

ATTACHMENT B

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM REQUEST FOR PROPOSALS – AUDIT SERVICES QUESTIONNAIRE

This questionnaire consists of several sections that correspond to the broad criteria that will be used to assess responses. You may reprint the questions along with your answers, or you may simply include the referenced question number along with your responses. Please include any clarifying information as part of your response.

Please respond to each question. If the information has been provided elsewhere (i.e., within another response) please make a clear reference to the appropriate response and the portion within the response that answers the question.

Part A: Organization, Structure and Personnel

- A – 1. Provide the name and address of your company’s primary headquarters and the name and address of the office that will serve this account.
- A – 2. Provide the primary RFP contact’s name, address, title, telephone number, fax number and e-mail address. For all primary and back-up personnel proposed for this account, provide –
- Brief biographies, including title, function, academic credentials, public sector retirement plan experience, and other relevant experience.
 - A statement as to whether that person is registered or licensed to practice as a certified public accountant in the State of Kansas.
 - Information on continuing professional education and membership in professional organizations relevant to the performance of this audit.
 - A statement as to whether or not that person, within the past five years, has been the subject of any professional disciplinary action or inquiry in any jurisdiction.
 - Also, indicate the number of clients assigned to all primary and back-up personnel proposed for this account.
- A – 3. Give a brief history of your firm’s involvement in the governmental retirement plan auditing, compliance and consulting business, specifically including IRC 401(a) defined benefit cost-sharing pension plans; the year of organization; current and historical ownership structure; and affiliations.
- A – 4. Describe any material changes to the company during the previous ten years, including changes in ownership structure, account personnel, business focus or objective, etc. Are ownership changes planned or anticipated at this time?

- A – 5. How many years has your firm provided auditing services to 401(a) plans? Please indicate the percentage of total income that such services represent for your firm.
- A – 6. What do you consider to be your firm’s auditing specialties, strengths and limitations?
- A – 7. What services, if any, does your firm offer clients in addition to governmental retirement plan auditing, compliance and consulting services? Please indicate the percentage of total income that such services represent for your firm.
- A – 8. Please provide details on the financial condition of your firm. If public, please provide your most recent audited financial reports. Also provide any additional information necessary to demonstrate the financial stability of your firm.
- A – 9. Please describe your internal and external quality control procedures. Please submit a copy of your most recent external quality control review report, with a statement whether that quality control review included a review of specific government retirement plan engagements. Include a copy of the letter of comments, if applicable.
- A – 10. During the past five years, has your organization or any of its affiliates, parent or predecessor organizations or any officer or principal of your organization been involved in any business litigation, regulatory or legal proceedings? If yes, please provide a brief explanation and indicate the current status of the proceedings.
- A – 11. During the past five years, has your organization or any of its affiliates, parent or predecessor organizations or any officer or principal of your organization been the subject of an audit, inquiry, or administrative action by the SEC, IRS, U.S. Justice Department, or state regulatory body? If yes, please provide a brief explanation and indicate the current status of the proceedings.
- A – 12. Please describe your firm’s backup procedures should any key personnel leave the firm. How would these procedures apply to professionals assigned to a potential KPERS account?
- A – 13. What limitation on liability, if any, do you impose through your contract?
- A – 14. Please describe your firm’s level of coverage for errors and omissions insurance and any fiduciary or professional liability insurance carried by your firm. Is the coverage on a per client basis, or is the dollar figure applied to the firm as a whole? List the insurance carriers.
- A – 15. The State of Kansas’ Department of Administration requires all state contracts to incorporate and attach form DA-146a, Contractual Provisions Attachment (rev. 06/12). Please review the DA-146a (Attachment C), paying particular attention to paragraphs 2, 4, and 7, and comment, if necessary.

Part B: Auditing Services & Resources

- B – 1. What standard services does your firm typically provide to its defined benefit governmental pension IRC 401(a) plan clients?
- B – 2. What standard services does your firm provide in a SOC1 Type 2 engagement?
- B – 3. Describe the services that distinguish your firm from your competitors. **Briefly** explain why your firm is the most qualified for this engagement.
- B – 4. Describe your firm’s philosophy relating to the auditing consultant’s relationship with client staff and members of the client’s governing body.
- B – 5. Describe your firm’s internal quality control processes for auditing reports and recommendations. How are these services monitored and reviewed?
- B – 6. Have your firm’s auditing services been audited by another audit firm within the last five years? If so, indicate the number of audits and whether any resulted in revisions to your processes.
- B – 7. Has your firm been retained by any clients to perform an audit of another auditing firm’s work during the last five years? If so, indicate the number of such engagements performed by your firm and approximate completion dates.
- B – 8. Does your firm use internal or external legal expertise, or both? If external, please state its source and nature.
- B – 9. How does your firm monitor and measure audit client satisfaction?
- B – 10. For business continuity, please describe your firm’s disaster recovery plan, including information regarding when it was last tested and how data and documents are stored and protected.
- B – 11. Describe the security standards you employ to ensure the confidentiality of plan and personally identifiable data.
- B – 12. Describe the work plan and audit methodology you would propose to follow for the services required in this RFP, including
- Proposed segmentation of the engagement.
 - Level of staff and number of hours assigned to each proposed segment.
 - Sampling and testing procedures.
 - Proposed timeframes.
 - Status reporting or conferences.
 - Final reports to be issued.

Part C: References and Client Base

- C – 1. Please list references for two 401(a) plans for whom the primary auditor to be assigned to the KPERS account has provided auditing services in the last five years. For each reference, include client name, address, name of contact person, e-mail address, and telephone number.
- C – 2. How many auditing service accounts has your firm lost in each of the last five years? Please list each terminated client and indicate the reason(s) each account was lost.
- C – 3. Please identify (by name) your firm’s five largest client relationships (based on membership).
- C – 4. Please provide the names, plan type, and assets for your three largest IRC 401(a) defined benefit plan clients.
- C – 5. Would your firm propose to use any subcontracts in the provision of the required services? If yes, describe the specific services that would be subcontracted, the name of the subcontractor, and how you would control the quality of services provided.

Part D: Fees and Fee Structure

- D – 1. Please describe how fees are determined for your firm’s auditing services. The proposed fee shall be all-inclusive, reflecting all travel, labor, and incidental costs. Fully describe any assumptions used, as well as the formulas used in deriving the fixed price. Bidder cost proposals shall be presented in sufficient clarity and detail to enable KPERS to validate the costs, included the estimated hours to complete the financial statement audit.
- D – 2. Provide your fee schedule for the basic services outlined in Section V, Statement of Needs, for the period of the Contract. The bidder must provide a fixed price for the services described in the RFP, as well as a total cost including expenses. Fees for the audit of the Plan’s financial statements, GASB 68, and SOC1 Type 1 engagements are to be identified separately, each by plan year. Unless otherwise specified, the basic fees should include all items specified in Section V.
- D – 3. Please describe any fees that are not included in the aggregate fixed fees discussed in D-2.