional fees are incurred. Hourly rates for any additional fees should be included in the response.

- 8) How are requests for information from auditees expected to be handled? (i.e., through portals and document repositories provided by the CPA firms or is there an expected common tool / portal to be used and supplied by IPOPIF?

A: IPOPIF staff will assist with communicating the audit timeframe and a summary of the process to each Article 3 Fund selected for the Agreed Upon Procedures. After such

kickoff communication, the CPA firm would be expected to provide details on the information requested and receive all documents submitted by the Article 3 Fund in a secure portal to be provided by the CPA firm. IPOPIF staff will not maintain or secure the documentation provided.

9) Is all of the work expected to be completed remotely?

A: The respondent should determine the appropriate service platform (virtual or in-person) by which to conduct these Agreed Upon Procedures engagements. Per question 24 on page 19 of the RFP, "If any portion of services are to be performed virtually, please describe any audit risks associated with this service platform and how these risks will be managed."

*<Provided November 3, 2023>*