

OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM

Question and Answer Document

**External Audit Services
RFP #515-21-100**

1. **QUESTION:** *What were the fees for the prior year plans?*

ANSWER:

	FY 2017	FY 2018	FY 2019	FY 2020
Pathfinder	\$ 15,750	\$ 16,750	\$ 17,250	\$ 18,000
SoonerSave	19,500	20,500	21,000	22,000
Totals	<u>\$ 35,250</u>	<u>\$ 37,250</u>	<u>\$ 38,250</u>	<u>\$ 40,000</u>

2. **QUESTION:** *How many people have typically been on-site for the audit?*

ANSWER: It has varied but averages about three people.

3. **QUESTION:** *What is the normal timing of the audit procedures?*

ANSWER: As stated in the RFP document, the audit report shall be submitted by the second Thursday in October. With this deadline in mind, the engagement typically begins around the middle of August and includes about two weeks of fieldwork with general wrap-up over the next two to three weeks as needed. This is the preferred timing of the engagement.

4. **QUESTION:** *Will you be allowing the audit team to come on site or require the work to be performed remotely?*

ANSWER: As things currently stand, the engagement will be conducted remotely. That may or may not change depending on a number of factors, but the audit of the year ended June 30, 2020, was conducted entirely remotely.

5. **QUESTION:** *Where [sic] there any audit adjustments, if so please describe the nature?*

ANSWER: No.

6. **QUESTION:** *When will the information from Empower be available to make sample selections, if known*

ANSWER: Annual data from Empower is typically available within three weeks of year end.

7. **QUESTION:** *Is payroll/personnel files maintained centrally for all the plans, if not is there any agreed upon procedures performed to test the outside payroll/HR systems that will be provided?*

ANSWER: Payroll and personnel files are maintained by the individual participating employer agencies. However, the payroll preparation for nearly all of the agencies is centralized within a single agency.

8. **QUESTION:** *Is there a reconciliation performed of the plan transfers and by whom?*

ANSWER: The Plan transfers are prepared by the DC Plans Administrator, reviewed by a member of the accounting department and authorized by the chief financial officer and DC Plan Administrator before sending to Empower.

9. **QUESTION:** *Who drafts the financial statements?*

ANSWER: The financial statements are drafted by the chief financial officer for the Plans.

10. **QUESTION:** *Does Empower set-up a site or provide an “audit packet” for the reports to be used during the audit such as participant allocation reports, investment direction reporting etc...?*

ANSWER: We typically request limited access to Empower’s site for our auditors to obtain reports they need for their engagement.

11. **QUESTION:** *Does the plan management review and perform an analysis of the SOC I report?*

ANSWER: Empower provides an SOC report. Management does not perform an analysis of the report.

12. **QUESTION:** *Have there been control deficiencies reported in a separate management letter, if so can you provide the nature of those?*

ANSWER: There have been no control deficiencies reported.

13. **QUESTION:** *Does internal audit perform any assistance for the external audits?*

ANSWER: Yes.

14. **QUESTION:** *Why are the SoonerSave and Pathfinder Plans for OPERS going out for audit?*

ANSWER: It is OPERS’ policy to issue an RFP when the contract period has been completed.

15. **QUESTION:** *Were there any issues with the current auditor?*

ANSWER: No.

16. **QUESTION:** *Were there any journal entries discovered by the auditors during the 2020 audit process?*

ANSWER: This question appears to be incomplete and, therefore, unanswerable.

17. **QUESTION:** *How many auditors and how many days were the auditors in the field for interim and final fieldwork?*

ANSWER: See the responses to questions 2 and 3 above.

18. **QUESTION:** *What is the preferred timing for the audit?*

ANSWER: See the response to question 3 above.

19. **QUESTION:** *Outside of the audit process, what does the Board of OPERS find/define value from its auditors?*

ANSWER: The Board values audit engagements that are thorough, efficient, accurate and affordable. In addition, the Board also wants to be informed of any instances of fraud, illegal acts, disagreements with management and any matters consequential to the Plans' accounting policies and financial statements.

20. **QUESTION:** *Were there any major audit issues identified for 2020? Any anticipated ones for 2021?*

ANSWER: No, there were no major audit issues identified during the FY2020 audit. There are no anticipated audit issues for the FY2021 audit engagement.

21. **QUESTION:** *What part of the audit process would OPERS like to improve over the past audits?*

ANSWER: Generally the past audits have gone well. The FY2020 audit went well but wasn't as smooth as the previous years due to having a new engagement team.

22. **QUESTION:** *What transition issues would OPERS be concerned about if the audit is awarded to new auditors?*

ANSWER: As with all transitions of this type, there is a concern about the unknown and about the learning curve. Completing the engagement and providing the final reports by the necessary deadlines is critical. We experienced somewhat of a transition during the FY2020 engagement when we received an entirely new engagement team compared to the previous year's engagement.

23. **QUESTION:** *Have there been any significant changes in key staff in the past year that would affect the 2021 audit?*

ANSWER: The long-time director of the Plans retired in the past year after 30 years of service. The successor administrator of these duties is very competent. We do not anticipate this personnel change will affect the FY2021 audit.

24. **QUESTION:** *Assuming each bidder's proposed fees are equal, what is the next most important thing to OPERS?*

ANSWER: In addition to the items listed in the response to question 19 above, a good, transparent working relationship between the engagement staff and management is critical with clear communication being crucial.

25. **QUESTION:** *What were the total audit fees paid for 2020 and 2019 audits, respectively?*

ANSWER: See the response to question 1 above.

26. **QUESTION:** *Would the auditor be able to leverage internal audit team for detailed test work?*

ANSWER: Typically the auditor of the defined contribution plans will assess the work done by internal auditors and determine what additional work they would like to perform themselves.

27. **QUESTION:** *Would management prepare the financial statements for all plans including the Management Discussion and Analysis, and Notes?*

ANSWER: Yes. See response to question 9 above.

28. **QUESTION:** *Is the control structure (monitoring, environment, etc) the same as OPERS' control structure?*

ANSWER: Yes, these defined contribution plans are administered by OPERS. OPERS' control structure applies to the Plans. There may be additional controls surrounding the Plans in regard to the Plans' interactions with Empower.