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Question & Answer Document Audit Services RFP

September 3, 2021

1. How many weeks do auditors typically spend on-site for both interim and final fieldwork?
 - **Prior to COVID, on-site work was performed 1 week in April by the Lead Auditor and 2-3 other auditors. Majority of documents/reports are sent via the auditor's secure online portal. During COVID 2020 and 2021, all work has been performed off-site and any meetings were done via ZOOM.**

2. How many auditors are involved throughout each phase of the audit?
 - **The Retirement System works with the Lead Auditor on the project and usually 2 to 3 other auditors perform field work.**

4. Prior to COVID-19, how many auditors and how many days were the auditors in the field for interim and final fieldwork.
 - **Prior to COVID, on-site work was performed 1 week in April by the Lead Auditor and 2-3 other auditors. Majority of documents/reports are sent via the auditor's secure online portal. During COVID 2020 and 2021, all work has been performed off-site and any meetings were done via ZOOM.**

5. What weeks have auditors been on-site at the Plan conducting the audit, both for interim, final fieldwork and the additional GASB 68 procedures? How many auditors have been involved throughout each phase of the audit?
 - **Prior to COVID, on-site work was performed 1 week in April by the Lead Auditor and 2-3 other auditors. Majority of documents/reports are sent via the auditor's secure online portal. During COVID 2020 and 2021, all work has been performed off-site and any meetings were done via ZOOM.**

11. With COVID 19 demonstrating that audits can be performed remotely, is KCPSRS open to the contract being performed remotely for all years to reduce fees quoted in response to the RFP?
 - **Past 2 years the audit was performed remotely, and meetings were performed via ZOOM. Fees were not adjusted due to COVID.**

15. Was the census testing performed in prior years performed remotely and is KCPSRS and/or Kansas City Public School District open to them being performed remote for this contract?
- **Past 2 years census testing was performed remotely. Going forward the census work may be done remotely if that works best for all parties.**
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3. Can you provide a copy of all of the prior year audit deliverables requested in the RFP?
- **Located on our website are the 2019 & 2020 Audited Financial Reports; the 2019 & 2020 Annual Reports; and the 2018 & 2019 GASB 68 Audit Report. Note: the 2020 GASB 68 Audited Report will be completed by early September and posted as soon as administratively possible.**

12. Can we please obtain a copy of all of the final deliverables for 2020 and 2019 that your current audit firm provided the Plan?
- **Located on our website are the 2019 & 2020 Audited Financial Reports; the 2019 & 2020 Annual Reports; and the 2018 & 2019 GASB 68 Audit Report. Note: the 2020 GASB 68 Audited Report will be completed by early September and posted as soon as administratively possible.**
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1. Why is the Plan going out for bid (i.e., mandatory auditor rotation, 5-year bid cycle, etc.)?
- **In January 2019, the Board adopted policies and procedures on proposed recommendations that once a contract has expired for any of our current service providers the Board approved to complete a competitive process. The auditor's current contract ended with the 2020 Audit year and the Board looks to complete a competitive process during 2021 for a five-year contract for 2021-2025 audit.**

1. Why is the KCPSRS going out for audit?
- **In January 2019, the Board adopted policies and procedures on proposed recommendations that once a contract has expired for any of our current service providers the Board approved to complete a competitive process. The auditor's current contract ended with the 2020 Audit year and the Board looks to complete a competitive process during 2021 for a five-year contract for 2021-2025 audit.**
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3. Are there any disagreements with the current auditor? **No**
2. Were there any issues with the current auditor? **No**
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4. Please provide the audit fees for the past three years. Also, please identify any special billings outside of the normal contract fee, if any.
 - **KCPSRS will respond to this RFP question concerning fees only if requested through a Sunshine request. Estimate 10 business days to research information and vet the request with KCPSRS' general counsel. Costs incurred will be charged to the requestor at rates permitted by the Missouri Sunshine Act for providing such information.**
 - **There were no special billings outside the normal contracted fees over the course of the current engagement.**

 10. What were the fees for the 2018, 2019 and 2020 audits for the KCPSRS audits for the deliverables requested?
 - **KCPSRS will respond to this RFP question concerning fees only if requested through a Sunshine request. Estimate 10 business days to research information and vet the request with KCPSRS' general counsel. Costs incurred will be charged to the requestor at rates permitted by the Missouri Sunshine Act for providing such information.**
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6. Were there any journal entries proposed by the audit firm for the December 31, 2020 audit? **No** If so, could you please provide the number and nature of these audit adjustments, including both recorded entries and those unrecorded due to materiality?

 3. Were there any journal entries or passed journal entries discovered by the auditors during the 2019 or 2020 audit process? **No**

 6. Were there any major audit issues identified for 2020? Any anticipated ones for 2021 or 2022? **No**
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1. Are you aware of any potential plan benefit changes?
 - **None that we are aware of.**

2. Do you anticipate any changes in service providers? **No**

3. Do you anticipate any changes in your investment strategy that could create taxable returns? **No**

2. How long has the Plan been with the current audit firm? Are they invited to bid on this RFP?
 - **Current engagement dates to 2006, and they are invited to bid on this RFP.**

7. Were there any internal control deficiencies communicated as a part of the 2020 audit? **No**

8. What is the County's readiness in adopting new GASB's to be implemented in future years including the new lease standard?
- **The Retirement System will prepare the footnote detail with the guidance of our auditors.**
9. It was noted in your most recent audited financials that the Plan has over 25 investment advisors. Please explain the controls that management has to reconcile the records of the investment advisors with that of the custodian and record-keeper and how often this is done.
- **The Board of Trustees and the Executive Director work with the custodian bank and investment consultant in reviewing the performance of the total portfolio and each investment manager on a monthly/quarterly basis or as needed, based on the needs of the Retirement System. The investment consultant and custodial bank review reconciliations between investment managers and custodian records. Material or unexplained differences are reviewed by the investment consultant and any concerns are raised to the Board of Trustees and the Executive Director.**
10. The financial statements disclosed that the Plan's private equity portfolio consists of 391 active partnerships within the funds of funds investments. Please explain the controls that management has to ensure that the record keeper has a up to date fair value for each of these and the controls to ensure that the change in fair value for each of these is reasonable.
- **We rely on Private Equity Fund of Funds managers for the valuation of the underlying funds and that they follow acceptable accounting principles.**
11. When are the 3rd party audited financials for all of the funds made available and is there any that historically have had a delay in reporting timely audited financials?
- **3rd Party audited financials are available late February through mid-May depending on the type of fund. Private Equity and Private Real Estate firms are funds with audited statements available April through mid-May each year.**
13. Please explain the audited financials and comprehensive annual financial report preparation process and the items that are prepared by management and the expectations of your audit firm?
- **The Retirement System provides unaudited financial reports each year to the auditors along with supporting documentation needed to perform the audit. The Retirement System prepares the Annual Report for the auditor to review.**
5. Outside of the audit process, what does the KCPSRS find or define value from its auditors?
- **Ordinarily, there is no contact with auditors outside of the contract work, however, on occasion an issue may arise that would require us to reach out to the audit firm for comment.**

7. What part of the audit process would the KCPSRS like to improve over the past audits?
- **Our audit process has gone smoothly each year. No comment on any improvements from prior years.**
8. What transition issues would the KCPSRS be concerned about if the audit is awarded to new auditors?
- **No transition issues are of any concern if the audit is awarded to new auditors.**
9. Have there been any significant changes in key staff in the past year that would affect the 2021 audit?
- **The Retirement System hired a new Executive Director May 1, 2021 due to the retirement of the previous Executive Director on June 1, 2021. We do not anticipate this change would affect the 2021 audit.**
12. Regarding the RFP Scope of Work, Item I. 3), regarding the review of the K-1's; what is the number of K-1's that would be included? Is it expected 100% would be reviewed? Is there a separate deliverable expected for this item?
- **Currently, KCPSRS has investments in 13 Private Equity and Private Real Estate funds. We expect a review of our investment holdings for unrelated business taxable income (UBTI) to fulfill the Scope of Work, Item I. UBTI is reported as part of the Schedule K-1 on an annual basis. We do not expect a separate deliverable to be issued.**
13. Regarding the RFP Scope of Work, Item V; does KCPSRS require this audit committee and board meeting attendance to be in person or is virtual acceptable?
- **Trustees prefer in person meetings but are flexible using video conferences until things normalize.**
14. Are any of the hard to value investments audited financial statements prepared in a basis of accounting other than US GAAP?
- **Not that we are aware of.**
16. Regarding item x. Report Format of the Technical Response specifications; to align with our sustainability practices and reduce paper waste, would KCPSRS accept links to similar issued Audit Reports for current clients? Or would just the auditor issued opinion and letters address this request?
- **So long as links work properly, it is acceptable to submit them in lieu of hardcopies and/or as part of your electronic RFP response submission. We prefer to review the report in its entirety not just the issued opinion and letters.**
17. For the same reasoning included above, will KCPSRS consider an electronic only response in lieu of the original and seven (7) hardcopies?
- **The Retirement System would like at least 2 hardcopies of the audit reports.**