

November 2022



**REQUEST FOR PROPOSAL**  
**AUDIT OF LACERA'S ANNUAL FINANCIAL STATEMENTS**

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**LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION  
REQUEST FOR PROPOSAL (RFP)  
AUDIT OF LACERA’S ANNUAL FINANCIAL STATEMENTS  
NOVEMBER 17, 2022**

**1. INTRODUCTION**

**1.1. Purpose of Request**

The Los Angeles County Employees Retirement Association (LACERA) is seeking a certified public accounting firm to audit its annual financial statements for Fiscal Years Ending June 30, 2023 – 2027, with an option to extend the contract for up to two years.

LACERA as a California Public Retirement System is required to furnish audited financial statements to the State Controller annually (see CA Government Code 7501-7504). To assist your firm in estimating the level of effort required to render an opinion on the compliance requirements, the Minimum Audit Requirements and Reporting Guidelines for Public Retirement Systems issued by the State of California Controller’s Office are available at [Min Audit Requirements \(CA Gov\)](#). LACERA’s financial accounting transactions are recorded on a modified accrual basis, using Generally Accepted Accounting Principles (GAAP), and it’s financial statements prepared in accordance with Governmental Accounting Standards Board (GASB) requirements. Additionally, the audit must be performed in accordance with Generally Accepted Auditing Standards (GAAS) as set forth by the American Institute of Certified Public Accountants (AICPA) and the standards applicable to financial audits contained in Government Auditing Standards (GAS).

This Request for Proposal (RFP) details the requirements needed by LACERA and instructs interested Proposers on the application and selection process. All firms meeting the minimum qualifications outlined in this RFP are invited to propose. The services required are described in more detail in section 2 “Scope of Services”.

Summary of timeline:

Event Description	Due Date
RFP release date	November 3, 2022
Intent to respond	December 1, 2022
Written questions from respondents	December 8, 2022
LACERA’s response to respondents’ questions	December 15, 2022
<b>RFP due date</b>	<b>January 3, 2023</b>
Contact all respondents and notify finalists	January 31, 2023
Audit Committee presentation/interview and selection	Mid-February, 2023
Commencement of work (upon contract execution)	Mid-March 2023

## 1.2. Background Information

### **Pension Plan**

Under the California Constitution, the County Employees Retirement Law of 1937 (CERL), and the California Public Employees' Pension Reform Act of 2013 (PEPRA), LACERA administers a cost-sharing multiple employer defined benefit retirement plan (Pension Plan) for the employees of the County of Los Angeles (County), the Los Angeles Superior Court (Court), and four Outside Districts (i.e., Little Lake Cemetery District, Local Agency Formation Commission for the County of Los Angeles, Los Angeles County Office of Education, and South Coast Air Quality Management District).

The Pension Plan is presented separately in the Statement of Fiduciary Net Position as an irrevocable trust fund. LACERA collects contributions from employers and active members and earns income on invested assets so the Pension Plan balances accumulate over the long term, such that promised benefits can be paid to retirees now and in future years. As of June 30, 2022, LACERA provided retirement and health benefit services to 187,184 members, including 115,599 active and inactive members and 71,585 retired members and beneficiaries.

### **Other Post-Employment Benefits (OPEB) Program**

LACERA administers an agent multiple employer OPEB Program that offers a variety of medical and dental/vision healthcare plans for retired members and their eligible dependents. As of June 30, 2022, 165,795 members are eligible for medical benefits and 171,629 are eligible for dental/vision benefits.

There are two financial sources provided by plan sponsor employers used to fund the OPEB Program. One is the OPEB Custodial Fund used to pay premium costs on a current and ongoing basis. The other is the OPEB Trust containing contributions set aside by certain participating employers to pay certain other current Trust administrative costs and future benefit costs.

### **General Information**

LACERA is located in Pasadena, California. It operates as an independent governmental entity, separate and distinct from Los Angeles County and the other participating agencies. LACERA's pension trust fund and OPEB trust fund are reported by the County as fiduciary funds in their financial statements. Portions of LACERA's annual financial statements and note disclosures are included in the County's Annual Comprehensive Financial Report (ACFR).

The Board of Retirement (BOR) has responsibility over the administration of the retirement system, retiree healthcare program (OPEB Program), and the review and processing of disability retirement applications. The BOR is composed of nine trustees and two alternates: four trustees and two alternates elected by members, four appointed by the Los Angeles County Board of Supervisors, and one ex-officio by law. Of the elected trustees, two are elected by active general members; one regular and one alternate are elected by retired members; and one regular and one alternate are elected by safety members.

The Board of Investments (BOI) is responsible for establishing LACERA's investment policy and objectives, as well as exercising authority and control over the investment management of the pension and benefits trusts. The BOI is composed of nine trustees: four elected by members, four appointed by the Los Angeles County Board of Supervisors, and one ex-officio

by law. Of the elected trustees, two are elected by active general members, one is elected by retired members, and one is elected by safety members.

The day-to-day management of LACERA is delegated to a Chief Executive Officer appointed by both Boards. The day-to-day management of LACERA's investment portfolio is delegated to a Chief Investment Officer appointed by the BOI.

### 1.3. Prior Fiscal Year Audits of LACERA's Annual Financial

Each fiscal year, LACERA prepares annual financial statements that present a comprehensive view of its financial condition including LACERA's financial statements, investment performance, actuarial valuation information for the retirement benefits and health benefits, and statistical information. Plante Moran has performed the audit of LACERA's annual financial statements for the last five fiscal years, with the last completed audit as of June 30, 2021. Then LACERA publishes an Annual Comprehensive Financial Report which includes the annual financial statements plus an introductory section. To view LACERA's most recent ACFR's, go to [Annual Reports | LACERA](#).

### 1.4. Actuarial Valuations

LACERA engages an independent actuarial consulting firm (consultant) to conduct actuarial consulting services which result in determining contribution rates and LACERA's funded status. The consultant completes annual actuarial valuations of the Pension and OPEB plans, in accordance with applicable California Government Code Sections and policies of LACERA's Board of Investments and Board of Retirement. On a triennial basis, the consultant performs an investigation of experience and a triennial actuarial valuation. The results of the investigation of experience are used to update the economic and non-economic assumptions which are used to complete the triennial valuation. LACERA's current actuarial consulting firm for both the Pension and OPEB plans is Milliman, Inc.

LACERA engages a second independent actuarial consulting firm ("auditor") who conducts actuarial "audits or reviews" of the investigation of experience and triennial actuarial valuation and performs special audit/review projects as requested. LACERA's current actuarial auditor/reviewer is Cavanaugh McDonald Consulting, LLC.

LACERA's recently performed Actuarial Valuations and Reviews, Experience Studies and Reviews, and GASB Disclosure Reports can be found at the following link, [Financial Reporting](#).

### 1.5. Useful Information

See links below for additional useful information

#### [Annual Comprehensive Financial Report - FYE 2021](#)

- [Introductory Section](#) - Significant events, awards, and accomplishments of the previous fiscal year; Board trustees, administrative management, and professional consultants
- [Financial Section](#) - Analysis and statements of LACERA's financial condition

- [Investment Section](#) - Investment performance for the Pension Plan and OPEB Trusts
- [Actuarial Section](#) - Funding status and actuarial-related metrics and assumptions
- [Statistical Section](#) - Membership statistics and information about our operations

[Archived Annual Reports](#) - historical record of comprehensive and popular annual financial reports.

#### Retirement Plan Information

- [Plan A/B/C](#) – general plan
- [Plan D](#) – general plan
- [Plan E](#) – general plan
- [Plan G](#) – general plan
- [Plan A/B](#) – safety plan
- [Plan C](#) – safety plan

For additional information about LACERA, please visit our website, [LACERA.com](http://LACERA.com).

## 2. **SCOPE OF WORK**

### 2.1. Primary Work

The selected Financial Auditor (AUDITOR) would provide the following services:

- Perform an audit and express an opinion on the fair presentation of LACERA's annual financial statements, which include the following:
  - Pension Trust
  - OPEB Trust
  - OPEB Custodial Fund
- Prepare a report on LACERA's internal control over financial reporting.
- Perform an audit and express an opinion on the fair presentation of LACERA's GASB 68 schedule.
- Perform an audit and express an opinion on the fair presentation of the schedule of changes in fiduciary net position by employer for Los Angeles County's portion of the OPEB Trust.
- Review the Annual Comprehensive Financial Report against the guidelines for the Government Financial Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting.
- Perform special projects as requested and defined by LACERA.

AUDITOR will coordinate with the external, financial auditors of the County and with LACERA's actuary to provide the County the information and data needed for accurate and timely completion of the County's annual financial statements. AUDITOR will comply fully with SAS No. 122, *Statements on Auditing Standards: Clarification and Recodification*, AU-C section 600, *Audits of Group Financial Statements*.

## 2.2. Professional Standards

AUDITOR understands that promulgating bodies may revise or change the professional standards, laws, regulations, and rules from time to time. AUDITOR will utilize all applicable components of professional standards in auditing, preparing, and reporting on the financial statements of LACERA, including but not limited to, the following:

- U.S. Generally Accepted Auditing Standards (GAAS),
- Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States (GAGAS),
- American Institute of Certified Public Accountants (AICPA) standards included in its *"2021 Employee Benefit Plans: Audit and Accounting Guide"*
- U.S. Generally Accepted Accounting Principles (GAAP),
- California State Controller's *"Minimum Audit Requirements and Reporting Guidelines for Public Retirement Systems"*,
- Governmental Accounting Standards Board (GASB) Pronouncements, as applicable to LACERA.

## 2.3. Reports and Due Dates

The table below includes a list of reports LACERA believes AUDITOR is required to issue at the completion of the Financial Audit and LACERA's mandatory due dates. AUDITOR will prepare all reports required by applicable professional standards and applicable federal and State laws, regulations, and rules in effect for the engagement period and meet all due dates specified by LACERA.

Report Title	Due Date (approximate)
<ol style="list-style-type: none"> <li>1. Independent Auditor's Report on Financial Statements – Draft (electronic submission)</li> <li>2. Independent Auditor's Report re GASB Pronouncements 68– Draft (electronic submission)</li> </ol>	October 5
<ol style="list-style-type: none"> <li>1. Independent Auditor's Report re GASB 68– Final</li> <li>2. Independent Auditor's Report re Fair presentation of the schedule of changes in fiduciary net position by employer for Los Angeles County's portion of the OPEB Trust</li> </ol>	May 15
<ol style="list-style-type: none"> <li>1. Independent Auditor Report - Financial Statements – Final</li> <li>2. Report on Internal Control and Compliance</li> <li>3. Required Communication to the Audit Committee Report</li> <li>4. Report to Management</li> </ol>	October 15

Reports must be delivered to the Project Manager indicated below. Unless otherwise specified by the Project Manager, AUDITOR shall deliver thirty-one (31) copies and an electronic version of each report.

Project Manager  
Nathan Amick, Senior Internal Auditor  
LACERA  
300 N. Lake Avenue, Suite 840  
Pasadena, CA 91101-4199  
Ph: 626-831-9963  
Email: [namick@lacera.com](mailto:namick@lacera.com)

## 2.4. Meetings with LACERA Staff and Boards

### 1. Entrance Conference

Prior to commencing fieldwork for each Financial Audit, AUDITOR will attend an entrance conference (either virtually or at LACERA's offices) with LACERA's Project Manager, Financial and Accounting Services Division (FASD) management and other LACERA staff. The purpose of this meeting will be to establish and discuss the following:

- The liaisons appointed by LACERA and the AUDITOR for the audit;
- LACERA's critical deadlines and AUDITOR's plans to ensure they are met;
- AUDITOR'S critical deadlines and LACERA's plans to ensure they are met;
- Overview, timeline, information requests, and logistics for interim and year-end work to be performed by AUDITOR;
- Prior, current and/or anticipated audit issues including the implementation of new GASB Statements, auditing standards, legal or regulatory requirements;
- Arrangements for Workspace, access to electronic files, and other needs of AUDITOR.

### 2. Weekly Status Meetings

During the time the AUDITOR is performing its fieldwork for each Financial Audit, AUDITOR shall conduct bi-weekly status meetings (either virtually or at LACERA's offices) with LACERA's Project Manager, FASD management and other LACERA staff as necessary, to review and discuss the progress of the Financial Audit, substantive testing, and other issues pertaining to the audit work and any potential findings.



### 3. Exit Conference(s)

AUDITOR shall attend one or more exit conference(s) annually, as determined by LACERA, with LACERA's Project Manager, LACERA management and other LACERA staff to describe the audit process and review the final audit reports (listed above).

### 4. Presentations to Audit Committee

All presentations to the LACERA Audit Committee are expected to be performed in person at LACERA's offices.

At each February/March Audit Committee meeting, AUDITOR shall present to LACERA's Audit Committee the timing, planning, scope and objectives of the upcoming audit, and any other communication required per audit standards.

At each November/December Audit Committee meeting, AUDITOR shall present to LACERA's Audit Committee the audit process and conclusions, and findings and recommendations from each report, and any other communication required per audit standards. If requested LACERA Boards may attend this meeting.

AUDITOR will make additional presentations deemed necessary by LACERA to the Boards and/or the Boards' Committees.

## 2.5. Engagement Support

LACERA will prepare year-end closing entries, draft financial statements, notes, and all required supplementary schedules and statistical data.

Throughout the Financial Audit engagement, LACERA will make available clerical support personnel to provide assistance for tasks such as identifying locations of required records and documentation, obtaining listings, and other tasks that will serve to expedite completion of the Financial Audit.

## 2.6. Reporting Irregularities and Illegal Acts

AUDITOR will adhere to all professional standards, laws, regulations, and rules regarding reporting irregularities and illegal acts.

### 3. **MINIMUM QUALIFICATIONS**

Please see "**Exhibit B, Minimum Qualifications Certification**" for a detailed list of all required minimum qualifications. All respondents must clearly show and document in the proposal their minimum qualifications.

LACERA reserves the right to grant exceptions to the minimum qualifications with appropriate explanation and in our sole discretion.

## 4. INSTRUCTIONS TO RESPONDENTS

### 4.1. RFP Important Dates

The following table provides a tentative schedule of important dates and deadlines for this RFP. All dates are subject to modification by LACERA without notice.

Event Description	Due Date
RFP release date	November 3, 2022
Intent to Respond	December 1, 2022
Written questions from Respondents	December 8, 2022
LACERA's response to Respondents' questions	December 15, 2022
<b>RFP due date</b>	<b>January 3, 2023</b>
Contact All Proposers and Notify Finalists	January 31, 2023
Audit Committee Presentation/Interview and Selection	Mid-February 2023
Commencement of work (upon contract execution)	Mid-March 2023

### 4.2. Response Requirements and Formatting

4.2.1. Respondents to this RFP must submit the following for delivery no later than **5:00 PM PST** on January 3, 2022, to the Project Manager specified in Section 4.3. below. Responses received after the specified deadline may be considered for evaluation solely at the discretion of LACERA. In addition, LACERA reserves the right to request additional information or clarifications from respondents, or to allow corrections of errors or omissions.

4.2.2. Send an electronic copy in PDF or Microsoft Word format of the original and redacted responses, if applicable. If Respondent requires any confidential information to be exempt from public disclosure, then submissions should also include one **electronic copy** marked "**REDACTED**". The redacted copy should redact all material from the proposal that the respondent believes in good faith is exempt from disclosure under the California Public Records Act, (California Government Code section 6250 et seq. the "Act"). Individual redactions should appear as blacked out material. Large sections, tables, or entire blank page(s) shall include the word "REDACTED" or "PROPRIETARY" inserted. Each respondent must indicate the basis for each redaction under the Act (defined below) with a citation to the code section and subsection relied upon. LACERA cannot guarantee that redacted information will not be publicly available, and LACERA reserves the right in its sole discretion to produce the entire RFP without redaction. Please see the **Section 5** below "*Notice to Respondents Regarding the Public Records Act AND RALPH M. BROWN ACT*" for further information. An electronic copy of both the original and the redacted response, each labeled accordingly.

4.2.3. Submittals shall be electronic in at least 10-point font, but no larger than 12-point font, including Exhibits. Submittals shall address all RFP sections in the same order presented and be responsive to each section.

All responses to this RFP should follow the outline of the RFP requirements and should fully respond to each section as appropriate and to all questions in **Exhibit A** and should contain at a minimum:

4.2.3.1. Cover Letter. A cover letter (1 page) shall be signed by the individual(s) who is (are) authorized to bind the respondent contractually. The letter shall contain a statement to the effect that the respondent is not currently under investigation by any regulatory agency, state or federal, for any reason. The letter should identify your firm's competitive advantage, the specific team that will be working on the LACERA account, and the reasons why the firm should be selected.

4.2.3.2. Minimum Qualifications Certification. You must certify, by completing and signing **Exhibit B**, that your firm meets the minimum qualifications required.

4.2.3.3. Table of Contents. The response must contain a Table of Contents that identifies the major sub-sections.

4.2.3.4. Fee Schedule. The Proposer must submit a Fee Proposal in the format prescribed in **EXHIBIT I**.

4.2.4. All proposals made in response to this RFP must remain open and in effect for a period of not less than 180 days after the submission deadline. Responses to this RFP may be changed or withdrawn in writing if modifications are received prior to the submission deadline. Modification to or withdrawal of a proposal received after the submission deadline will not be considered. Responses received after the specified deadline may be considered for evaluation solely at the discretion of LACERA. In addition, LACERA reserves the right to request more information or clarifications from respondents, or to allow corrections of errors or omissions.

4.2.5. Proposals not following these instructions or not including complete information as requested may result in a lower evaluation score or the proposal being declared non-responsive. For each part of the response, restate the RFP item immediately above the response. Pages in the proposal shall be numbered. When asked, please provide details and state all qualifications or exceptions. All information supplied should be concise and relevant to qualifications.

### 4.3. Contacts with LACERA Personnel

Contacts with LACERA personnel about this RFP, and all inquiries and requests for information shall be directed to the Point of Contact identified below:

Nathan Amick, Senior Internal Auditor  
LACERA  
Gateway Plaza  
300 North Lake Avenue, Suite 840  
Pasadena, CA 91101-4199

Email: [namick@lacera.com](mailto:namick@lacera.com)  
Phone: 626-831-9963

#### 4.4. Quiet Period

To ensure that prospective Respondents to this RFP have equal access to information about the RFP and communications related to the RFP are consistent and accurate so that the selection process is efficient and fair, a quiet period will be in effect from the date of issuance of this RFP until the selection of one or more respondents is completed and announced.

This RFP and other relevant information related to the RFP, including addenda, modifications, answers to questions, and other updates, will be available to the public at [lacera.com](http://lacera.com). Each respondent to this RFP will be subject to the same terms and conditions and will receive the same information.

During the quiet period, respondents are not allowed to communicate with any LACERA staff member or Board member regarding this RFP except through the point of contact named herein. Respondents violating the quiet period may be disqualified at LACERA's discretion.

Respondents who have existing relationships with LACERA must limit their communications between LACERA staff and Board members to the subject of the existing services provided by them.

#### 4.5. Questions relating to this RFP

All questions, inquiries, and requests for additional information concerning this RFP should be received no later than 5:00PM PDT, December 8, 2022, and should be emailed to Nathan Amick at [namick@lacera.com](mailto:namick@lacera.com). All questions received and responses thereto will be posted on LACERA's website ([www.lacera.com](http://www.lacera.com)) under the "[Business Opportunities](#)" section that relates to this RFP on or about 5:00PM PDT, December 15, 2022.

#### 4.6. RFP Scoring and Selection Criteria

RFPs will be scored according to **Exhibit G**, *Selection Criteria*. LACERA staff may select Respondents based upon the selection criteria or using a combination of onsite interviews and reference verification.

The highest scoring Respondents may be invited to an interview by LACERA's Audit Committee in February 2023. At LACERA's discretion, selected Respondents may be offered the opportunity to present their materials to the Board(s).

#### 4.7. Intent to Respond

If your firm chooses to respond to this RFP, please send the Intent to Respond, EXHIBIT F, via email by 5:00PM PDT, December 1, 2022, to Nathan Amick at [namick@lacera.com](mailto:namick@lacera.com). Failure to send your Intent to Respond may disqualify your firm from submitting a response to this RFP.

## **5. NOTICE TO RESPONDENTS REGARDING THE PUBLIC RECORDS ACT AND THE RALPH M. BROWN ACT**

The information submitted in response to this RFP will be subject to public disclosure pursuant to the California Public Records Act (California Government Code Section 6250, et. seq., the "Act"). The Act provides generally that all records relating to a public agency's business are open to public inspection and copying unless specifically exempted under one of several exemptions set forth in the Act. If a respondent believes that any portion of its proposal is exempt from public disclosure or discussion under the Act, the respondent must provide a full explanation and mark such portion "TRADE SECRETS," "CONFIDENTIAL" or "PROPRIETARY," and make it readily separable from the balance of the response. Proposals marked "TRADE SECRETS," "CONFIDENTIAL" or "PROPRIETARY" in their entirety will not be honored, and LACERA will not deny public disclosure of all or any portion of proposals so marked.

By submitting a proposal with material marked "TRADE SECRETS," "CONFIDENTIAL" or "PROPRIETARY," a respondent represents it has a good faith belief that the material is exempt from disclosure under the Act; however, such designations will not necessarily be conclusive, and a respondent may be required to justify in writing why such material should not be disclosed by LACERA under the Act. Fee and pricing proposals are not considered "TRADE SECRET," "CONFIDENTIAL" or "PROPRIETARY".

The final report will be a public document and cannot be redacted or marked as confidential, except with LACERA's advance written approval in its sole discretion.

If LACERA receives a request pursuant to the Act for materials that a respondent has marked "TRADE SECRET," "CONFIDENTIAL" or "PROPRIETARY," and if LACERA agrees that the material requested is not subject to disclosure under the Act, LACERA will deny disclosure of those materials. LACERA will not be held liable, however, for inadvertent disclosure of such materials, data, and information or for disclosure of such materials if deemed appropriate in LACERA's sole discretion. LACERA retains the right to disclose all information provided by a respondent.

If LACERA denies public disclosure of any materials designated as "TRADE SECRETS," "CONFIDENTIAL" or "PROPRIETARY", the respondent agrees to reimburse LACERA for, and to indemnify, defend and hold harmless LACERA, its Boards, officers, fiduciaries, employees, and agents from and against:

1. All claims, damages, losses, liabilities, suits, judgments, fines, penalties, costs, and expenses, including without limitation attorneys' fees, expenses, and court costs of any nature whatsoever (collectively, Claims) arising from or relating to LACERA's non-disclosure of any such designated portions of a proposal; and
2. All Claims arising from or relating to LACERA's public disclosure of any such designated portions of a proposal if LACERA determines disclosure is deemed required by law, or if disclosure is ordered by a court of competent jurisdiction.

If LACERA staff recommends any respondent to the Boards for hiring, such recommendation, the reasons for the recommendation, and the relevant proposal(s) will appear on a publicly posted agenda and in supporting materials for public meetings of the Boards.

Nothing in this RFP requires LACERA to withhold any documents from production under the Act.

## 6. **NOTICE TO RESPONDENTS REGARDING LACERA DATA PROTECTION**

LACERA, its consultants, vendors, and contractors have a duty to protect all LACERA data, including without limitation, information related to members and beneficiaries, finances, systems, and operations.

The finalist selected through this procurement will have access to sensitive information protected by LACERA's internal policies, State, and Federal law. In such a case, by submitting a proposal, respondent agrees to subject itself to certain contractual terms designed to protect such information, including without limitation cyber liability insurance, Systems and Organizations Controls 2 (SOC-2) reports (or, in the alternative, a Security Controls Assessment as per **EXHIBIT E**) – used when vendor might have access to or use of LACERA systems or information, and the Health Insurance Portability and Accountability Act (HIPAA) Business Associate agreements – used when vendor has access to member personal health information. Respondents shall inform LACERA in their response if they have any limitations to agreeing to such terms. Respondents that do not make reservations shall lose their right to do so at the contracting phase.

## 7. **CONTRACT NEGOTIATIONS**

Upon Audit Committee approval, staff will enter contract negotiations with the approved Respondent(s). LACERA may end negotiations, at its sole discretion, if it believes a satisfactory agreement cannot be negotiated. LACERA reserves the right to award a contract based upon proposals received; you should not rely upon the opportunity to alter your proposal (e.g., services to be provided, fees, etc.) during contract negotiations.

The final contract must allow LACERA to terminate a) for its convenience, b) if funds are not appropriated for the services to be provided, and c) for default.

The general form of the contract LACERA intends to use for this engagement is attached as **Exhibit D**. By sending a proposal without comment on the general form contract, Respondent agrees to each term in the contract, and will not seek any modifications to the contract. LACERA has the right to change or negotiate contract terms different than those in **Exhibit D** in our sole discretion.

Respondents are required in their response to identify and explain any exception that it desires to take to any of the terms and conditions of this RFP. In addition, a respondent will be deemed to have agreed to each clause in the agreement (and not to seek inclusion of additional clauses), unless the respondent identifies an objection or inclusion, sets forth the basis for the objection or inclusion, and provides substitute language to make the clause acceptable to the

respondent or to address an issue the respondent feels is not addressed by the agreement in its response to this RFP. If a satisfactory agreement cannot be negotiated with one or more of the firms, LACERA may, at its sole discretion, terminate such negotiations. LACERA, may then, at its option, initiate fee negotiations with another firm, and so on.

At LACERA's discretion the term of the contract entered under this RFP may be for an initial period of up to five (5) years, beginning from the date of final execution. There may be two (2) one-year extensions under the same terms and conditions at LACERA's option. All contracts may be terminated at LACERA's convenience at any time.

## **8. RESERVATIONS BY LACERA**

In addition to the other provisions of this RFP, LACERA reserves the right to:

1. Cancel or modify this RFP, in whole or in part, at any time.
2. Make such investigation as it deems necessary to determine the respondent's ability to furnish the required services, and the respondent agrees to furnish all such information for this purpose as LACERA may request.
3. Reject the proposal of any respondent who has failed to comply with the requirements of this RFP, or who is not currently in a position to perform the contract, or who has previously failed to perform similar contracts properly, or in a timely manner or for any other reason in LACERA's sole discretion.
4. Waive irregularities to negotiate in any manner necessary to best serve the public interest, and to make a whole award, multiple awards, a partial award, or no award.
5. Award a contract, if at all, to the firm which will provide the best match to the requirements of the RFP and the service needs of LACERA in LACERA's sole discretion, which may not be the proposal offering the lowest fees or achieving the highest score.
6. Request additional documentation or information from respondents. Requested information may vary by respondent. LACERA may ask questions of any respondent to seek clarification of a proposal or to ensure the respondent understands the scope of the work or other terms of the RFP.
7. The right to choose to not enter into an agreement with any of the respondents to this RFP or negotiate for the services described in this RFP with a party that did not submit a proposal.
8. Determine the extent, without limitation, to which the services of a successful respondent are or are not actually utilized.
9. Defer selection of a winning firm to a time of LACERA's choosing.
10. Consider information about a respondent in addition to the information submitted in the response or interview.
11. Add terms and conditions during contract negotiations.

12. The information that a respondent submits in response to this RFP becomes the exclusive property of LACERA. LACERA will not return any proposal or reimburse proposal preparation expenses.

LACERA shall not be liable for any costs respondents incur in connection with the preparation or submission of a proposal.

*(The rest of this page is left intentionally blank)*



## Exhibit A

### PROPOSAL COVER PAGE AND CHECKLIST (TO BE SUBMITTED ON RESPONDENT'S LETTERHEAD)

Respondent Name:

Respondent Address:

By submitting this response, the undersigned hereby affirms and represents that they have reviewed the proposal requirements and have submitted a complete and accurate response to the best of their knowledge. By signing below, I hereby affirm that the respondent has reviewed the entire RFP and intends to follow all requirements.

Respondent specifically acknowledges the following facts:

1. Respondent has the required technical expertise and has sufficient capacity to provide the services outlined in the RFP.
2. Respondent has no unresolved questions about the RFP and believes that there are no ambiguities in the scope of work.
3. The fee schedule or price proposal sent in response to the RFP is for the entire scope of work and no extra charges or expenses will be paid by LACERA.
4. Respondent has completely disclosed to LACERA all facts bearing upon any possible interests, direct or indirect, that Respondent believes any member of LACERA, or other officer, agent or employee of LACERA presently has, or will have, in this contract, or in the performance thereof, or in any portion of the profits thereunder.
5. Materials contained in proposals and all correspondence and written questions sent during the RFP process may be subject to disclosure pursuant to the Act.
6. Respondent is not currently under investigation by any state or federal regulatory agency for any reason.
7. The signatory below is authorized to bind the respondent contractually.

## A. Proposal Contents

Your response to this RFP must be prepared and submitted according to the specifications set forth below, both for content and sequence. The proposal must provide a straightforward and concise description of the Proposer's capabilities to satisfy the requirements indicated in this RFP. Failure to adhere to these specifications may be cause for rejection of the proposal.

<u>Section</u>	<u>Title</u>
1.	Cover Letter
2.	Table of Contents
3.	Organization Background and Key Personnel
4.	Firm Qualifications and Experience
5.	Professional Staff Qualifications and Experience
6.	Diversity, Equity and Inclusion
7.	Client References
8.	Project Planning/Approach
9.	Potential Conflict
10.	Legal Matters
11.	Contract Negotiations
12.	Fee Schedule
13.	Additional Information
14.	Attachments to Proposal

Each required section is listed below with a description of information that must be included in the proposal.

### 1. Cover Letter

- a) Introduction and background of the Proposer.
- b) Name, title, telephone number, and email address of the Proposer's representative(s) who is/are designated as the primary liaison(s) to LACERA.
- c) Name, title, telephone number, and email address of the representative who is authorized to legally bind the Proposer.
- d) A statement indicating the Proposer's understanding and commitment to providing LACERA with the audit consulting services and providing final materials by due dates as described in the Scope of Work in this RFP.
- e) A Statement that the Proposer's proposal is an irrevocable offer, including proposed fees and proposed assigned staff, for 120 days following the date of proposal.

## 2. Table of Contents

Your proposal must include a table of contents identifying the proposal sections and corresponding page numbers.

## 3. Organization Background and Key Personnel

Please include the following information in this section:

- a) Legal name of the Firm
- b) Describe your organizational structure giving specific details about your parent, any affiliated companies, or joint ventures.
- c) Identify the locations of the headquarters and branch office(s) that will be providing services under this LACERA contract.
- d) Describe the areas of audit specialty that your firm provides and the number of years that your firm has been providing the services.
- e) Please describe the levels of coverage for errors and omissions insurance and any other fiduciary or professional liability insurance your firm carries for negligent acts or omissions. Attach proof of coverage (e.g., a certificate of insurance) for such insurance that apply to Proposer's actions under the contract.
- f) Indicate whether the Firm has been the subject of an external quality control review ("Peer Review") in the last five (5) years and submit a copy of the Firm's most recent report labeled as **Attachment 14.1**
- g) Indicate whether the Firm has had an external SSAE-16, SOC-2, Type 2 or an ITGC examination in the last five (5) years and submit a copy of the Firm's most recent report labeled as **Attachment 14.2**
- h) Indicate whether the Firm has been the subject of an Inspection by the Public Company Accounting Oversight Board ("PCAOB") in the last five (5) years and submit a copy of the Firm's most recent inspection report labeled as **Attachment 14.3**

## 4. Firm Qualifications and Experience

- a) Organizational structure of the Firm
- b) Any material changes to the organizational structure that have occurred in the last five (5) years
- c) Length of time the Firm has been performing financial statement audits
- d) Length of time the Firm has been performing financial statement audits specifically for defined benefit pension plans

- e) Describe experience in auditing various types of investments, as well as the length of time the Firm has been auditing investments, plus the dollar magnitude of the investments audited
- f) Number of full-time professional auditors employed by the Firm
- g) Describe the background of the professionals in the Firm's audit services group including percentage which hold a CPA license and description of ongoing educational programs that are supported and/or required
- h) Size of the Firm's governmental and/or pension fund audit staff
- i) Provide the number of professional staff to be assigned to the LACERA financial statement audit on a full-time basis and the number to be assigned on a part-time basis
- j) For the Firm's office that will be assigned to the LACERA engagement, list prior audit engagements for large employee benefit plans, large government units and other audit engagements that Firm deems similar to the engagement described in this RFP. Indicate the following:
  - Name of entity
  - Significant financial data (net assets, net income, etc.)
  - Significant membership plan data, if applicable
  - Date audit(s) were completed
  - Number of years the financial statement audit(s) have been performed
  - Scope of work performed
  - Total audit hours per engagement
  - List of Firm's engagement staff and titles
- k) If the Firm is a joint venture or consortium, the qualifications of each Firm comprising the joint venture or consortium must be separately identified and the Firm that is to serve as the Principal Engagement Auditor must be indicated
- l) Attach a copy of the Firm's CPA license issued by the California Board of Accountancy, labeled as **Attachment 14.4**.

##### 5. Professional Staff Qualifications and Experience

- a) Identify the financial statement audit engagement team assigned to LACERA, including Partners, Managers, Seniors/Supervisors, Staff Auditors, and Specialists
- b) For the engagement team, provide resumes (or biographies) that include the following information:
 

*Qualifications*

  - Name
  - Title

- Responsibilities with Firm & percentage of time spent on financial statement audits
- Years and positions held with the Firm
- Degrees and professional designations
- Institution awarding each degree and designation
- Membership in professional organizations relevant to public pension fund industry
- Copy of CPA license (if applicable), attached & labeled as **Attachment 14.5**

*Experience*

- Statement(s) of qualifications including years of experience in the auditing public retirement systems, other large employee benefit plans, large governmental units, investment managers, other clients, and any specialized expertise such individuals may have which is applicable to this engagement (i.e., pension fund auditing and accounting, investment auditing and accounting, cash management, actuarial science, membership data auditing and testing, etc.)
- For the Engagement Partner(s) and Manager(s), list at least two (2) financial statement audit engagements of defined benefit pension plans) falling under California’s County Employees Retirement Law of 1937 (California Government Code Section 31450 et seq., "the 1937 Act") **or** have performed at least two (2) audits of defined benefit pension plans. For each engagement, indicate the following:
  - Name of entity
  - Significant financial data (net assets, net income, etc.)
  - Significant membership plan data, if applicable
  - Date audit(s) were completed
  - Number of years the financial statement audit(s) have been performed
  - Scope of work performed
  - Total audit hours per engagement
- c) For each individual the Firm identifies in this section, identify the role each individual would play in accomplishing the services required by this RFP
- d) Indicate how long the current group consisting of the engagement Partner, Manager, Senior(s) and Staff have worked together as a team
- e) For the engagement Partner and Manager, state the total number of clients currently assigned to these individuals.

6. Diversity, Equity, and Inclusion

LACERA values diversity, equity, and inclusion (“DEI”), and believes that effectively accessing and managing diverse talent leads to improved outcomes. LACERA takes a broad view of diversity, inclusive of varied backgrounds including, but not limited to, age, experience, race, ethnicity, sexual orientation, gender, gender identity, disability status, national origin, and culture. LACERA expects its business partners to respect and reflect LACERA’s value of DEI.

Please see **EXHIBIT H** for requirements and instructions for submitting your firm's demonstrated commitment to DEI.

## 7. Client References

- a) The Proposer shall provide at least two former client reference for whom the Proposer had performed financial statement audit services significantly similar to those described in this RFP within the last three (3) years
- b) The Proposer shall provide at least three (3) current client references for whom the Proposer has performed financial statement audit services significantly similar to those described in this RFP within the last three (3) years

The Proposer shall provide the following information for the references named in a) and b) above:

- Entity name, address and website
- Nature of business
- Annual revenue and/or fund size
- Number of plan members
- Principal contact name, title, telephone number and email address
- Nature of Proposer's relationship with said entity
- Description of services provided by Proposer

LACERA reserves the right to contact any of the individuals/agencies provided.

## 8. Project Planning and Approach

- a) Describe the specific methodology used to accomplish the Statement of Work included in this RFP and describe all services necessary to accomplish the financial statement audits of LACERA
  - Description of audit approach
  - Proposed sections of the engagement (see table below)
  - Estimated timeline including information or data gathering, interim and fieldwork dates
  - Approach to gain and document an understanding of LACERA's internal control structure, including IT controls.
  - Approach to auditing various types of investments
  - Approach and extent of member data testing
  - Approach and extent of census data testing
  - Describe the Firm's process for ensuring LACERA staff is educated and up to date on all new auditing standards, relevant federal, state and local laws, and all required areas of compliance.

The table below provides a proposed breakdown of the audit sections identified when performing a financial statement audit. The Firm may use the format presented or a

modified version prepared at the Firm’s discretion to address the proposal requirements in noted at the second above “Proposed sections of the engagement.”

<b>Section No.</b>	<b>Audit Section (Categories) Description</b>	<b>Proposed Audit Hours</b>	<b>% of Total Audit Hours</b>
1.	Audit Planning & Risk Assessment		
2.	Audited F/S – General Procedures		
3.	Benefit Payments		
4.	Cash and Treasury		
5	Expenditures and Payables		
6.	Internal Control including IT Controls		
7.	Investments		
8	Partner Review		
9	Pension Contributions		
10.	Pension Census		
11.	Report Preparation		
12.	SAS 99 and Conflicts of Interest		
11.	Other		
	Total		

9. Potential Conflicts

- a) Describe in detail any potential conflicts of interest related to any other client relationships if awarded the LACERA engagement.
- b) Describe any potential conflicts of interest with the proposed Engagement Director and/or Engagement Manager relative to the LACERA engagement.
- c) List any perceived conflict of interest issues you anticipate if your firm is awarded this LACERA engagement.
- d) Provide details of any other affiliates offering services to LACERA that could represent conflicts of interest. Briefly describe your firm’s policies and procedures for doing business with these affiliates, while safeguarding against conflicts of interest.

- e) Describe any known relationship your Firm or any staff have with any member of LACERA's Boards, management, staff, or plan sponsors (including, but not limited to, Los Angeles County).
- f) Describe the purpose and monetary value of any gifts, travel, expenses, entertainment, or meals given to any member of the LACERA Boards, management, or staff in the last two (2) years.
- g) Describe your firm's approach to resolving potential conflict issues that may be encountered during the performance of audit or consulting services for LACERA and any special assistance that will be requested from LACERA.

#### 10. Legal Matters

- a) Describe the circumstances and status of any investigation, non-routine examination, complaint, disciplinary action, or other proceeding against your firm or any officer or principal of your firm commenced by any state or federal regulatory body or professional organization during the past five (5) years.
- b) Describe any situation whereby your firm or any officer or principal of your firm was censured or fined by any regulatory body within the last five (5) years.
- c) Describe any claims or litigation brought against your firm or any officer or principal of your firm by any entity for fraud, malpractice, misrepresentation, negligence, or similar cause of action within the last five (5) years.
- d) Describe each audit engagement with other clients, involving any member of the team that would be assigned to the LACERA, which has been the subject of litigation, arbitration, mediation, or other dispute resolution mechanisms within the past five (5) years. Identify the individual(s) involved, and provide the case name and number, the damages sought, and the outcome.
- e) Describe any situation within the last five (5) years, when your firm was notified, by any actuarial consulting or actuarial auditing client, that your firm is in default of its contract, or that conditions exist jeopardizing the continuation of that contract. State the client's name, the year the notice was received, reasons for the notice, and resolutions or current status of the relationship.

#### 11. Contract Negotiations

Once a firm has been selected by the Audit Committee for the engagement, LACERA will enter into negotiations with the approved firm(s) which will result in a formal Contract between the parties. LACERA's form contract is attached as **Exhibit D**. An Audit Engagement Letter, approved by LACERA fully incorporating the formal contract, will serve as the formal contract of services. LACERA may terminate negotiations, at its sole discretion, if it believes a satisfactory agreement cannot be negotiated. LACERA reserves the right to award a contract based upon proposals received; you should not rely upon the opportunity to alter your proposal (e.g., services to be provided, fees, etc.) during contract negotiations.



The final contract must allow LACERA to terminate (a) for its convenience upon not more than 30 days' notice and (b) for default. The contract must also include indemnity by your firm to LACERA from third party claims.

## 12. Fee Schedules

### a) Schedule of Professional Fees and Expenses

LACERA anticipates awarding an agreement to perform financial statement audit services on an hourly fee basis, with a cap on the total fee that will be paid for all services rendered with regard to any one fiscal year.

The AUDITOR's proposed fees for hourly rates and expenses must be presented in the format shown in **EXHIBIT I**. Separate Fee Schedules must be prepared for the Pension Trust and for the (combined) OPEB Trust and OPEB Custodial Fund. A separate AUDITOR's Fee Schedule must be prepared for each fiscal year's financial statement audit. The AUDITOR must identify the classification of audit staff, specialists and administrative staff, along with the number of hours assigned to the engagement and the hourly rates.

AUDITOR must estimate all out-of-pocket expenses and administrative expenses and include them in the AUDITOR's Fee Schedules. All out-of-pocket expenses will be charged against the Total Not-To-Exceed Maximum Fee submitted by the AUDITOR and not reimbursed separately.

### b) Not-To-Exceed Maximum Fee

## 13. Additional Information

Material and data not specifically requested for evaluation, but which the Proposer wishes to submit, may be included in the "Additional Data" section with each item labeled as **Attachment 14.6**.

## 14. Attachments to Proposal

The following is a list of required Attachments to the proposal:

- 14.1. External Quality Control Review Report (see #3 above)
- 14.2. Firm's SSAE-16, SOC-2, Type 2 or ITGC Report (see #3 above)
- 14.3. Firm's PCAOB Inspection Report (See #3 above)
- 14.4. Firm's California CPA License (see #4 above)
- 14.5. Professional Staffs' CPA Licenses (see #5 above)
- 14.6. Additional Information (see #13 above)

**Exhibit B**

**MINIMUM QUALIFICATIONS CERTIFICATION  
(TO BE SUBMITTED ON RESPONDENT’S LETTERHEAD)**

All Respondents must sign and return this attachment, along with written evidence of how you meet each qualification. The undersigned hereby certifies that the Respondent submitting this response fulfills the minimum qualifications outlined below, as well as the requirements contained in the RFP.

		Yes	No
<b>Firm Minimum Qualifications:</b>			
1.	The firm must have an established office located within the United States.		
2.	As of the submission date, the firm must be registered and active, by the California Board of Accountancy under the Accountancy Act, Article 4, Section 5072.		
3.	The firm must be a professional public accounting firm that provides audit and other attestation services.		
4.	<p>The firm must <u>not</u> perform any work for the County of Los Angeles (LACERA’s plan sponsor) during the potential future term of an agreement with LACERA, up to seven (7) years, for work defined as follows:</p> <p style="padding-left: 40px;">a. audit, attestation, consulting, investigation, actuarial, valuation services, review, or analysis of any nature whatsoever, for or without compensation, pertaining to LACERA or to pension or other retirement-related benefit issues administered by LACERA (e.g., other post-employment benefits programs)</p> <p style="padding-left: 40px;"><u>or</u></p> <p style="padding-left: 40px;">b. bid to provide or provide services to the County of Los Angeles in connection with the preparation or audit of the County’s Annual Comprehensive Financial Report (ACFR).</p>		
5.	<p>As of the submission date, the firm must have conducted, within the last five (5) years, at least two (2) audits of defined benefit pension plans with assets that exceeded \$10 billion at the time of the audit, with multiple diverse retiree healthcare plans and agent other post-employment benefit (OPEB) plans. This requirement may be met with either (a) or (b) directly below:</p> <p style="padding-left: 40px;">a. Two (2) years of auditing the same defined benefit pension plan of a minimum size of \$10 billion.</p> <p style="padding-left: 40px;"><u>or</u></p>		

	<p>b. Simultaneously auditing in each of two (2) years, more than one (1) defined benefit pension plan with combined total assets exceeding \$10 billion provided that one (1) of the individual plans has at least \$3 billion in assets.</p>		
6.	<p>As of the submission date, the firm must certify that it has knowledge and at least five (5) years of experience, auditing under the Governmental Accounting Standards. Specifically,</p> <ul style="list-style-type: none"> <li>• <u>Statement No. 67</u> Financial Reporting for Pension Plans</li> <li>• <u>Statement No. 68</u> Accounting and Financial Reporting for Pensions</li> <li>• <u>Statement No. 74</u> Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans</li> <li>• <u>Statement No. 75</u> Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions</li> </ul>		
7.	<p>As of the submission date, the firm must certify that it has knowledge and at least five (5) years of experience in auditing the following classes of investments:</p> <ul style="list-style-type: none"> <li>• Global equity securities</li> <li>• Global fixed income securities: government bonds, corporate bonds (investment grade, high yield, distressed), securitized assets, floating-rate loans, structured products, hybrid and convertible securities, and cash instruments (commercial paper, repurchase agreements)</li> <li>• Real assets</li> <li>• Private equity</li> <li>• Securities lending and collateral</li> <li>• Currencies</li> <li>• Leverage and use in partnerships</li> <li>• Derivatives – options, swaps, futures, and forwards</li> </ul> <p>Experience auditing these investments may be gained at a variety of different entities, such as mutual funds, insurance companies, banks, Real Estate Investment Trusts (REITs), and investment portfolios of a company.</p>		

<b>Engagement Partner Minimum Qualifications:</b>			
The Engagement Partner responsible for LACERA's account, who signs the audit opinion with the firm name and the partner's own name, must as of the submission date:			
8.	Be located in the United State and have at least ten (10) years of experience in public accounting.		
9.	Be a Certified Public Accountant licensed by the California Board of Accountancy (CBA) or qualifies under CBA's Practice Privilege, in good standing, with a copy of the current license submitted with proposal.		
10.	Have been the Engagement Partner, within the last five (5) years, on at least two (2) audits of defined benefit pension plans with assets that exceeded \$10 billion at the time of the audit, with multiple diverse retiree healthcare plans and other agent post-employment benefit (OPEB) plans.		
<b>Audit Manager(s) Minimum Qualifications:</b>			
The Audit Manager(s) responsible for LACERA's account, must as of the submission date:			
11.	Be located in the United States and have at least five (5) years of experience in public accounting. Such experience must include audits of defined benefit pension plans, multiple diverse health plans, and OPEB plans.		
12.	Be a Certified Public Accountant licensed by the California Board of Accountancy (CBA) or qualifies under CBA's Practice Privilege, in good standing, with a copy of the current license submitted with proposal.		
<b>Audit Supervisor(s) Minimum Qualifications:</b>			
The Audit Supervisor(s) responsible for directly overseeing LACERA's account, must as of the submission date:			
13.	Be located in the United States and have at least three (3) years of experience in public accounting. Such experience must include audits of defined benefit pension plans, multiple diverse health plans, and OPEB plans.		
14.	Be a Certified Public Accountant licensed within the United States, in good standing, with a copy of the current license submitted with proposal.		

**The undersigned hereby certifies that they are an individual authorized to bind the Firm contractually, and said signature authorizes verification of this information.**

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name and Title (please print)

\_\_\_\_\_  
Name of Firm

*(The rest of this page is left intentionally blank)*

**QUESTIONNAIRE**

**(RESPONDENT SHALL USE QUESTIONNAIRE NUMBERING IN ITS PROPOSAL)**

**[INSERT RFP QUESTIONS IN THIS EXHIBIT]**

**QUESTIONS SHOULD REQUEST INFORMATION NECESSARY TO DETERMINE THE RESPONDENT'S QUALIFICATIONS AND THEIR ABILITY TO PERFORM THE SERVICES REQUESTED OR THE PRODUCTS DESIRED.**

**QUESTIONS SHOULD ENCOMPASS THE DATA, TECHNICAL REQUIREMENTS, PERFORMANCE SPECIFICATIONS, CONSULTING EXPERTISE, PRODUCT INFORMATION, OR OTHER LACERA REQUIREMENTS.**

**INCLUDE A STANDARDIZED FEE SCHEDULE OR A REQUIREMENT FOR A VENDOR-SUPPLIED SCHEDULE AND QUESTIONS THAT THE RESPONDENT WILL ANSWER WITH THEIR RESPONSE.**

## Exhibit D

### AGREEMENT FOR SERVICES

THIS IS THE GENERAL FORM AND CONTENT OF THE CONTRACT LACERA INTENDS TO USE. IN SUBMITTING A PROPOSAL WITHOUT COMMENT ON THE CONTRACT, THE PROPOSER WILL BE DEEMED TO HAVE AGREED TO EACH CLAUSE IN THE AGREEMENT BELOW (AND TO NOT SEEK ANY MODIFICATIONS TO THE AGREEMENT), UNLESS PROPOSER'S PROPOSAL IDENTIFIES AN OBJECTION OR INCLUSION, SETS FORTH THE BASIS FOR THE OBJECTION OR INCLUSION, AND PROVIDES SUBSTITUTE LANGUAGE TO MAKE THE CLAUSE ACCEPTABLE TO PROPOSER.

LACERA RESERVES THE UNILATERAL RIGHT IN ITS SOLE DISCRETION TO MAKE CHANGES TO THE CONTRACT PRIOR TO EXECUTION, WHICH CHANGES WILL NOT PROVIDE PROPOSER WITH AN OPPORTUNITY TO MAKE FURTHER CHANGES TO THE OTHER TERMS OF THE CONTRACT.

[TEMPLATE AGREEMENT TO BE INSERTED]

## **EXHIBIT E**

### **IT SECURITY CONTROLS**

If selected through this RFP process respondent shall provide an initial Security Controls Assessment in the form attached hereto prior to executing an agreement with LACERA. All subsequent Security Controls Assessments that are required after this first report shall be performed and submitted annually. The questionnaires are to focus on security as it applies to the technologies impacting services provided in relation to the scope of work. If a control is found to be inadequate, the respondent will develop a remediation plan within 30 days. The respondent will implement the plan and inform LACERA of the change within a mutually agreed upon and reasonable time.

The Security Controls Assessments shall report in writing on the respondent's system(s) and the suitability of the design and operating effectiveness of controls, information functions, and/or processes applicable to the environment in which the respondent receives and maintains LACERA records, including the security requirements.

Respondent shall provide to LACERA within 30 calendar days of the issuance of each Security Controls Assessment, a documented corrective action plan that addresses each audit finding or exception contained therein. The corrective action plan shall show in detail the required remedial action by the respondent along with the implementation date(s) for each remedial action.

If the respondent does not obtain an annual Security Controls Assessment, LACERA shall have the right to retain an independent audit firm to perform such an audit engagement for such a report. The audit will include the controls, information functions, and processes used or provided by the respondent. Respondent agrees to allow the independent audit firm to access its facilities for purposes of conducting this audit engagement. They will provide the necessary support and cooperation to the independent audit firm.

The independent audit firm will be engaged by LACERA's legal department and subject to the same confidentiality requirements supported in this agreement, and any disclosure will be on a need-to-know basis only for the purpose of the Security Controls Assessment. LACERA will invoice the respondent for the expense of the report(s) or deduct the cost from future payments to the respondent.



Control Identifier	Control Name	<u>LACERA Supply Chain IT Security Controls Assessment</u> Control Description	Has the Control Been Tested and Validated?	Validation Results or Location of Documented Results
LACERA-0		LACERA Conducts supplier assessment of risk prior to the acquisition or outsourcing of information Systems, Security Services; and will verify that the acquisition or outsourcing of dedicated information security services is approved by the CISO.		
LACERA-1	Supplier	Legal Name of Supplier		
LACERA-2	Supplier	Legal form of business (e.g., U.S. Corporation)		
LACERA-3	Supplier	Parent Corporation		
LACERA-4	Supplier	Web Site		
LACERA-5	Supplier	Dun & Bradstreet Number		
LACERA-6	Supplier	U.S. Federal Taxpayer ID		
LACERA-7	Supplier	What percentage of product/service - development/support is off-shore (non-U.S.)		
LACERA-8	Supplier	What is Supplier's 3rd-Party Security Assessment Validation (e.g., ISO, 27001:13, SOC 2 Type 2)		
LACERA-8	Supplier	Is your product FIPS 140-2 or 140-3 Certified (if yes, provide cert #)		
<b>AC-1</b>				
AC-1	Policy and Procedures	Are Access Control Policy(s) supported		
AC-2(1)	Account Management	Are System Accounts / Service Accounts / Privileged Accounts supported or required		
AC-2(3)	Account Management   Disable Accounts	Documented procedure or automated tool to Disable accounts		
AC-2(4)	Account Management   Automated Audit Actions	Automatic logging for audit of account creation, modification, enabling, disabling, and removal actions.		
AC-2(5)	Account Management   Inactivity Logout	Automatically log out users when [defined time period of inactivity].		
AC-2(12)	Account Management   Account Monitoring for Atypical Usage	(a) Monitor / log system accounts login; and (b) Report usage of system accounts to [actions].		
AC-3(7)	Access Enforcement   Role-based Access Control	Enforce a role-based access control policy over defined subjects and objects and control access based upon [defined roles and users authorized to assume such roles].		

Control Identifier	Control Name	<u>LACERA Supply Chain IT Security Controls Assessment</u> Control Description	Has the Control Been Tested and Validated?	Validation Results or Location of Documented Results
AC-3(9)	Access Enforcement   Controlled Release	Release information outside of the system only if: (a) The receiving [destination] provides [authentication]; and (b) [user roles] are used to validate the appropriateness of the information designated for release.		
AC-3(11)	Access Enforcement   Restrict Access to Specific Information Types	Restrict access to data repositories containing [Customer-defined information types].		
AC-3(12)	Access Enforcement   Assert and Enforce Application Access	(a) Require integration / API applications to use validated certificates. (c) Validate access changes after initial installation of the application.		
AC-3(14)	Access Enforcement   Individual Access	Provide [mechanisms] to enable individuals (Subjects) to have access to [defined elements] of their personally identifiable information.		
AC-4	Information Flow Enforcement	Enforce approved authorizations for controlling the flow of information within the system and between connected systems based on [defined information flow control policies].		
AC-4(2)	Information Flow Enforcement   Processing Domains	Use protected processing domains to enforce [defined information flow control policies] as a basis for flow control decisions.		
AC-4(5)	Information Flow Enforcement   Embedded Data Types	Enforce [defined limitations] on embedding data types within other data types.		
AC-4(11)	Information Flow Enforcement   Configuration of Security or Privacy Policy Filters	Provide the capability for privileged administrators to configure [defined] security or privacy policy filters to support different security or privacy policies.		
AC-4(26)	Information Flow Enforcement   Audit Filtering Actions	When transferring information between different security domains, record and audit content filtering actions and results for the information being filtered.		
AC-6(6)	Least Privilege   Privileged Access by Non-organizational Users	Prohibit privileged access to the system by non-organizational users.		
AC-6(9)	Least Privilege   Log Use of Privileged Functions	Log the execution of privileged functions.		
AC-6(10)	Least Privilege   Prohibit Non-privileged Users from Executing Privileged Functions	Prevent non-privileged users from executing privileged functions.		

Control Identifier	Control Name	<u>LACERA Supply Chain IT Security Controls Assessment</u> Control Description	Has the Control Been Tested and Validated?	Validation Results or Location of Documented Results
AC-7	Unsuccessful Login Attempts	Enforce a limit of [defined number] consecutive invalid login attempts by a user during a [organization-defined time period]; and automatically lock the account for an [organization-defined time period] or lock the account until released by an administrator and notify system administrator when the maximum number of unsuccessful attempts is exceeded.		
AC-8	System Use Notification	a. Display system use notification message or banner to users before granting access to the system		
AC-12(2)	Session Termination   Termination Message	Display an explicit logout message to users indicating the termination of authenticated communications sessions.		
AC-12(3)	Session Termination   Timeout Warning Message	Display an explicit message to users indicating that the session will end in [defined time until end of session].		
AC-14	Permitted Actions Without Identification or Authentication	a. Identify [user actions] that can be performed on the system without identification or authentication; and b. Document and provide supporting rationale in the security plan for the system, user actions not requiring identification or authentication.		
AC-16(10)	Security and Privacy Attributes   Attribute Configuration by Authorized Individuals	Provide authorized individuals the capability to define or change the type and value of security and privacy attributes available for association with subjects and objects.		
AC-24	Access Control Decisions	Establish procedures; Implement mechanisms to ensure [access control decisions] are applied to each access request prior to access enforcement.		
AU-2	Event Logging	a. Identify the types of events that the system is capable of logging in support of the audit function		
AU-3	Content of Audit Records	Ensure that audit records contain information that establishes the following: a. What type of event occurred; b. When the event occurred; c. Where the event occurred; d. Source of the event; e. Outcome of the event; and f. Identity of any individuals, subjects, or objects/entities associated with the event.		
AU-9(2)	Protection of Audit Information   Store on Separate Physical Systems or Components	Store audit records in a repository that is part of a physically different system or system component than the system or component being audited.		
AU-9(3)	Protection of Audit Information   Cryptographic Protection	Implement cryptographic mechanisms to protect the integrity of audit information and audit tools.		

Control Identifier	Control Name	<u>LACERA Supply Chain IT Security Controls Assessment</u> Control Description	Has the Control Been Tested and Validated?	Validation Results or Location of Documented Results
AU-11	Audit Record Retention	Retain audit records for [organization-defined time period consistent with records retention policy] to provide support for after-the-fact investigations of incidents and to meet regulatory and organizational information retention requirements.		
CM-3(2)	Configuration Change Control   Testing, Validation, and Documentation of Changes	Test, validate, and document changes to the system before finalizing the implementation of the changes.		
CM-14	Signed Components	Prevent the installation of [software and firmware components] without verification that the component has been digitally signed using a certificate that is recognized and approved by the organization.		
CP-4(4)	Contingency Plan Testing   Full Recovery and Reconstitution	Include a full recovery and reconstitution of the system to a known state as part of [Organization]contingency plan.		
CP-9(8)	System Backup   Cryptographic Protection	Implement cryptographic mechanisms to prevent unauthorized disclosure and modification of backup information.		
CP-10	System Recovery and Reconstitution	Provide for the recovery and reconstitution of the system to a known state within recovery time and recovery point objectives after a disruption, compromise, or failure.		
CP-10(2)	System Recovery and Reconstitution   Transaction Recovery	Implement transaction recovery for systems that are transaction-based.		
CP-10(4)	System Recovery and Reconstitution   Restore Within Time Period	Provide the capability to restore system components from configuration-controlled and integrity-protected information representing a known, operational state for the components.		
CP-10(6)	System Recovery and Reconstitution   Component Protection	Protect system components used for recovery and reconstitution.		

Control Identifier	Control Name	<u>LACERA Supply Chain IT Security Controls Assessment</u> Control Description	Has the Control Been Tested and Validated?	Validation Results or Location of Documented Results
IA-2(1)	Identification and Authentication (organizational Users)   Multi-factor Authentication to Privileged Accounts	Implement multi-factor authentication for access to privileged accounts.		
IA-2(2)	Identification and Authentication (organizational Users)   Multi-factor Authentication to Non-privileged Accounts	Implement multi-factor authentication for access to non-privileged accounts.		
IA-2(5)	Identification and Authentication (organizational Users)   Individual Authentication with Group Authentication	When shared accounts or authenticators are employed, require users to be individually authenticated before granting access to the shared accounts or resources.		
IA-2(8)	Identification and Authentication (organizational Users)   Access to Accounts — Replay Resistant	Implement replay-resistant authentication mechanisms for access to [Selection (one or more): privileged accounts; non-privileged accounts]. Techniques used to address this include protocols using nonces (e.g., numbers generated for a specific one-time use) or challenges (e.g., TLS, WS-Security) and PKI certificates. Additional techniques include time-synchronous or challenge-response one-time authenticators.		
IA-2(10)	Identification and Authentication (organizational Users)   Single Sign-on	Provide a single sign-on capability for system accounts and services.		
IA-2(12)	Identification and Authentication (organizational Users)   Acceptance of PIV Credentials	Accept and electronically verify Personal Identity Verification-compliant credentials.		

Control Identifier	Control Name	<u>LACERA Supply Chain IT Security Controls Assessment</u> Control Description	Has the Control Been Tested and Validated?	Validation Results or Location of Documented Results
IA-4(1)	Identifier Management   Prohibit Account Identifiers as Public Identifiers	Prohibit the use of system account identifiers that are the same as public identifiers for individual accounts.		
IA-5(1)	Authenticator Management   Password-based Authentication	For password-based authentication: (a) Maintain a list of commonly-used, expected, or compromised passwords and update the list when organizational passwords are suspected to have been compromised directly or indirectly; (b) Verify, when users create or update passwords, that the passwords are not found on the list of commonly-used, expected, or compromised passwords in IA-5(1)(a); (c) Transmit passwords only over cryptographically-protected channels; (d) Store passwords using an approved salted key derivation function, preferably using a keyed hash; (e) Require immediate selection of a new password upon account recovery; (f) Allow user selection of long passwords and passphrases, including spaces and all printable characters; (g) Employ automated tools to assist the user in selecting strong password authenticators.		
IA-5(2)	Authenticator Management   Public Key-based Authentication	(a) For public key-based authentication: (1) Enforce authorized access to the corresponding private key; and (2) Map the authenticated identity to the account of the individual or group; and (b) When public key infrastructure (PKI) is used: (1) Validate certificates by constructing and verifying a certification path to an accepted trust anchor, including checking certificate status information; and (2) Implement a local cache of revocation data to support path discovery and validation.  (b)		

Control Identifier	Control Name	<u>LACERA Supply Chain IT Security Controls Assessment</u> Control Description	Has the Control Been Tested and Validated?	Validation Results or Location of Documented Results
IA-5(5)	Authenticator Management   Change Authenticators Prior to Delivery	Require developers and installers of system components to provide unique authenticators or change default authenticators prior to delivery and installation.		
IA-5(7)	Authenticator Management   No Embedded Unencrypted Static Authenticators	Ensure that unencrypted static authenticators are not embedded in applications or other forms of static storage.		
IA-7	Cryptographic Module Authentication	Implement mechanisms for authentication to a cryptographic module that meets the requirements of AT LEAST FIPS -140-2.		
IA-8(2)	Identification and Authentication (non-organizational Users)   Acceptance of External Authenticators	(a) Accept only external authenticators that are NIST-compliant; and (b) Document and maintain a list of accepted external authenticators.		
IR-4(5)	Incident Handling   Automatic Disabling of System	Implement a configurable capability to automatically disable the system if [security violations] are detected.		
IR-4(6)	Incident Handling   Insider Threats	Implement an incident handling capability for detecting incidents involving insider threats.		
IR-4(11)	Incident Handling   Integrated Incident Response Team	Establish and maintain an incident response team that can be deployed to any location identified by the organization within [defined time period].		
IR-4(14)	Incident Handling   Security Operations Center	Establish and maintain a security operation [support] center.		
IR-4(15)	Incident Handling   Public Relations and Reputation Repair	(a) Manage public relations associated with an incident; and (b) Employ measures to repair the reputation of the organization.		
IR-5	Incident Monitoring	Track and document incidents.		

Control Identifier	Control Name	<u>LACERA Supply Chain IT Security Controls Assessment</u> Control Description	Has the Control Been Tested and Validated?	Validation Results or Location of Documented Results
IR-5(1)	Incident Monitoring   Automated Tracking, Data Collection, and Analysis	Track [security] incidents and collect and analyze incident information [preferably using automated mechanisms].		
IR-6(3)	Incident Reporting   Supply Chain Coordination	Provide incident information to the customer of the product or service and other organizations involved in the supply chain or supply chain governance for systems or system components related to the incident.		
IR-7	Incident Response Assistance	Provide an incident response support resource, integral to the supplier's organizational incident response capability, which offers advice and assistance to users of the system for the handling and reporting of incidents.		
IR-8	Incident Response Plan	<ol style="list-style-type: none"> <li>1. Provide the [Customer's] organization with a roadmap for implementing supplier's incident response capability;</li> <li>2. Describes the structure and organization of the incident response capability;</li> <li>3. Provides a high-level approach for how the incident response capability fits into the overall organization;</li> <li>5. Defines reportable incidents;</li> <li>6. Provides metrics for measuring the incident response capability within the organization;</li> <li>7. Defines the resources and management support needed to effectively maintain and mature an incident response capability;</li> <li>8. Addresses the sharing of incident information;</li> <li>10. Explicitly designates responsibility for incident response.</li> </ol>		



Control Identifier	Control Name	<u>LACERA Supply Chain IT Security Controls Assessment</u> Control Description	Has the Control Been Tested and Validated?	Validation Results or Location of Documented Results
IR-8(1)	Incident Response Plan   Breaches	Include the following in the Incident Response Plan for breaches involving personally identifiable information: (a) A process to determine if notice to individuals or other organizations, including oversight organizations, is needed; (b) An assessment process to determine the extent of the harm, embarrassment, inconvenience, or unfairness to affected individuals and any mechanisms to mitigate such harms; and (c) Identification of applicable privacy requirements.		
IR-9	Information Spillage Response	Respond to information spills by: a. Assigning personnel with responsibility for responding to information spills; b. Identifying the specific information involved in the system contamination; c. Alerting [defined personnel or roles] of the information spill using a method of communication not associated with the spill; d. Isolating the contaminated system or system component; e. Eradicating the information from the contaminated system or component; f. Identifying other systems or system components that may have been subsequently contaminated.		
IR-9(3)	Information Spillage Response   Post-spill Operations	Implement procedures to ensure that organizational personnel impacted by information spills can continue to carry out assigned tasks while contaminated systems are undergoing corrective actions.		
MA-2(2)	Controlled Maintenance   Automated Maintenance Activities	(a) Schedule, conduct, and document maintenance, repair, and replacement actions for the system; and (b) Produce up-to date, accurate, and complete records of all maintenance, repair, and replacement actions requested, scheduled, in process, and completed.		
MA-3(2)	Maintenance Tools   Inspect Media	Check media containing diagnostic and test programs for malicious code before the media are used in the system.		
PL-7	Concept of Operations	a. Develop a Concept of Operations (CONOPS) for the system describing how to operate the system from the perspective of information security and privacy; and b. Review and update the CONOPS.		

Control Identifier	Control Name	<u>LACERA Supply Chain IT Security Controls Assessment</u> Control Description	Has the Control Been Tested and Validated?	Validation Results or Location of Documented Results
PL-10	Baseline Selection	Define the security controls baseline for the system.		
PM-2	Information Security Program Leadership Role	Appoint a senior agency information security officer with the mission and resources to coordinate, develop, implement, and maintain an organization-wide information security program.		
PM-3	Information Security and Privacy Resources	a. Include the resources needed to implement the information security and privacy programs in capital planning and investment requests and document all exceptions to this requirement; b. Prepare documentation required for addressing information security and privacy programs in capital planning and investment requests in accordance with applicable laws, executive orders, directives, policies, regulations, standards; and c. Make available for expenditure, the planned information security and privacy resources.		
PM-4	Plan of Action and Milestones Process	a. Implement a process to ensure that plans of action and milestones for the information security, privacy, and supply chain risk management programs and associated organizational systems: <ol style="list-style-type: none"> <li>1. Are developed and maintained;</li> <li>2. Document the remedial information security, privacy, and supply chain risk management actions to adequately respond to risk to organizational operations and assets, individuals, other organizations, and</li> <li>3. Are reported in accordance with established reporting requirements.</li> </ol> b. Review plans of action and milestones for consistency with the organizational risk management strategy and organization-wide priorities for risk response actions.		
PM-7(1)	Enterprise Architecture   Offloading	As a supplier of products / services, are any essential functions or services offloaded to other systems, system components, or an external provider [specify]		

Control Identifier	Control Name	<u>LACERA Supply Chain IT Security Controls Assessment</u> Control Description	Has the Control Been Tested and Validated?	Validation Results or Location of Documented Results
RA-5	Vulnerability Monitoring and Scanning	a. Monitor and scan for vulnerabilities in the system and hosted applications b. Employ vulnerability monitoring tools for: 1. Enumerating platforms, software flaws, and improper configurations; 2. Formatting checklists and test procedures; and 3. Measuring vulnerability impact; c. Analyze vulnerability scan reports and results from vulnerability monitoring; d. Remediate legitimate vulnerabilities; e. Share information obtained from the vulnerability monitoring process		
RA-5(11)	Vulnerability Monitoring and Scanning   Public Disclosure Program	Establish a public reporting channel for receiving reports of vulnerabilities in systems and system components.		
SA-4(1)	Acquisition Process   Functional Properties of Controls	Require the developer of the system, system component, or system service to provide a description of the functional properties of the controls to be implemented.		
SA-4(2)	Acquisition Process   Design and Implementation Information for Controls	The developer of the system, system component, or system service must provide design and implementation information for the controls that includes security-relevant external system interfaces; high-level design; low-level design; source code or hardware schematics;		
SA-4(3)	Acquisition Process   Development Methods, Techniques, and Practices	The developer of the system, system component, or system service must demonstrate the use of a system development life cycle process that includes: (a) Systems engineering methods; (b) Systems security; privacy, engineering methods; and (c) Software development methods; testing, evaluation, assessment, verification, and validation methods; and quality control processes.		
SA-4(5)	Acquisition Process   System, Component, and Service Configurations	The developer of the system, system component, or system service must: (a) Deliver the system, component, or service with security configurations implemented; and (b) Use security configurations as the default for any subsequent system, component, or service reinstallation or upgrade.		

Control Identifier	Control Name	<u>LACERA Supply Chain IT Security Controls Assessment</u> Control Description	Has the Control Been Tested and Validated?	Validation Results or Location of Documented Results
SA-4(12)	Acquisition Process   Data Ownership	Are organizational data ownership requirements in the acquisition contract; and terms that require all data to be removed from the contractor’s system and returned to the Customer-organization within [defined time frame].		
SA-9(2)	External System Services   Identification of Functions, Ports, Protocols, and Services	Identify the functions, ports, protocols, and other services required for the use of such services.		
SA-9(8)	External System Services   Processing and Storage Location – U.S. Jurisdiction	Is the geographic location of information processing and data storage facilities located within in the legal jurisdictional boundary of the United States?		
SC-45(1)	System Time Synchronization   Synchronization with Authoritative Time Source	Synchronize the internal system clocks to the authoritative time source within Stratum 3.		

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**EXHIBIT F**

**INTENT TO RESPOND**

Intent to Respond.

If you choose to respond to this RFP, please send this form to namick@lacera.com via email no later than 5:00 p.m. PST, December 1, 2022. Failure to send your Intent to Respond may disqualify your firm from submitting a proposal.

LACERA's responses to written requests for clarification or other information will be provided to all Respondents that have submitted an Intent to Respond.

<b>To:</b>	Nathan Amick	<b>From:</b>	
<b>Co.:</b>	LACERA – Internal Audit	<b>Title:</b>	
<b>Phone:</b>	626-831-9963	<b>Co.:</b>	
<b>Email:</b>	namick@lacera.com	<b>Phone:</b>	
<b>Re:</b>	Intent to Respond	<b>Email:</b>	
		<b>Date:</b>	

Our firm intends to submit a response for LACERA's RFP for Financial Statement Auditing services.

Please send inquiries to the following contact:

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Company: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

Telephone: \_\_\_\_\_

Facsimile: \_\_\_\_\_

Email Address: \_\_\_\_\_

## **Exhibit G**

### **SELECTION CRITERIA**

The selection criteria below and the weighting schedule of the evaluation factors is a guide only and does not bind or limit LACERA in any way in its selection of vendor(s).

#### **A. General Information**

This section describes the guidelines LACERA will use to analyze and evaluate proposals. LACERA reserves the right to evaluate all factors deemed appropriate, whether or not such factors have been stated in this section. This RFP is not an offer of an agreement (contract). Acceptance of a proposal neither commits LACERA to award a contract to any Proposer, even if the Proposer has satisfied all requirements stated in this RFP. Publication of this RFP does not limit LACERA's right to negotiate for the services described in this RFP. If deemed by LACERA to be in its best interests, LACERA may negotiate for the services described in this RFP with a party that did not submit a proposal.

#### **B. Evaluation Committee**

An Evaluation Committee consisting of LACERA staff will evaluate the proposals.

#### **C. Evaluation of Proposals**

LACERA will initially review all proposals to determine the responsiveness to this RFP. LACERA will perform an evaluation of each proposal. Criteria used as the basis for evaluation shall include:

- Adherence to RFP Instructions
- Professional capability, demonstrated competence, and specialized experience of the Proposer
- Staffing capability, workload, and ability to meet schedules
- Experience and education of key personnel
- Diversity and inclusion efforts within the Firm
- Nature and quality of completed services for other clients
- Client references
- Reliability and continuity of firm
- Work plan and methodology
- Review of sample reports
- Proposed agreement terms and price proposal
- Interviews (for select firms)

The factors will be considered as a whole, without a specific weighting. The balancing of the factors is in LACERA's sole discretion. Factors other than those listed may be considered by LACERA in making its selection.

#### **D. Right to Reject Proposals**

Notwithstanding, anything contained in this RFP to the contrary, LACERA reserves the right without prejudice to reject any or all proposals.

#### **E. Incomplete Proposals**

If the information provided in a Proposer's proposal is deemed by the Evaluation Committee to be insufficient for evaluation, LACERA reserves the right to request additional information or to reject the proposal outright. False, incomplete, or unresponsive statements in connection with a proposal may be sufficient cause for its rejection. The evaluation and determination of the fulfillment of the requirements will be determined by LACERA, and LACERA alone, and such judgment shall be final.

#### **F. Formal Presentations**

During the evaluation process, any one or more of the Proposers may be requested to make a formal presentation to the Board of Retirement, Board of Investments, or a Committee of the Board such as the Audit Committee. Such presentation will provide the Proposer with an opportunity to answer any questions LACERA may have regarding the Proposer's proposal. Expenses incurred by the Proposer for such presentation will not be reimbursed.

#### **G. Board Approval**

Upon completion of the evaluation process, LACERA staff will submit a short list of approved Proposers for interview and selection or recommend a Proposer for award of an agreement (contract) by the ACAPPROVAL

LACERA reserves the right to award an agreement to the Proposer that best meets the needs of LACERA as determined by LACERA, which may not be the Proposer offering the lowest fees. The successful Proposer will be determined in accordance with the selection criteria described in this Exhibit.

#### **H. Agreement Negotiations**

Agreement (contract) negotiations will be initiated upon Chief Audit Executive approval. Because the proposed Audit Services Agreement – General Form is attached to this RFP, see **EXHIBIT D**, and all Proposers are required to comment on the proposed contract as part of their proposals, LACERA expects contract negotiations to be brief. If the contract cannot be negotiated quickly with the selected Proposer, LACERA, may, in its sole discretion, terminate negotiations with the previously selected Proposer and commence contract negotiations with another party, whether or not that party was a Proposer.

## **I. Agreement Approval and Award**

LACERA reserves the right to submit the final Audit Services Agreement (contract) to the Board of Retirement for approval.

After approval and agreement award by LACERA, all Proposers will be notified of the outcome.

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## EXHIBIT H

### DIVERSITY, EQUITY, AND INCLUSION



Los Angeles County Employees Retirement Association

### DIVERSITY AND INCLUSION QUESTIONNAIRE

#### LACERA Due Diligence Regarding Diversity, Equity, and Inclusion

LACERA values **diversity, equity, and inclusion (“DEI”)**, and believes that effectively accessing and managing diverse talent leads to improved outcomes. LACERA takes a broad view of diversity, inclusive of varied backgrounds including, but not limited to, age, experience, race, ethnicity, sexual orientation, gender, gender identity, disability status, national origin, and culture. LACERA expects consultants, vendors, and other third-party providers to respect and reflect LACERA’s value of DEI. LACERA’s ongoing monitoring of third-party service providers incorporates an assessment of vendors’ commitment to, adherence with, and track record of accessing and retaining diverse and inclusive workforces.

#### Section I

##### I. Policy

1. Describe your firm’s approach to diversity, equity, and inclusion (“DEI”) in the workplace and its relation to your strategic objectives.
2. Does your firm have a written policy (or policies) addressing workplace DEI (“Policy”)? A Policy defines the firm’s commitment, policies, and practices regarding equal employment opportunity, including the recruitment, development, retention and promotion of a diverse and inclusive workforce and non-discrimination based on gender, race, ethnicity, sexual orientation, gender identity, age, veteran’s status, and other legally protected categories. A Policy (or policies) may be a standalone document or part of a larger firm document.

Please provide a copy of your firm’s Policy.

3. Does your Policy address sexual harassment in the workplace? If not, please explain.
4. If your firm does not have a written policy, do you commit to promptly adopting and providing a copy of a Policy, if your firm is awarded a mandate/contract with LACERA?

## II. Oversight

5. Who is responsible for overseeing the Policy's implementation? Please provide name and title. What processes are employed to implement and enforce the firm's Policy?
6. Who is responsible for overseeing compliance with the Policy? Please provide name and title. What processes are employed to promote compliance with the Policy?
7. What oversight, if any, does your firm's board and/or executive team exercise regarding the firm's DEI policy and efforts?
8. What data, trends, or analysis does the firm's board or executive committee receive regarding the firm's effectiveness in adhering to DEI policies, objectives, and compliance?
9. Under what circumstances would an allegations of non-compliance with the Policy prompt notification and/or consideration by the firm's board or executive committee?

## III. Track Record

10. Please complete the charts in **Section II** regarding your firm's workplace composition as defined by the Equal Employment Opportunity Commission categories for employees of your firm's U.S. operations. We also request completion of similar information for non-U.S. employees, absent any applicable legal or regulatory restrictions.
11. Does your firm commit to providing the firm's workforce composition in a format similar to **Section II** on a periodic basis, if awarded with a mandate/contract with LACERA? Has your firm been subject to any judicial, regulatory, or other legal finding, formal action, or claims related to equal employment opportunity, workplace discrimination, or sexual harassment during the past twelve years? Please describe.
12. Please identify the number of confidential settlements and/or non-disclosure agreements related to workplace discrimination and/or sexual harassment entered into by your firm during the past twelve years. Please describe the nature of each settlement within the terms of the confidential settlement.

## IV. Objectives and Compliance Strategies

13. Does your firm integrate DEI into executives' performance reviews and/or incentive pay objectives? Please describe.

14. Does your firm conduct pay disparity analyses to discern any disparities by gender, race, ethnicity, or other attributes of diversity? Please describe or explain why not.
15. Does your firm have a clawback or recoupment policy in place by which workplace misconduct, such as sexual harassment, may trigger recoupment of incentive pay, awards, bonuses, or other compensation?
16. Does your firm provide paid family leave provisions? If yes, please describe.
17. Please explain any other incentives or risk mitigation strategies your firm employs to promote compliance with your DEI policies.
18. How does your firm promote an accessible workplace for employees with disabilities?
19. Please describe any DEI objectives or goals your firm has.
20. Describe any affiliations or leadership positions related to DEI with which your firm is involved.

## **Section II**

### **A. General Instructions**

LACERA seeks to understand the track record of vendors in accessing and retaining talent inclusive of diverse backgrounds.

We invite all firms to provide the demographics and diversity attributes of their leadership (such as boards or executive committees) and managers, consistent with applicable laws, regulations, and privacy considerations in the markets in which they operate.

LACERA takes a broad view of diversity and welcomes firms to report on diversity attributes relevant to your business. However, as a standard baseline, LACERA requests all firms with U.S. operations to provide reporting consistent with the gender, race, and ethnicity categories used by the United States Equal Employment Commission (EEOC) in your firm's Employer Report EEO-1. See [www.eeoc.gov/employers/eo1survey/index.cfm](http://www.eeoc.gov/employers/eo1survey/index.cfm) for further information.

Please complete all columns in Tables 1, 2, and 3 by entering in the number of employees or individuals for each relevant category (not percentages). Blank cells will be interpreted as having a value of zero.

**Job Categories:**

- Board of directors, and CEO, CFO & COO: This row includes all members of the firm's governing board (or executive committee), as well as CEO, CFO, COO or equivalent positions.
- Management professionals: All professionals who have a role in decision-making at the firm, including those with discretion about labor issues such as supervisors.
- Management support: All professionals who have a role in supporting business function, such as marketing, client service, operations, accounting, IT, and legal.
- If an employee is both a member of the board of directors or occupies the position of CEO, CFO or COO, as well as serves as a member of the executive staff, the individual may be counted in both rows.

Total compensation figures should be provided for all management professionals in each category reported in Row 2 as a percentage of total compensation of all management professionals (not total personnel of the firm).

Your firm may elect to provide information on additional diversity categories. If you choose to do so, please provide such information on additional sheets.

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**B. TABLE 1**

**1. Firmwide for U.S. Operations**

Job Categories	Hispanic or Latino			Non-Hispanic Or Latino												All														
	Total	M	F	Black or African American			Asian			Native Hawaiian or Other Pacific Islander			American Indian or Alaska Native			Two or More Races			White			Other/Undisclosed			Total	M	F			
				American Total	M	F	Total	M	F	Total	M	F	Total	M	F	Total	M	F	Race Total	M	F									
1 Board of Directors and CEO, CFO & COO																											0	0	0	
2 Management Professionals																												0	0	0
3 Management Support																												0	0	0
4 For Management Professionals: Total Compensation %, including Profit Sharing																														

**C. TABLE 2**

**1. Employees in Non-U.S. Operations (optional)**

Job Categories	Hispanic or Latino			Non-Hispanic Or Latino												All															
	Total	M	F	Black or African American			Asian			Native Hawaiian or Other Pacific Islander			American Indian or Alaska Native			Two or More Races			White			Other/Undisclosed			Total	M	F				
				American Total	M	F	Total	M	F	Total	M	F	Total	M	F	Total	M	F	Race Total	M	F										
1 Management Professionals																												0	0	0	
2 Management Support																													0	0	0
3 For Management Professionals: Total Compensation %, including Profit Sharing																															

**Table 3: Firm Ownership of Attributes Consistent with EEO-1 Categories**

		# of Owners	% Ownership
Hispanic or Latino	F		
	M		
	Total		
Black or African American	F		
	M		
	Total		
Asian	F		
	M		
	Total		
Native Hawaiian or Other Pacific Islander	F		
	M		
	Total		
American Indian or Alaska Native	F		
	M		
	Total		
Two or More Races	F		
	M		
	Total		
White	F		
	M		
	Total		
Other Race/Ethnicity	F		
	M		
	Total		
Not disclosed	F		
	M		
	Total		
TOTAL	F	0	0%
	M	0	0%
	Total	0	0%

LACERA invites disclosure of any diversity attributes among your firm’s ownership (where applicable) and the percentage of ownership of each individual. LACERA takes a broad view of diversity (inclusive of gender, race and ethnicity, sexual orientation, gender identity, disability, and other attributes). We invite you to describe how your firm defines diversity in your ownership profile below.

U.S. firms are also requested to provide the baseline demographic information of the firm’s owners, consistent with EEO-1 categories, in Table 3

**EXHIBIT I**

**FEE SCHEDULES**

**AUDITOR'S FEE SCHEDULE FOR PENSION TRUST – PART 1  
SCHEDULE OF PROFESSIONAL FEES AND EXPENSES**

<b>A. <u>FISCAL YEAR</u> <u>END 2023</u></b>	<b>Audit Hours (A)</b>	<b>Standard Hourly Rates (B)</b>	<b>Quoted Hourly Rates (C)</b>	<b>Total (A x C)</b>
Partners	20	\$10	\$8	\$160
Managers				
Seniors / Supervisory				
Staff				
Administrative				
Other – Professional Standards Review				
Total Expected Hours				
Estimated Out of Pocket Expenses -- None				
Total Not-To-Exceed Maximum Fees for 2023				

<b>B. <u>FISCAL YEAR</u> <u>END 2024</u></b>	<b>Audit Hours (A)</b>	<b>Standard Hourly Rates (B)</b>	<b>Quoted Hourly Rates (C)</b>	<b>Total (A x C)</b>
Partners	20	\$10	\$8	\$160
Managers				
Seniors / Supervisory				
Staff				
Administrative				
Other – Professional Standards Review				
Total Expected Hours				
Estimated Out of Pocket Expenses -- None				
Total Not-To-Exceed Maximum Fees for 2024				

**AUDITOR'S FEE SCHEDULE FOR PENSION TRUST – PART 1  
SCHEDULE OF PROFESSIONAL FEES AND EXPENSES**

<b>C. <u>FISCAL YEAR</u> <u>END 2025</u></b>	<b>Audit Hours (A)</b>	<b>Standard Hourly Rates (B)</b>	<b>Quoted Hourly Rates (C)</b>	<b>Total (A x C)</b>
Partners	20	\$10	\$8	\$160
Managers				
Seniors / Supervisory				
Staff				
Administrative				
Other – Professional Standards Review				
Total Expected Hours				
Estimated Out of Pocket Expenses -- None				
Total Not-To-Exceed Maximum Fees for 2025				

<b>D. <u>FISCAL YEAR</u> <u>END 2026</u></b>	<b>Audit Hours (A)</b>	<b>Standard Hourly Rates (B)</b>	<b>Quoted Hourly Rates (C)</b>	<b>Total (A x C)</b>
Partners	20	\$10	\$8	\$160
Managers				
Seniors / Supervisory				
Staff				
Administrative				
Other – Professional Standards Review				
Total Expected Hours				
Estimated Out of Pocket Expenses -- None				
Total Not-To-Exceed Maximum Fees for 2026				



**AUDITOR'S FEE SCHEDULE FOR PENSION TRUST – PART 1  
SCHEDULE OF PROFESSIONAL FEES AND EXPENSES**

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E. <u>FISCAL YEAR</u> <u>END 2027</u>	Audit Hours (A)	Standard Hourly Rates (B)	Quoted Hourly Rates (C)	Total (A x C)
Partners	20	\$10	\$8	\$160
Managers				
Seniors / Supervisory				
Staff				
Administrative				
Other – Professional Standards Review				
Total Expected Hours				
Estimated Out of Pocket Expenses -- None				
Total Not-To-Exceed Maximum Fees for 2027				

**AUDITOR'S FEE SCHEDULE FOR PENSION TRUST – PART 2  
NOT-TO-EXCEED MAXIMUM FEE**

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	Year 1 - FYE 2023	Year 2 - FYE 2024	Year 3 - FYE 2025	Year 4 - FYE 2026	Year 5 - FYE 2027
Total Not-To-Exceed Maximum Fee*					
Total (Not-To-Exceed Maximum Fee for 5 Years)*					

\*To perform LACERA's Pension Trust Annual Financial Statement Audit.

**AUDITOR'S FEE SCHEDULE FOR  
OPEB TRUST – PART 1  
SCHEDULE OF PROFESSIONAL FEES AND EXPENSES**

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<b>F. <u>FISCAL YEAR</u> <u>END 2023</u></b>	<b>Audit Hours (A)</b>	<b>Standard Hourly Rates (B)</b>	<b>Quoted Hourly Rates (C)</b>	<b>Total (A x C)</b>
Partners	20	\$10	\$8	\$160
Managers				
Seniors / Supervisory				
Staff				
Administrative				
Other – Professional Standards Review				
Total Expected Hours				
Estimated Out of Pocket Expenses -- None				
Total Not-To-Exceed Maximum Fees for 2023				

<b>G. <u>FISCAL YEAR</u> <u>END 2024</u></b>	<b>Audit Hours (A)</b>	<b>Standard Hourly Rates (B)</b>	<b>Quoted Hourly Rates (C)</b>	<b>Total (A x C)</b>
Partners	20	\$10	\$8	\$160
Managers				
Seniors / Supervisory				
Staff				
Administrative				
Other – Professional Standards Review				
Total Expected Hours				
Estimated Out of Pocket Expenses -- None				
Total Not-To-Exceed Maximum Fees for 2024				

**AUDITOR'S FEE SCHEDULE FOR  
OPEB TRUST – PART 1  
SCHEDULE OF PROFESSIONAL FEES AND EXPENSES**

<b>H. <u>FISCAL YEAR</u> <u>END 2025</u></b>	<b>Audit Hours (A)</b>	<b>Standard Hourly Rates (B)</b>	<b>Quoted Hourly Rates (C)</b>	<b>Total (A x C)</b>
Partners	20	\$10	\$8	\$160
Managers				
Seniors / Supervisory				
Staff				
Administrative				
Other – Professional Standards Review				
Total Expected Hours				
Estimated Out of Pocket Expenses -- None				
Total Not-To-Exceed Maximum Fees for 2025				

<b>I. <u>FISCAL YEAR</u> <u>END 2026</u></b>	<b>Audit Hours (A)</b>	<b>Standard Hourly Rates (B)</b>	<b>Quoted Hourly Rates (C)</b>	<b>Total (A x C)</b>
Partners	20	\$10	\$8	\$160
Managers				
Seniors / Supervisory				
Staff				
Administrative				
Other – Professional Standards Review				
Total Expected Hours				
Estimated Out of Pocket Expenses -- None				
Total Not-To-Exceed Maximum Fees for 2026				

**AUDITOR'S FEE SCHEDULE FOR  
OPEB TRUST – PART 1  
SCHEDULE OF PROFESSIONAL FEES AND EXPENSES**

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J. <u>FISCAL YEAR</u> <u>END 2027</u>	Audit Hours (A)	Standard Hourly Rates (B)	Quoted Hourly Rates (C)	Total (A x C)
Partners	20	\$10	\$8	\$160
Managers				
Seniors / Supervisory				
Staff				
Administrative				
Other – Professional Standards Review				
Total Expected Hours				
Estimated Out of Pocket Expenses -- None				
Total Not-To-Exceed Maximum Fees for 2027				

**AUDITOR'S FEE SCHEDULE FOR  
OPEB TRUST – PART 2  
SCHEDULE OF PROFESSIONAL FEES AND EXPENSES**

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	Year 1 - FYE 2023	Year 2 - FYE 2024	Year 3 - FYE 2025	Year 4 - FYE 2026	Year 5 - FYE 2027
Total Not-To-Exceed Maximum Fee*					
Total (Not-To-Exceed Maximum Fee for 5 Years) *					

\*To perform LACERA's OPEB Trust Annual Financial Statement Audit.

**AUDITOR'S FEE SCHEDULE FOR  
OPEB CUSTODIAL FUND- PART 1  
SCHEDULE OF PROFESSIONAL FEES AND EXPENSES**

<b>K. FISCAL YEAR END 2023</b>	<b>Audit Hours (A)</b>	<b>Standard Hourly Rates (B)</b>	<b>Quoted Hourly Rates (C)</b>	<b>Total (A x C)</b>
Partners	20	\$10	\$8	\$160
Managers				
Seniors / Supervisory				
Staff				
Administrative				
Other – Professional Standards Review				
Total Expected Hours				
Estimated Out of Pocket Expenses -- None				
Total Not-To-Exceed Maximum Fees for 2023				

<b>L. <u>FISCAL YEAR</u> <u>END 2024</u></b>	<b>Audit Hours (A)</b>	<b>Standard Hourly Rates (B)</b>	<b>Quoted Hourly Rates (C)</b>	<b>Total (A x C)</b>
Partners	20	\$10	\$8	\$160
Managers				
Seniors / Supervisory				
Staff				
Administrative				
Other – Professional Standards Review				
Total Expected Hours				
Estimated Out of Pocket Expenses -- None				
Total Not-To-Exceed Maximum Fees for 2024				

**AUDITOR'S FEE SCHEDULE FOR  
OPEB CUSTODIAL FUND- PART 1  
SCHEDULE OF PROFESSIONAL FEES AND EXPENSES**

<b>M. <u>FISCAL YEAR</u> <u>END 2025</u></b>	<b>Audit Hours (A)</b>	<b>Standard Hourly Rates (B)</b>	<b>Quoted Hourly Rates (C)</b>	<b>Total (A x C)</b>
Partners	20	\$10	\$8	\$160
Managers				
Seniors / Supervisory				
Staff				
Administrative				
Other – Professional Standards Review				
Total Expected Hours				
Estimated Out of Pocket Expenses -- None				
Total Not-To-Exceed Maximum Fees for 2025				

<b>N. <u>FISCAL YEAR</u> <u>END 2026</u></b>	<b>Audit Hours (A)</b>	<b>Standard Hourly Rates (B)</b>	<b>Quoted Hourly Rates (C)</b>	<b>Total (A x C)</b>
Partners	20	\$10	\$8	\$160
Managers				
Seniors / Supervisory				
Staff				
Administrative				
Other – Professional Standards Review				
Total Expected Hours				
Estimated Out of Pocket Expenses -- None				
Total Not-To-Exceed Maximum Fees for 2026				

**AUDITOR'S FEE SCHEDULE FOR  
OPEB CUSTODIAL FUND- PART 1  
SCHEDULE OF PROFESSIONAL FEES AND EXPENSES**

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<b>O. <u>FISCAL YEAR</u> <u>END 2027</u></b>	<b>Audit Hours (A)</b>	<b>Standard Hourly Rates (B)</b>	<b>Quoted Hourly Rates (C)</b>	<b>Total (A x C)</b>
Partners	20	\$10	\$8	\$160
Managers				
Seniors / Supervisory				
Staff				
Administrative				
Other – Professional Standards Review				
Total Expected Hours				
Estimated Out of Pocket Expenses -- None				
Total Not-To-Exceed Maximum Fees for 2027				

**AUDITOR'S FEE SCHEDULE FOR  
OPEB CUSTODIAL FUND – PART 2  
SCHEDULE OF PROFESSIONAL FEES AND EXPENSES**

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	<b>Year 1 - FYE 2023</b>	<b>Year 2 - FYE 2024</b>	<b>Year 3 - FYE 2025</b>	<b>Year 4 - FYE 2026</b>	<b>Year 5 - FYE 2027</b>
Total Not-To-Exceed Maximum Fee*					
Total (Not-To-Exceed Maximum Fee for 5 Years)*					

\*To perform LACERA's OPEB Custodial Fund Annual Financial Statement Audits combined.