



Virginia Investment Pool
A Service of VML/VACo Finance

VACo/VML Virginia Investment Pool
8 E. Canal Street
Richmond, Virginia 23219
(804) 648-0635

Christine L. Lopilato
Controller

Memorandum

To: Certified Public Accounting Firms

From: Christine Lopilato, Controller
VML/VACo Finance
clopilato@valocalfinance.org

Date: December 11, 2023

Re: Request for Quotes
Audit Services for the VACo/VML Virginia Investment Pool Trust Fund

The Virginia Municipal League (VML) and Virginia Association of Counties (VACo) sponsor the **VACo/VML Virginia Investment Pool** – a pooled trust fund created to provide political subdivisions in Virginia with an investment vehicle to pool their funds and invest such funds into two or more investment portfolios under the direction and daily supervision of a professional fund manager.

The VACo/VML Virginia Investment Pool (VIP) is a trust fund offered to local governments and other political subdivisions in Virginia. VIP invests in securities permitted in the State Code under the Investment of Public Funds Act. The trust is governed by local government officials of participants in the Trust Fund and is administered on a day-to-day basis by VML/VACo Finance.

On behalf of the Board of Trustees of the VACo/VML Virginia Investment Pool, VML/VACo Finance is soliciting quotes from Certified Public Accounting firms for the Virginia Investment Pool's annual audit services for the three fiscal years ending June 30, 2024 through June 30, 2026, inclusive, and up to one optional additional year thereafter.

Please provide your response to the attached request for quotes addressed to my attention by 5:00 p.m., Friday, January 5, 2024. There is a Board of Trustees meeting on Wednesday, January 24, 2024, at which time it is expected that the Board will make its selection.

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If you have any questions about the enclosed Request for Quotes, feel free to send me an email (clopilato@valocalfinance.org) or call me at (804) 648-0635.

Thank you for your interest in the VACo/VML Virginia Investment Pool Trust Fund.

Attachment

Cc: Steven C. Mulroy, VML/VACo Finance



**REQUEST FOR QUOTES
FOR AUDIT SERVICES FOR THE
VACo/VML VIRGINIA INVESTMENT POOL TRUST FUND**

Date Issued: December 11, 2023

Date Due: January 5, 2024

PART I PROCUREMENT INFORMATION

A. VML/VACo Finance, as program administrator acting on behalf of the VACo/VML Virginia Investment Pool Trust Fund (VIP), submits this Request for Quotes (RFQ) to Certified Public Accounting firms for the VACo/VML Virginia Investment Pool Trust Fund (VIP) annual audit services for an initial three (3) year contract term to include the fiscal years ending June 30, 2024, through June 30, 2026. Thereafter, subject to the discretion of the Board of Trustees, the contract may be renewed for one (1) additional year, unless either party provides notice to the other of its intent to terminate this agreement. The Notice to Renew for the additional year must be provided on or before April 1 of the additional year. A Notice to Terminate must be provided to the other party on or before April 1 of the fiscal year to be audited.

B. Interested firms should submit their electronic response to:

Christine Lopilato, Controller
VML/VACo Finance
clopilato@valocalfinance.org

Submissions should be limited to no more than 35 pages.

C. During the evaluation process, VML/VACo Finance reserves the right to request additional information or clarifications from proposers, and to allow corrections or omissions. (Firms submitting quotes may be requested to make oral presentations as part of the evaluation process). Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between VIP and the firm selected.

VML/VACo Finance reserves the right to reject any or all responses and to select the firm which, in its judgment, best meets the needs of the VACo/VML Virginia Investment Pool Trust Fund. VML/VACo Finance further reserves the right to terminate the contract with proper notice as stated in Part I, Section A.

- D. VML/VACo Finance is using small purchase procedures for single or term contracts for professional services to select its audit firm. The statutory authority for this process is given in the Virginia Public Procurement Act, §2.2-4303. Methods of procurement. The selection process contemplated by this request for quotes will result in the selection of a firm to audit the VACo/VML Virginia Investment Pool Trust Fund.

PART II AUDIT OBJECTIVES AND SCOPE OF SERVICES

- A. Scope of Work to be performed:
1. The auditor shall express an opinion on the fair presentation of the financial statements taken as a whole. The audit of the financial statements should conform to the independence standard subject to Government Auditing Standards.
 2. The auditor shall also be responsible for performing certain limited procedures on supplementary information required by accounting principles generally accepted in the United States of America, including the Management's Discussion and Analysis, and Required Supplementary Schedules (as applicable).
 3. The auditor shall issue a report on the internal control over financial reporting and on compliance and other matters (including compliance with certain provisions of laws, regulations, and contracts) based on an audit of financial statements performed in accordance with Government Auditing Standards.
- B. Auditing Standards to be followed: To meet the requirements of this request for proposals, the audit shall be performed in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States. Additionally, the audit must comply with any applicable requirements set by the Commonwealth of Virginia's Auditor of Public Accounts.
- C. Reports and Statements to be Issued (Upon completion of the audit of the fiscal year's financial statements, the auditor shall issue twenty-five copies of each of the following reports as well as an electronic version. The audit shall contain an index.)
1. Independent auditors' reports on the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America.
 2. Independent auditors' reports on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards to include:
 - a. The auditor's study and evaluation of VML/VACo Finance's system of internal control over financial reporting and where applicable pertinent other control systems.
 - b. The auditor's report shall identify those systems established, those systems evaluated, those systems not evaluated, and disclose any deficiencies in internal control that it considers to be a material weakness.
 3. In the required reports on internal controls, the auditor shall communicate any significant deficiencies and material weaknesses found during the audit in

- accordance with Government Auditing Standards generally accepted in the United States of America. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the Audit Committee and the Managing Directors as appropriate.
4. A statement that the audit was made in accordance with Government Auditing Standards as well as applicable laws and provisions.
- D. The auditors shall assure that the Audit Committee and the Managing Directors are informed of each of the following:
1. The auditors' responsibility under generally accepted auditing standards.
 2. Preference of accounting policies and practices, adoption of or change in accounting policies, pending accounting pronouncements, significant or unusual transactions, management's judgements and accounting estimates.
 3. Significant audit adjustments.
 4. Uncorrected misstatements.
 5. Disagreements with management.
 6. Management consultation with other accountants.
 7. Significant issues discussed with management prior to retention or arising from the audit.
 8. Significant written communications with management.
- E. The Auditor will provide a Report to the Board of Trustees (Communication with Those Charged with Governance) as required by professional auditing standards.
- F. An exit conference with the Managing Director and staff of VML/VACo Finance will be conducted by the auditor in charge. At the exit conference, findings and recommendations regarding compliance and internal control shall be discussed. The Managing Director, or a designee, shall have the opportunity to respond, orally or in writing, to the findings. Any written responses shall be included in the audit report.
- G. The auditor shall present the audit to the VIP Audit Committee, and upon request, the VIP Board of Trustees and be prepared to answer questions. In the event of a material finding, the auditor shall communicate directly with the Audit Committee.
- H. Working Paper Retention and Access:
All working papers and reports must be retained, at the auditor's expense, for the duration of the contract plus a minimum of five years, unless the firm is notified in writing by VML/VACo Finance of the need to extend the retention period. The auditor may be required to make working papers available, upon request, to the following party or its designees:
1. Successor auditors. The firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

PART III BACKGROUND

A. THE VACo/VML VIRGINIA INVESTMENT POOL TRUST FUND

1. VACo/VML Virginia Investment Pool Trust Fund: The Virginia Investment Pool Trust Fund is an Internal Revenue Code Section 115 governmental trust fund created under the Joint Exercise of Powers statute of the Commonwealth of Virginia (Section 15.2-1300). The purpose of the VIP Trust Fund is to provide political subdivisions with an investment vehicle to pool their funds and to invest such funds into two or more investment portfolios under the direction and daily supervision of a professional fund manager. The Trust was established and created by the City of Chesapeake, Virginia and the City of Roanoke, Virginia in the summer of 2013 and operates under a Trust Agreement as amended January 29, 2021. A significant number of other localities and political subdivisions have since joined the Trust.

The Virginia Investment Pool currently offers two investment portfolios. The 1-3 Year High Quality Bond Fund provides political subdivisions in Virginia an investment alternative to a money market-type investment vehicle which provides a diversified portfolio consisting of high quality, short-term investments, as permitted in the Virginia Code in the Investment of Public Funds Act. On October 3, 2016, the Virginia Investment Pool launched a daily liquidity investment pool, the Stable NAV Liquidity Pool. The net position held in trust as of June 30, 2023, was \$2.7 billion. The Trust is expected to grow as additional political subdivisions join the Trust.

The Virginia Investment Pool is governed by a Board of Trustees which currently has fourteen members consisting of a total of twelve participants and two *ex officio* members. The *ex officio* members are the Executive Directors of the Virginia Municipal League (VML) and the Virginia Association of Counties (VACo).

Additional information about the VACo/VML Virginia Investment Pool, including a list of current Trustees, can be found at virginiainvestmentpool.org.

2. VML/VACo Finance (incorporated as the “Virginia Local Government Finance Corporation”) serves the Board of Trustees as the day-to-day program administrator, which includes, but is not limited to, coordinating and managing legal, auditing, investment and custodian services, and promoting and educating Virginia’s localities, authorities and school divisions on the benefits of the VACo/VML Virginia Investment Pool.

B. FUNDS AT PRINCIPAL (CUSTODIAN) AND JP MORGAN CHASE (TREASURY ACCOUNTS)

1. Custodial Accounts: The Virginia Investment Pool maintains two investment accounts at Principal Bank: one for VIP Stable NAV Liquidity Pool and a second for the VIP 1-3 Year High Quality Bond Fund.
2. Treasury Accounts: The VIP maintains two treasury accounts at JP Morgan Chase: a checking account and an expense account. The checking account is used to receive and send Participant wires.
3. As Program Administrator, VML/VACo Finance is empowered by the Board of Trustees to direct the Treasury Bank to pay invoices and expenses from the Expense Account. Certain investment-related expenses, such as for the investment manager and custodian, are paid directly from the Investment Accounts held by the Custodian.

C. FUND ACCOUNTING AND TRANSFER AGENCY SYSTEMS PROVIDED BY PUBLIC TRUST ADVISORS (PTA)

1. Public Trust Advisors maintains VIP's fund accounting system in which the market values of the two investment portfolios are marked-to-market, on a daily basis for the Stable NAV Liquidity Pool, and twice per month for the 1-3 Year High Quality Bond Fund. Dividends are also accounted for through the fund accounting system. PTA determines the net asset value (NAV) for both the constant dollar pool (Stable NAV Liquidity Pool) and the floating NAV fund (VIP 1-3 Year High Quality Bond Fund). The NAV is struck daily for the Liquidity Pool and twice per month for the 1-3 Year Bond Fund.
2. Public Trust Advisors maintains VIP's transfer agency system in which Participant share balances, contributions, withdrawals, and dividend distributions are accounted for. PTA provides monthly statements and confirmation statements to Participants through its reporting system.
3. As of June 30, 2023, there were 167 Participants in the VIP Trust Fund. PTA maintains separate accounts for each Participant.

PART IV INFORMATION TO BE INCLUDED IN THE SOQ

In order to facilitate the evaluation of the Statement of Quotes, it is requested that the required information be arranged in the following format:

SECTION I - AUDIT ORGANIZATION/DESIGNATED OFFICE TECHNICAL
QUOTES

1. Describe the organization, size, and structure of your firm.
2. State the address of the office that will be designated to conduct the audit.
3. Affirm whether your audit organization is properly licensed for public practice as a certified public accountant or a public accountant. Affirm that your organization meets the independence requirements of Standards for Audit of Governmental Organizations, Programs, Activities and Functions, published by the U.S. GAO or any subsequent amendments or superseding revisions.
4. Provide a list of the designated office's current, and for the three preceding years prior, government audit clients indicating the type(s) of services performed and the number of years served for each. Indicate your experience in auditing entities that are similar in size and complexity to the Virginia Investment Pool.
5. The auditor is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements. In addition, the firm shall provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three years. The firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three years with state regulatory bodies or professional organizations.

SECTION II - INDIVIDUAL AUDIT STAFF TECHNICAL QUOTES

1. Identify the principal supervisory and management staff, including engagement partners, other supervisors and specialists, who would be assigned to the engagement.
2. Describe the experience in government audits of the senior and staff level person(s) assigned to the audit, including years of experience with governmental audits and number and types of governmental clients served. Furthermore, describe the experience of the individuals specifically as it relates to audits of governmental trust funds, retirement funds, and pooled investment funds, if any.
3. Indicate whether each such person is licensed to practice as a public accountant in Virginia.
4. Describe the relevant educational background of each individual to be assigned to the audit. This should include relevant seminars and courses attended within the past three years.
5. Describe any specialized skills, training, or background in public finance by assigned individuals. This may include recent participation in state or national

professional organizations, speaker or instructor roles at conferences or seminars, or authorship of articles and books.

SECTION III - AUDIT APPROACH

The proposal should set forth a work plan and an explanation of the audit methodology to be used to perform the requested services. In developing the work plan, reference should be made to such sources of information specific to VIP and to VML/VACo Finance, as administrator, including budget, organization charts, procedures, accounting systems, and related materials. The offeror should clearly distinguish tasks that the auditor will undertake as distinguished from those which are the responsibility of VML/VACo Finance.

Proposers should provide the following information on their audit approach:

1. Discussion regarding the overall approach and process in conducting the audit.
2. Level of staff and number of hours to be assigned to each segment of the engagement.
3. Extent and manner in which you intend to use computer assisted auditing procedures and statistical sampling techniques, and approach in drawing audit samples for the purpose of compliance testing.
4. Type and extent of analytical procedures to be used in the engagement.
5. Approach to be taken to gain and document an understanding of internal control structure.
6. Approach to be taken in determining laws and regulations that will be subject to audit procedures.
7. Statement verifying the auditor's understanding of the specific reporting requirements of these engagements.

SECTION IV - CLIENT REFERENCES

List the names, email addresses, and phone numbers of two to three government audit client references, and up to three clients that are governmental investment pools, trust funds, retirement funds, and/or pooled investment funds, if any.

SECTION V – CONFLICT OF INTEREST

Please provide an affirmative statement that your firm, its officers, and employees comply with the provisions of the Virginia Conflict of Interest Act (Section 2.1-639.1 et. seq., VA Code Ann.), the terms of which will be incorporated in the engagement

letters between the VIP Trust Fund and the auditing firm selected through this solicitation process.

SECTION VI – ETHICS IN PUBLIC CONTRACTING

Please certify that your quote is made without collusion or fraud and that you, your firm, and your firm’s employees have not offered or received any kickbacks or inducements from any other offeror, supplier, manufacturer, or subcontractor in connection with their proposal, and that the aforementioned parties have not conferred on any public employee having official responsibility for this procurement transaction any payment, loan, subscription, advance, deposit of money, services, or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value was exchanged. The successful proposer also must ensure that there is no real or perceived conflict of interest during the term of the contract.

SECTION VII - OTHER INFORMATION

Include any other information that may be helpful in evaluating your firm's quotes, including peer reviews within the past three years. Identify any disciplinary action received within the past three years. Also, describe any regulatory action taken by any oversight body against the proposing audit organization or local office.

SECTION VIII - AUDIT FEE

Fee proposals should contain a fixed price listed separately for each of the three fiscal year audits. Depending on the quotes reviewed, the VIP Trust may decide to include an optional one-year renewal. In the event such renewal is included in the contract, please quote a fixed fee for this additional year. The cost proposals should include the projected hours for various levels of staff and other individuals proposed to be used. The fees quoted should be inclusive of all expenses.

PART V EVALUATION PROCEDURES AND SELECTION OF FIRM

	Evaluation Criteria
1.	Understanding of the Trust Fund’s audit requirements
2.	The firm's experience with government investment pools and/or comparable entities; and references
3.	Assigned staff's experience and professional achievements
4.	Audit approach and work plan
5.	Fees

Proposers must meet the following mandatory criteria:

1. The audit firm is independent and licensed to practice in Virginia.
2. The firm has no conflict of interest with regard to any other work performed by the firm for competitors of VIP. All clients offering services competitive with VIP shall be disclosed in the proposal.
3. The firm adheres to the instructions in this request for quotes in preparing and submitting the proposal.
4. The firm provides a copy of its last external quality control review report and the firm has a record of quality audit work.

PART VI PROCUREMENT AND CONTRACT DATES

Although the following dates are subject to change, it is anticipated that the following schedule will apply:

Action Item	Date
RFQ Issued	December 11, 2023
Response Deadline	January 5, 2024
Interviews with Offerors, if applicable	January 2024, TBD
Award by VIP Board	January 24, 2024
Contract Executed	February 2024