

**LACERA  
REQUEST FOR PROPOSALS  
AUDITING AND CONSULTING SERVICES AUDIT POOL  
ISSUED: FEBRUARY 2025**

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**EXHIBIT B**

**STATEMENT OF WORK**

All services performed by the contractor shall be under the direction of, and approved by, the Chief Audit Executive or designee. The scope of services includes the four areas detailed below: Information Technology, Investments, Organizational Operations and Internal Audit Operations.

**1. INFORMATION TECHNOLOGY**

IT services include engagements related to assessing the governance, risk, and controls of LACERA's System Division and Information Security operations, LACERA's IT network, architecture, applications, and projects. These engagements will require extensive knowledge and experience in information technology risks and controls. Engagements may require the use of Information Systems Audit and Control Association's (ISACA's) control objectives, National Institute of Standards and Technology (NIST) or other applicable frameworks.

a. Engagements

The above services include engagements which may include any or all of the following:

- Perform a risk assessment of the audit area
- Prepare an engagement letter to the auditee
- Schedule and lead an entrance conference
- Develop an audit plan and audit program for CAE approval
- Perform audit testing (on-site, or remote)
- Provide progress reports to Internal Audit or designee on engagement
- Discuss audit findings with Internal Audit
- Schedule and lead exit conferences
- Prepare draft and final audit reports
- Provide Internal Audit a summary of and audit work and testing
- Present engagement results at ACRE Meeting
- Provide advice and training on the audit area as requested by Internal Audit

b. Co-sourced Engagements

The contractor shall provide audit work or agreed upon procedures in accordance with applicable auditing standards and best practices. Co-

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source audits will be based on a knowledge transfer process where the contractor will lead, train, and involve designated Internal Audit staff in all audits or agreed upon procedures work from the engagement planning phase through the fieldwork and reporting phases. The knowledge transfer will enable Internal Audit to conduct these audits independently in the future.

## **2. INVESTMENTS**

Investment services include performing assurance and advisory engagements related to governance, risk, and controls of LACERA's portfolio which includes: Growth, Credit Real Assets and Inflation Hedges, Risk Reduction and Mitigation, and Overlays and Hedges. Refer to LACERA [Investment Policy Statement](#) for additional information. Services may include value-added engagements and special projects related to investment risk assessments, investment accounting, middle and back-office operations and due diligence policies and procedures. These engagements will require specialists with extensive knowledge and experience in Investment accounting and operations.

### **a. Audit Engagements**

The above services include assurance and advisory engagements which may include any or all of the following:

- Perform a risk assessment of the audit area
- Prepare an engagement letter to the auditee
- Schedule and lead an entrance conference
- Develop an audit plan and audit program for CAE approval
- Perform audit testing (on-site, or remote)
- Document all work in working papers; use of audit software is preferred
- Provide progress reports to Internal Audit or designee on engagement
- Discuss audit findings with Internal Audit
- Obtain Internal Auditor's written approval of audit findings
- Schedule and lead exit conferences
- Prepare draft and final audit reports
- Provide Internal Audit access to all audit work papers
- Provide materials and reports at ACRE Meeting
- Perform follow-up work on recommendations, as necessary
- Provide advice and training on the audit area as requested by Internal Audit

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b. Co-source Engagements

- The contractor shall provide audit work or agreed upon procedures in accordance with applicable auditing standards.
- Co-source audits will be based on a knowledge transfer process where the contractor will lead, train, and involved designated Internal Audit staff in all audit or agreed upon procedures work from the engagement planning phase through the fieldwork and reporting phases. The knowledge transfer will enable Internal Audit to conduct these audits independently in the future.

**3. ORGANIZATIONAL OPERATIONS**

Organizational Services include assurance audits, advisory services, agreed-upon procedure reviews. Services may also include providing Internal Audit with technical assistance in evaluating the effectiveness LACERA's governance, risk and controls in key operations. In addition, services may include compliance, operational, financial and investigation engagements as well as enterprise risk management assessments, and business continuity reviews. Engagements could be conducted in any of LACERA's divisions and key business operations.

a. Engagements

The above services include assurance and advisory engagements which may include any or all of the following:

- Perform a risk assessment of the audit area
- Prepare an engagement letter to the auditee
- Schedule and lead an entrance conference
- Develop an audit plan and audit program for CAE approval
- Perform audit testing (on-site, or remote)
- Document all work in working papers; use of audit software is preferred
- Provide progress reports to Internal Audit or designee on engagement
- Discuss audit findings with Internal Audit
- Obtain Internal Auditor's written approval of audit findings
- Schedule and lead exit conferences
- Prepare draft and final audit reports
- Provide Internal Audit access to all audit work papers

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- Provide materials and reports at ACRE Meeting
- Perform follow-up work on recommendations, as necessary
- Provide advice and training on the audit area as requested by Internal Audit

b. Co-source Engagements

- The contractor shall provide audit work or agreed upon procedures in accordance with applicable auditing standards.
- Co-source audits will be based on a knowledge transfer process where the contractor will lead, train, and involved designated Internal Audit staff in all audit or agreed upon procedures work from the engagement planning phase through the fieldwork and reporting phases. The knowledge transfer will enable Internal Audit to conduct these audits independently in the future.

**4. INTERNAL AUDIT OPERATIONS**

Internal Audit Services will enhance Internal Audit staff competencies and improve operation efficiencies. Services include consulting on audit standards and emerging audit issues, as well as assistance in implementing audit best practices and enhancing our quality assurance and improvement program.

Services may include any or all of the following services:

- Provide technical assistance for evaluating and analyzing audit data
- Perform and/or provide technical assistance with risk assessments
- Advise in area of audit best practices
- Provide subject matter expertise on audit related activities
- Develop course materials and conduct educational workshops on audit standards, emerging audit issues, and other topics specified by Internal Audit
- Provide assistance in the implementation of audit processes and best practices
- Assist in enhancing our quality assurance and improvement programs and
- Consult on enterprise risk management