Vendor Questions Regarding RFP for Auditing Services

Q1. What do you like about the service provided by your current auditing firm? What don’t you like?
A1. VCERA appreciates the professionalism of the current auditing firm. They have been flexible and willing to work with VCERA when delays occurred to ensure financial statements were issued in time. In addition, they have been helpful in assuring that appropriate standards have been properly implemented over the years. There is nothing significant that we don’t like about the current auditing firm.

Q2. Are there any special qualities you are looking for in the firm you select that are not already provided with the existing services?
A2. VCERA is not seeking any special qualities. VCERA continues to expect that the auditing firm selected have professional staff with appropriate knowledge and experience in the pension industry.

Q3. Do you anticipate any significant changes to occur over the next 5 years including the implementation of new software/systems, management level personnel changes such as retirement of key accounting staff?
A3. VCERA does not anticipate any significant new software/systems implementation over the next 5 years. However, with technology advances constantly changing this could change.

Q4. Are there any issues with the current auditor?
A4. There are currently no issues.

Q5. Were there any adjustments proposed by the auditors for CY 2020 or CY 2021?
A5. For fiscal year ended June 30, 2020, there was an audit adjustment due to differences from timing of alternative fair value reporting. VCERA expects a similar audit adjustment for June 30, 2021.

Q6. When did the interim fieldwork occur? How many auditors were out in the field during interim? For how many days?
A6. Interim fieldwork is combined with year-end fieldwork. See A7 for number of auditors and number of days.

Q7. When did final fieldwork occur? How many auditors were out in the field during final fieldwork? For how many days?
A7. For the last two years fieldwork has occurred in mid to late September. However, due to COVID-19 fieldwork was performed remotely. When onsite there were 3-4 auditors. They were onsite for 4-5 days.

Q8. Were there any major audit issues identified for 2020 and 2021? Any anticipated ones for 2022 or 2023? This may include, but not be limited to, known changes in systems, consultants (beyond audit) and senior management personnel.
A8. For 2020 VCERA there were no major audit issues. VCERA cannot comment on audit issues for 2021 as the audit has not been completed. VCERA does not anticipate any major audit issues in 2022 and 2023.

Q9. What part of the audit process would the VCERA like to improve over the past audits?
A9. VCERA has not identified any aspect of the audit process that we would like to see improved over previous audits. However, VCERA is open to implementing best practices. If any aspect of the audit process posed an issue, VCERA would discuss with auditors.

Q10. If VCERA changed to new auditors, what transition issues would be a concern to VCERA?
A10. If a new auditor is selected, typical transition issues expected would be gathering necessary information required and adjusting to the auditor’s method of communication and information requests. There would be a learning curve for the auditors which may impact staff time explaining or documenting steps to assist the auditor.

Q11. What is VCERA’s expectation of the audit process, such as length of time the audit team would spend on site for interim and final fieldwork?
A11. VCERA would work with the auditor to develop an audit process that considers auditors’ requirements and VCERA’s staff’s workload and priorities that is least disruptive to the overall audit. VCERA does not feel it is appropriate to dictate the length of time the auditor would spend on site for interim and final fieldwork. VCERA’s management team would want to collaborate with the auditors and establish a process that is agreed upon by both auditor and VCERA.

Q12. Knowing that a Work Area is established for the audit team, what is the current status of work at VCERA (also knowing that remote access is acceptable)?
A12. VCERA provides workspace for auditors. In addition, for the 2020 and 2021 audits, fieldwork has been performed remotely.

Q13. What controls are in place to monitor and record calls and distributions for real estate and private equity investments?
A13. VCERA has a process and procedures in place to record private investment and real estate calls and distributions.

Q14. What reconciliation procedures are performed between the different investment managers and custodian and how often?
A14. VCERA has a reconciliation process in place. Depending on the type of investment, reconciliations are performed monthly or quarterly.

Q15. Are there going to be any significant changes to the system that would significantly change its investment vehicles or benefits provided? If so, what are they?
A15. VCERA does not anticipate that any significant changes.

Q16. What are the key qualities that VCERA is expecting from their auditors?
A16. Please refer to A2 for response to this question.

Q17. How long does VCERA keep their books open for any true up of fair value of the alternative investments?
A17. VCERA attempts to close it books by August 31st of each year. As a result, VCERA is unable to true up the fair value for alternative investments as of June 30th before the books are closed. This has resulted in an audit adjustment to true up the values as of June 30th.

Q18. Can we get copies of the most recent GASB 68 report?

Q19. How many employers were selected for census testing in the prior two (2) years?
A19. No employers were selected for census testing. VCERA employs alternate procedures.

Q20. When are the GASB 67/68 reports available from the actuaries?
A20. GASB 67 reports October – November and GASB 68 reports March – May.

Q21. Were there any errors noted in the census testing performed in the prior two (2) years?
A21. No.

Q22. Does VCERA wish to have the GASB 68 reports issued in tandem with the financial statements?
A22. No.

Q23. What were the audit and GASB 68 fees for 2020 and 2021?
A23. Audit fees were $46,450 for 2020 and $46,450 for 2021. GASB 68 fees were $4,930 for 2020 and $4,930 for 2021.

Q24. How much work has been performed by internal audit that has been relied upon by the external auditors? Is there a set number of hours available to assist with the audit or other measure that could be provided to gauge the level of involvement?
A24. VCERA does not have an internal audit department. The fiscal department has assisted the auditor with auditor requests.

Q25. The RFP request electronic copy of the proposal on a compact disc. Is an USB drive an acceptable method of providing an electronic copy?
A25. Yes.

Q26. Is there currently a workpaper system that all internal audit work is documented?
A26. No. VCERA does not have an internal audit department.

Q27. What is the estimate budgeted hours per year?
A27. There are no set budgeted hours by the auditor. The fee is an all-inclusive fee. Please refer to A23 for the audit fees for 2020 and 2021 audit.

Q28. On an annual basis, how many audits are performed for internal controls, performance and management consulting services?
A28. VCERA does not have an internal audit department and has not contracted out audits for internal controls, performance, and management consulting services. Internal controls are reviewed by staff for adequacy.
Q29. What key software applications does the organization currently use, namely those which are typically subject to audit?
A29. Pension Administration System is V3 software by Vitech and Financial Accounting System is Microsoft Dynamics SL. However, auditor may determine that other software applications may be subject to audit.

Q30. What ERP system is currently in place?
A30. VCERA does not have its proprietary system as HR and payroll functions are contracted and performed by the plan sponsor. Plan sponsor uses Peoplesoft systems. VCERA’s financial accounting software is Microsoft Dynamics.

Q31. Is there an incentive to include SBE, MBE, WBE, or the like? If yes, what is required MBE, WBE, SBE, EBE, DVBE or OBE participation percentage?
A31. No.

Q32. How many internal resources are dedicated to the internal audit department?
A32. VCERA does not have an internal audit department.

Q33. Can you please provide the name of vendor(s) who performed the previous internal control and performance audits?
A33. VCERA has not had any internal or performance audits performed.

Q34. What is the annual internal audit budget in dollars? What portion of this budget is set aside for external providers?
A34. Zero. VCERA does not have an internal audit department.

Q35. Is there a page limitation for the proposal?
A35. Please refer to proposal. If no page limit stated, then there would be no page limitation.

Q36. Will VCERA accept a thumb drive instead of a CD Rom?
A36. Yes.

Q37. What were the number of hours spent on the engagement by the predecessor auditor for the prior audits?
A37. Refer to A27.

Q38. Does VCERA have a mandatory rotation requirement for audit firms?
A38. No.

Q39. Typically, when did the previous auditors perform interim testing and year-end field work? How many auditors were on site and for how long?
A39. Refer to A6 and A7.

Q40. When is VCERA ready for the audit fieldwork to commence?
A40. The last week in August or September.

Q41. Will the audits under this proposal be performed at VCERA’s offices or remotely (or combination)? What is VCERA’s preference as to the location of the audit work?
A41. Prior to COVID-19 audits were performed on-site. The 2020 and 2021 audits have been performed remotely. VCERA is open to the location of the audit work as may be mutually agreed upon.
Q42. During the prior audit, did the prior auditor identify any audit adjustments or deficiencies in internal controls? Can a copy of the prior auditor communication of these items be provided?


Q43. When do you typically receive/plan to receive the GASB 67 actuarial valuations each year?

A43. Please refer to A20.

Q44. How much was the external audit fee for fiscal year ending December 31, 2020 for the audit of the 2020 financial statements? What was the fee for the GASB 68 reporting?

A44. VCERA’s fiscal year end is June 30, 2021. Please refer to A23 for audit and GASB 68 fees.

Q45. The Schedule of Employer Allocations and the Employer Pension Amounts are included in the ACFR as Other information. Is it not required that the auditor express a direct opinion on these schedules?


Q46. Investment related questions:
   a. Are all your alternative investments supported by underlying audited financial statements?
      i. If so, are all the statements prepared under US GAAP?
   b. Are there any issues with obtaining valuation information in a timely manner for the assets measured at NAV?

A46. a. Alternative investments are supported by underlying audited financially statements. Financial statements are prepared under US GAAP.

   b. No.

Q47. Does VCERA perform census/payroll audits on the contributing employers or has the audit firm traditionally gone to various employers to perform this testing? If the auditor has historically done this, how many employer site audits or visits have been performed on an annual basis?

A47. No. VCERA employs alternate procedures to validate payroll from contributing employers. No site visits performed.

Q48. Please describe management’s and/or the internal auditor’s procedures to determine the completeness and accuracy of employer census data.

A48. VCERA has a process in place to review the completeness and accuracy of employer census data.