

RFP VENDOR QUESTIONS AND ANSWERS

1. Can LACERA please provide more specific details about the areas to be reviewed and the specific types of internal audits in the Scope of Work?

Answer: On a fiscal year basis, we perform a risk assessment which is used for the development of our Audit Plan. Currently audit planning is underway and will be conclude with the development of the FYE Audit Plan. Once completed, we will have identified the audit areas and those that we plan to bid out to the audit pool.

Examples of audits in each of the areas:

Investments:

- Operational Due Diligence
- Securities Lending
- Asset Allocation
- Investment Fees

Please refer to the Investment Policy and strategic Plan for possible areas of investment related audit engagements.

IT:

- NIST Audit
- IT Risk Assessment
- User Access Rights
- Network Security Audits

Organizational:

- Cultural Audit or Assessment
- Organization Governance
- Governance Risk Control

2. What is the expected timeline or frequency for the audit engagements once a firm is selected for the audit pool?

Answer: As stated in the RFP section 1.1 Inclusion in the audit pool does not guarantee a firm is awarded any engagements and firms may be added or deleted in accordance with the Audit Compliance Risk and Ethics (ACRE) charter. When an engagement has been identified to be performed from the audit pool, Internal Audit will request that firms interested in performing the engagement, submit a proposal.

3. What specific past performance (types of audits) would LACERA be most interested in seeing demonstrated in the proposal?

Answer: See examples listed for question #1

4. What systems and tools does LACERA currently use for audit work?

RFP VENDOR QUESTIONS AND ANSWERS

Answer: Internal Audit uses the audit software, TeamMate.

- 5. What is the anticipated volume of work (number of audits per year) that LACERA expects to assign to firms in the audit pool? Alternatively, what is LACERA's budget for the requested services?**

Answer: Budget for all external audit services is 650k, which also includes funding for LACERA's Financial Audit.

- 6. Will there be any specific deliverables required to be onsite?**

Answer: Most audit work can be conducted remotely but it may depend on the engagement. Typically, auditors are on site during the preliminary phase of the audit engagement and periodically when necessary. Also, the Firm should plan to attend the ACRE meeting to present their audit report and address questions from the ACRE Committee.

- 7. How often are engagements expected to be conducted, and what determines their frequency? Based on the Audit Plan.**

Answer: Currently, there is no set frequency for engagements expected to be completed by the audit pool.

- 8. Regarding Pg. 5, Section 4.2.3.1, what specific competitive advantages are most valued by LACERA in the selection process?**

Answer: Demonstrated depth of experience by the firm's team in complex audit areas as noted in the RFP.

- 9. Regarding Pg. 19 Section Exhibit C, are there any additional costs or expenses that should be included in the fee proposal?**

Answer: Proposed administrative costs and other expenses other than the hourly rate in Exhibit C – Fee Schedule should be noted in the proposal. Travel expenses are reimbursed in accordance with LACERA's travel policy.

- 10. Have there been any known instances of fraud or illegal acts during the current fiscal year, or in the previous fiscal year?**

Answer: We are unaware of any material instances of fraud or illegal acts committed during the current fiscal year or in the previous fiscal year.

RFP VENDOR QUESTIONS AND ANSWERS

11. Have there been any allegations, instances or suspicions of fraud related to cyber security, financial accounting and reporting, or with any grant programs in the past two years?

Answer: We are unaware of any material allegations, instances or suspicions of fraud related to cyber security, financial accounting and reporting, or with any grant programs in the past two years

12. What are the systems that are currently used for financial, payroll / HR, procurement and contracting?

Answer: Microsoft Dynamics Great Plains for financial and GL reporting, Countywide eHR Payroll System, Service Now and Neogov for HR, and Cobblestone is used for procurement and contracting.

13. Are those systems being contemplated for upgrades during the term of the contract?

Answer: We are not aware of any pending upgrades to the systems above.

14. Please confirm the Security Questionnaire does not need to be returned with the proposal.

Answer: If a firm is selected to participate in the Audit Pool to provide audit services in the areas of Investments, IT or Organization Operations, they will be required to provide a Security Controls Report. As stated in Exhibit H, *Respondent shall provide an initial Security Controls Report in the form attached hereto prior to executing the agreement. All subsequent Security Controls Reports that are required after this first report shall be performed and submitted annually.*