

PARK EMPLOYEES' ANNUITY AND BENEFIT FUND
Request for Proposal for Independent Audit Services

A. Introduction

The Retirement Board (“Board”) of the Park Employees’ and Retirement Board Employees’ Annuity and Benefit Fund of Chicago (the “Fund”) issues this Request for Proposal, also referred to as a Search for Independent Auditor (“RFP”) from qualified firms to provide Independent Auditor services (“Candidates”). All forms needed for submitting a response to this RFP are available on the Fund’s website at <https://www.chicagoparkpension.org/request-for-proposal/>. **Candidates are responsible for monitoring the Fund’s website for information pertaining to the RFP, while the RFP is outstanding.**

It is the public policy of the State of Illinois to encourage the Board to increase the racial, ethnic, and gender diversity of its vendors to the greatest extent feasible within the bounds of financial and fiduciary prudence. In furtherance of this public policy and pursuant to the Fund’s Non-Investment Procurement Policy, dated June 17, 2021, and can be found on the Fund’s website (<https://www.chicagoparkpension.org/about-us/policies/>), the Board encourages the selection of and will actively consider Candidates that are minority-owned businesses, women-owned businesses and businesses owned by a person with a disability (“MWDBE”) that meet the required capabilities for this RFP. If a Candidate is an MWDBE and meets the criteria in the RFP, then that Candidate will receive an invitation to present as a finalist. If there are multiple MWDBE Candidates that meet the criteria set forth in the RFP, then the Board may choose the most qualified firm or firms to present. MWDBE firms must provide documentation establishing their status as a certified MWDBE.

Established in 1919, the Fund is a defined benefit, public pension fund that provides disability and retirement benefits to certain employees, and their survivors and beneficiaries, of the Chicago Park District. As of December 31, 2021, the Fund had \$432,754,036 of total assets, 2,694 active participants, 2,104 retired employees, and 639 surviving spouses annuitants. More Fund information and statistics is available on the Fund’s website at: <https://www.chicagoparkpension.org/about-us/annual-reports/>

B. RFP Timeline

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|------------------------|-------------------|
| Date of RFP Issue: | July 22, 2022 |
| RFP Response Due Date: | August 25, 2022 |
| Finalist Interviews: | October 20, 2022 |
| Selection: | November 17, 2022 |
| Contract Completion: | December 1, 2022 |

C. Scope of Services

The Fund is seeking Candidates to provide the following services. Candidates may submit a proposal to provide either one or both of the requested services. The Fund may select one or more Candidates to provide the requested services.

1. Financial Statement Audit. Provide the full scope of auditing services required of an Illinois governmental defined benefit pension plan, including an annual financial statement and internal control audit consistent with generally accepted auditing standards and generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB).

The Fund's timeline for the audit is as follows:

- a. Field work – middle to end of March
 - b. Draft report – first week of May
 - c. Final report – last week of May
2. Payroll/Employee Contribution Audit. Audit the payroll records of the Chicago Park District to ensure all employees are participating in the Fund and all required employee contributions are being made to the Fund. The audit would most likely be completed after the Financial Statement Audit has been completed.

D. Proposal Submission

Candidates should submit an electronic copy of the proposal **on or before 5:00 p.m. August 25, 2022**, to:

Park Employees' Annuity and Benefit Fund of Chicago
c/o Steve Swanson, Executive Director
steve@chicagoparkpension.org

Proposals received after the deadline will not be considered. **Proposals must contain the following documents:**

1. Transmittal Letter. A transmittal letter must be submitted on the Candidate's official business letterhead. The letter must identify all documents provided collectively as a response to the RFP and must be signed by an individual authorized to bind the Candidate contractually. **An unsigned proposal will be rejected.** The letter must also contain the following:
 - Statement that the proposal is being made without fraud or collusion; that the Candidate has not and will not offer or receive any contingent or placement fees (finder's fees), inducements, or any other form of remuneration, monetary or non-monetary, from any individual or entity relating to the RFP or the Candidate's proposal, or the selection of a finalist.
 - Statement that discloses any current business relationship or any current negotiations for prospective business with the Fund or any Fund Trustee or Fund Staff. Trustees and Staff are listed on the Fund's website (<https://www.chicagoparkpension.org/about-us/trustees-administrative-staff/>).
2. Minimum Qualification Certification. Candidates must certify that they meet the Minimum Qualifications in Section H, below, and provide all supporting

documentation, including but not limited to the completed Exhibit A disclosures and diversity table.

3. Response to Section H – Information Required from all Candidates.

E. Disclosure and Use of Submitted Proposals

Neither this RFP nor any response to this RFP should be construed as a legal offer. Acceptance of a proposal does not commit the Fund to award a contract to any Candidate, even if the Candidate satisfied all requirements stated in this RFP. Publication of this RFP does not limit the Fund's right to negotiate for the services described in this RFP. The Fund reserves the right to reject any or all proposals submitted, to solicit additional proposals, and to not enter into an agreement with any of the Candidates. All material submitted in response to the RFP will become the property of the Fund and the Fund may use any ideas in a proposal, regardless of whether the Candidate is ultimately selected as the Fund's Independent Auditor. The Fund is not responsible for any costs incurred by the Candidates in responding to this RFP. Submission of a proposal indicates acceptance of the conditions contained in this RFP

If it becomes necessary to revise any part of the RFP, or if additional information is necessary for a clarification of provisions within this RFP, prior to the due date for proposals, a supplement will be provided to all known Candidates and posted on the Fund's website. If a supplement is necessary, the Fund may extend the due date and time of the proposals to accommodate any additional information requirements.

Candidates are advised that the Fund is a public body subject to, and proposal materials are subject to, the Illinois Freedom of Information Act (5 ILCS 140). After completion of the RFP, selection by the Fund and successful negotiation of a contract, if any, all proposals may be viewed and copied by any member of the public, including news agencies and competitors. Candidates claiming a statutory exception to the Illinois Freedom of Information Act for information within the Candidate's proposals must identify relevant language as confidential and identify in the email transmission of the proposal whether confidential information is included. Further, each page of confidential documentation must be labeled as such. Candidates must also specify which statutory exemption applies for each piece of confidential information. The Freedom of Information Act can be found at the Illinois General Assembly's website (<http://www.ilga.gov/>).

The Fund reserves the right to make determinations of confidentiality. If the Fund disagrees with a Candidate's confidential designation, it may either reject the proposal or discuss its interpretation of the exemptions with the Candidates. If agreement can be reached, the proposal will be considered. If agreement cannot be reached, the Fund will remove the proposal from consideration.

F. Quiet Period

There shall be a quiet period to ensure that the process of selecting an Independent Auditor is efficient and fair. The quiet period shall commence with the posting of the

RFP and end when the parties have executed the Independent Auditor Agreement. During the quiet period, no fiduciary or Fund staff shall accept meals, travel, lodging, entertainment, or any other good or service of value from any Candidate. All authority related to the search and selection process shall be exercised solely by the Board as a whole and not by individual Board members. If any Board member or Fund staff member is contacted by a Candidate during the quiet period about a matter relating to the pending selection, the Board member or Fund staff member shall refer the candidate to the Executive Director. While the quiet period does not prevent Board approved meetings, conference attendance, or communications with an incumbent Independent Auditor, discussion related to the pending selection shall be avoided during those activities. A Candidate may be disqualified from a search process for a willful violation of this quiet period.

Notwithstanding the foregoing, the Board through any designated Trustee, the Executive Director, counsel, and Staff may conduct discussions with Candidates to: (A) Determine in greater detail a Candidate's qualifications and clarify any responses; and (B) Negotiate the various terms of the agreement, including fees.

G. Minimum Qualifications

1. Candidates to perform the Financial Statement Audit must have proven experience auditing large public and/or multi-employer defined benefit pension plans.
2. Candidates to perform the Payroll/Employee Contribution Audit must have proven experience performing payroll/employee contribution audits of multi-employer employee benefit plans.
3. Candidates must lawfully qualified to practice public accounting as regulated by the Illinois Public Accounting Act, 225 ILCS 450, and independent from personal, external, and organizational impairment.
4. Candidates must be a member of the American Institute of Certified Public Accountants (AICPA)?
5. Candidate and its proposed team have all authorizations, permits, licenses and certifications required by federal and state laws and regulations to perform the services specified in this RFP at the time Candidate submits a response to the RFP.
6. Candidate must agree to comply at all times with the Fund's Ethics Policy, which can be found on the Fund's website (<https://www.chicagoparkpension.org/about-us/policies/>).
7. Candidate acknowledges that this RFP is being conducted pursuant to the Fund's Non-Investment Procurement Policy and Candidate agrees to comply with the Non-Investment Procurement Policy.
8. Candidate shall provide in its response to this RFP the disclosures required by Exhibit A to this RFP.
9. Candidate must provide a draft contract or engagement letter, which is subject to negotiation.
10. Candidate agrees to provide the services as detailed in the Scope of Services section of this RFP and any other requirements as stated in this RFP.

H. Information Required from All Candidates.

1. Scope of Services: Identify and describe the services that you typically provide to employee benefit fund clients as well as the experience you have in providing services to governmental pension funds. If there are any limitations on the services that you can or will provide, please describe those limitations in detail.
 - a. If you are seeking to perform the Financial Statement Audit, include a description of your Firm's audit process, the timing of plan audit, the level of assistance required from the Fund, and a listing of the prepared schedules and confirmations that will assist your firm in the audit process. Please provide a flat fee quote for the annual audit of the Fund in addition to an hourly fee quote.
 - b. If you are seeking to perform the Payroll/Employee Contribution Audit, include a description of your Firm's audit process, the timing of the audit, the level of assistance required from the Fund, and a listing of the prepared schedules and confirmations that will assist your firm in the audit process. Please provide a fee quote for the payroll/employee contribution audit.
 - c. Identify any additional services that you consider necessary concerning performance of auditing services for an Illinois governmental defined benefit plan.
2. Organization: Please describe your organization including its size, the range of services that you provide your personnel and their capabilities, philosophy of client service, and client service capabilities, your clientele, your firm's history, and future business plans.
 - a) Personnel/Credentials: Please identify (by name and office location) the individuals who will be primarily and secondarily responsible for the engagement. Please include their biographical information, professional credentials, the roles that they will have in the audit, other clients that they service, tenure with your firm, tenure with their major clients, and whether they have an ownership interest in your firm.
 - (i) Please certify that these individuals are currently legally authorized to provide the proposed services.
 - (ii) Please disclose whether they have ever been the subject of investigation or charges by their respective professional registration or credentialing body and whether their licenses or credentials have ever been suspended, withdrawn, or revoked.
 - (iii) Specifically describe your firm's (and the individuals who will service the Fund) experience with pension funds.

- (iv) Please also provide a copy of your firm's most recent Peer Review report including any Letter of Comments.
 - b) Organization: Is your firm qualified as a MWDBE firm and, if so, in what jurisdiction? What is the turnover ratio for your professional staff in the last 2 years? Please identify any professional staff who have joined or left your firm in the past 2 years. What is the ownership structure of your firm?
 - c) Subcontracting and Outsourcing: Do you currently subcontract or outsource any of the services that you propose to provide to the Fund? If so, please describe those arrangements in detail and describe the qualifications of any subcontractor. In the course of providing services to the Fund, we expect that your firm will provide all services unless you advise us of any outsourcing in advance and receive our advanced approval. If you are not a MWDBE firm, the Fund promotes the use of MWDBE firms as subcontractors. We also require that you disclose all financial arrangements with such third-party vendors.
 - d) Number of Clients: How many clients do you currently service? How many of those are employee benefit plans? How many are governmental pension plans?
 - e) Client Turnover: Have you added or lost any benefit fund clients in the last 5 years? If so, please identify the clients. If it is a client that you lost, please indicate the stated reason(s) or circumstance for termination. Of the clients added or lost, how many were either defined benefit or governmental funds?
 - f) Is your Firm a member of the AICPA's Employee Benefit Plan Quality Center? If so, please describe your involvement.
 - g) Has your Firm undergone a U.S. Department of Labor Audit Quality Inspection? When? What were the results?
 - h) Name, address, telephone, e-mail address and website of your firm.
3. References: Please provide a list of three client references and their contact information. In providing such information, you consent to and hereby release the Fund from any liability that may arise from contacting your references and communicating with such references about your current or prior engagements and soliciting an opinion regarding the work performed for such reference.
4. Fees: Provide proposed fees/hourly rates for each level of professional and support staff and/or task and deliverable. For hourly rates, please provide anticipated percentage of total hours at each rate level. The proposed compensation structure should be the most favorable terms offered to similar

clients. Are out-of-pocket expenses included in your fee structure? Are you willing to provide an annual fee cap? Will you guarantee fees for the next five years?

5. Insurance/Indemnity: Please identify all insurance coverage that you have that relates to the services that you propose to provide to the Fund, including general liability insurance, professional liability insurance, and cyber liability insurance. Please include the limit(s) of liability, deductibles, insurance carrier(s), and each carrier's A.M. Best rating. Will your firm agree to indemnify the Fund and its Trustees for any losses from the negligence, errors, omissions, or wrongful acts of your firm, your employees, contractors, or third-party vendors? Does coverage for liability, due to your negligence, continue for a period following termination of the contract? If so, for how long?
 - a) Have any notice of potential claim or claims been made to you or to your insurance carrier in the past ten years? If so, please describe such claim(s).
 - b) Is your firm aware of any claims or notices of potential claims at this time? If so, please describe.
6. IT and Cyber Security
 - a) Describe your firm's disaster recovery and business continuity plans.
 - b) Provide the most recent date and the numbers of times you have practiced and tested your disaster recovery procedures in the past five (5) years, and the results of those exercises.
 - c) Describe your back-up capabilities and/or offsite location, in the event your primary office location was inaccessible.
 - d) Describe the firm's security environment. Specifically cover the physical, digital security, and policy measure safeguards that you have put in place to control access to portfolio reporting systems and client account information.
 - e) Do your firm's information technology systems meet or exceed industry best practices related to cyber-security, including but not limited to the U.S. Department of Labor's Cybersecurity Program Best Practices and the requirements of the State of Illinois Cybersecurity Strategy and the NIST Cybersecurity Framework? If no, please explain why.
 - f) Describe your firm's approach to securing stored documents.
 - g) How does your firm defend against cyber-attacks?
 - h) Have you had your security assessed by a third party? If so, when was this last completed and by which provider?
 - i) Has your firm ever had a data security breach? If so, describe the incident as well as the corrective actions.
 - j) Have you had a cybersecurity audit? If so, provide a copy of your most recent AICPA Service Organization Control 1 and/or 2 reports.
7. Conflict of Interest. Please identify any potential conflict of interest in providing services to the Fund.

8. Contract: Please provide a copy of the proposed contract or engagement letter, the terms of which must be negotiable. The term of the contract shall be up to five years, as determined by the Board.

9. Legal:

a) Has any principal, partner, employee, or agent ever been the subject of an examination, investigation, disciplinary proceedings, or legal action by any governmental or regulatory agency in the last ten years? If so, please provide details including the government or regulatory agency involved, the nature of the examination, etc., and its disposition.

b) Has your firm been involved in a lawsuit in the last ten (5) years involving any professional services provided by the Firm? If so, please provide details, including a description of the lawsuit and the disposition.

I. Proposal Evaluation: The Fund will award the contract to the Candidate whose proposal it considers to be the best of those submitted, and with whom the Fund is able to negotiate a fair agreement and reasonable fee structure. The following guidelines will be used to analyze and evaluate all proposals. The Fund reserves the right to evaluate all factors deemed appropriate, whether or not such factors have been stated in this section.

(i) Qualification and ability to perform the services requested;

(ii) Fees;

(iii) Content of the Responses to the Proposal; and

(iv) Presentation to the Executive Director or Board (if applicable).

Award of the contract(s) resulting from this RFP will be based upon the Candidate whose offer, in the sole discretion of the Board of Trustees, is the most advantageous to the Fund. If the Fund is unable to negotiate an agreement with the selected Candidate, the Fund reserves the right to select and negotiate with the next most qualified Candidate.