



March 2, 2018

Questions and Answers #1 Related to the RFP for Payroll Compliance Audit Services

1. Can you please clarify on the EEOC Chart what is meant by the term Business Unit. Would this be the Employee Benefit Plan Practice Unit of the firm?

A business unit would apply to a larger organization, which has a business area and/or location that is either substantively or geographically dedicated to the work being solicited. An "Employee Benefit Plan Practice Unit" could certainly be considered to be a business unit. The EEOC chart is designed to allow a breakdown by Company, Business Unit, and the team dedicated to the CTPF project.

2. Why is this out to bid?

Pursuant to 40 ILCS 5/17-132(e) of the Illinois Pension Code, CTPF has the statutory authority to conduct payroll compliance audits of Chicago charter schools. This is to determine compliance with the Illinois Pension Code's pension contribution requirements, as set out in Article 17 of the Code, to determine if employees of charter schools were or should have been participants in CTPF during the compliance audit period, and whether charter school employers have appropriately contributed and made employee payroll deductions in accordance with the Code and CTPF's administrative rules.

After conducting an initial pilot audit program, CTPF is seeking one or more vendors to perform payroll compliance audits of all Chicago charter schools over the next three years.

3. Is there a budget for the project?

While CTPF anticipates that work would begin on this project shortly after the RFP award(s) and the completion of contracts in the current Fiscal Year 2018, it is currently in the process of putting together its budget for Fiscal Year 2019, which begins on July 1, 2018. The budget for the project will be determined, in part by both the bids received and whether audit results for the schools being audited require extending the initial, three-year audit period.

4. How will the firms be ranked and chosen?

Please see Section X. of the RFP, titled "Proposal Evaluation," at pages 13-14.

5. How long has the current firm been providing the work?

CTPF retained Grant Thornton to conduct a pilot payroll compliance audit for seven Chicago charter schools. That work began in the fall of 2016.

6. The RFP indicates that all work papers are to be provided to the Fund when the audit is completed. The audit documentation for this engagement is the property of the audit firm and constitutes confidential information. This is normally not provided to Funds during these types of engagements. What is the reasoning behind requesting/requiring the documentation? Does the Chicago Teacher Pension Fund require all work papers?

As stated in the RFP's Scope of Work (Section 3.2.c.) on page 5, vendors are asked to:

Provide a repository for all work papers and completed compliance audit programs and provide Fund management with access throughout the engagement. At the close of the assigned audits, the firm is expected to provide CTPF with an electronic copy of all work papers prepared by the firm and supporting documentation provided by the charter school that were utilized to conduct the compliance audits.

Evidence that the audit work is sufficiently documented and that the work performed supports the conclusions reached is necessary should CTPF have to litigate any pension contribution underpayments found through the payroll compliance audits.

7. The RFP indicates there should be an understanding of the Charter School's reporting process. Should final reports include any specific questions the Fund would like addressed on each Charter School?

Final reports should contain all conclusions that support the findings in each report, with work papers supporting those conclusions. CTPF will provide and will work with retained vendors on a standard reporting template. Reporting process questions (also detailed in the Audit Procedures attached as Exhibit I to the RFP) that would need to be answered would include, but not be limited to: (i) the school calendar and days for each school, (ii) the payroll periods for each school, (iii) the pay dates for each school, (iv) whether the employer picks up a portion of the 9% employee contribution and if so, what percentage, (v) a comprehensive list and descriptions of wage codes/types and whether the school treats them as pensionable or non-pensionable, (vi) how the school has interpreted and implemented the exclusion of "hourly" licensed professionals under the Illinois Pension Code and Fund policy, (viii) how the school has treated licensed, non-employees providing paid services to the school and (ix) the total number of school staff in instructional positions, the total number of school staff certified by ISBE in instructional positions, and whether those numbers meet the statutory staff licensing requirements contained in 105 ILCS 5/27A-10(c-5).

8. Is the Fund looking for a list of every employee that is an employee of a Charter school that is not contributed on to the Pension Fund?

Yes, if those individuals were licensed by the Illinois State Board of Education at any time during the audit period. Licensure during the time period is a threshold question.

9. The RFP mentions there can be alternative approaches. Will the Board need to approve alternative approaches?

Should CTPF choose to incorporate alternative approaches, they will be broadly approved by the Board as part of the Board's award. Those alternative approaches will be refined and negotiated with staff, both as part of the contract process and in updating the Audit Procedures.