

Washington State
Department of Retirement Systems

Request for Proposals No. 12-005-01

Questions and Answers regarding Request for Proposals

Questions are written as they were received with corresponding answer following. Questions are in no particular order. All similar questions have been removed.

Q1. Would DRS consider an outside firm to perform its audit?

Yes.

Q2. Why is DRS going out for proposal?

The current contract has expired.

Q3. What were the audit fees for fiscal year ended June 30, 2011?

\$57,500

Q4. Were there any adjustments proposed by the auditors for FY 2011?

No.

Q5. When did the interim fieldwork occur? How many auditors were out in the field during interim? For how many days?

Three auditors were on-site for interim fieldwork for approximately one week in July 2011.

Q6. When did final fieldwork occur? How many auditors were out in the field during final fieldwork? For how many days?

Final fieldwork was performed during one week in October 2011. Four auditors were on-site during the time period plus one additional auditor for one day.

Q7. How soon after year end can the auditors be in the field?

Auditors can be on-site at any time during work hours.

Q8. When will the financial statements be available to the auditors for review?

A draft of the financial statements will be available on October 1, 2012.

Q9. If DRS could change one thing about the audit process what would that be?

Complete as much work during the preliminary stage as possible.

Q10. What is DRS' expectation of the audit process, such as length of time the audit team would spend on site for interim and final field work?

We expect the audit team to be on-site as long as necessary to provide an opinion by the required due date.

Q11. What controls are in place to monitor and record calls and distributions for real estate and private equity investments? (internal or outside consultants?)

N/A

Q12. What reconciliation procedures are performed between the different investment managers and custodian and how often?

N/A

Q13. 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?

Not that we are aware of at this time.

Q14. What controls are in place to monitor the opportunistic investments against potential losses in accordance with the "Prudent Person" rule? Any type of stop-loss policy for these?

N/A

Q15. What are the key qualities that DRS is expecting from their auditors?

DRS is expecting professional, independent, knowledgeable, and experienced auditors.

Q16. How long have you been served by your current auditor? Are they being asked to submit a proposal?

Ten years. All who are interested and qualified may apply.

Q17. Are all of the accounting records in a central location or are they at decentralized sites?

Central location.

Q18. Is the auditor expected to do a presentation to the Board or any other governing body after the reports have been issued?

Yes, it is expected that a presentation will be made to the Executive Management Team.

Q19. Will the Department prepare all necessary schedules and confirmed required to perform the audit?

Yes, the Department will prepare all financial statement schedules and confirmations.

Q20. Will the schedules and other work papers prepared by the Department be in electronic form?

Yes.

Q21. What transition issues would the Department be concerned about if the audit is awarded to new auditors?

The Department would be concerned about the auditors' understanding of, and familiarization with, the state systems; the Department must work within the statewide accounting system and follow rules established by the State Treasurer.

Q22. Have there been any significant changes in key staff in the past year that would affect the 2012 audit?

No.

Q23. How does the Department interface with its Custodians making sure all activities reported by the Custodians are recorded correctly?

N/A

Q24. Does the Department have an internal audit function? If so, are they available to for the outside auditors?

The Department has an internal audit function that would be available to the outside auditors.

Q25. Does the Department perform compliance audits on employers contributing to the plan?

Yes.

Q26. Performing the year end field work in four weeks (October 1 through November 1) may not be sufficient time. Have four weeks been sufficient time to perform the year end work of previous financial statement audits?

Yes.

Q27. How can preliminary and draft final auditor's opinions be issued to the Department prior to the completion of the financial statement audit?

The Department views these as status updates during the course of the audit.