

**LACERA
REQUEST FOR PROPOSALS
AUDITING AND CONSULTING SERVICES AUDIT POOL
ISSUED: DECEMBER 2020**

**EXHIBIT B-1
STATEMENT OF WORK**

ORGANIZATIONAL ACTIVITIES

All services performed by the contractor shall be under the direction of, and approved by, the Chief Audit Executive or designee. Engagements could include:

Performing audits/reviews (compliance, performance, operational, financial, investigations, enterprise risk management assessments, and business continuity reviews), and/or providing research and technical assistance for identifying and evaluating the effectiveness of internal controls encompassing LACERA, its business, governance, and operations, including any auditable entity or activity that the Internal Audit Division may identify.

1. Audit Engagements

The audit engagement may include any or all of the following:

- Perform a risk assessment of auditable activities
- Prepare an engagement letter to the auditee(s) prior to beginning on-site work
- Schedule and lead an entrance conference
- Develop an audit plan and audit program that includes specific audit steps
- Discuss audit plan and audit program with Internal Audit
- Obtain Internal Audit written approval for the audit plan and program
- Perform audit testing on-site
- Document all work in working papers
- Provide all working papers to Internal Audit upon completion of audit
- Provide progress reports to Internal Audit or designee on engagement
- Discuss audit findings with Internal Audit
- Obtain Internal Auditor's written approval of audit findings
- Schedule and lead exit conferences
- Prepare draft and final audit reports
- Provide advice and training on the audit area as requested by Internal Audit
- Provide materials and present audit results or be available for questioning during Audit Committee meetings
- Perform follow-up work, as necessary

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2. Co-source Audits and Co-source Consulting Engagements

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

3. Consulting Engagements

The consulting engagements work environment may be located within LACERA's business area or in another location, depending on where records reside. Depending on the project, the contractor may provide consulting services on-site and/or through telephone or e-mail for any or all of the following services. The contractor may provide any or all of the following services with Internal Audit involvement and participation during each phase:

- Develop, review, and comment on audit plans and audit programs
- Develop, review and comment on testing plans
- Conduct/assist in the interpretation of testing results
- Conduct/assist in finalizing audit recommendations
- Provide technical assistance for evaluating and analyzing data
- Provide assistance, advice, and training
- Perform and/or provide technical assistance with risk assessments
- Management assessment and planning
- Assist in discussions with the Audit Committee
- Advise in area of best practices
- Provide subject matter expertise

4. Training Engagements

The contractor may be asked to:

- Develop course materials for the area specified by Internal Audit
- Provide training to audit services staff on continuing professional education

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**EXHIBIT B-2
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INFORMATION TECHNOLOGY

All services performed by the contractor shall be under the direction of, and approved by, the Chief Audit Executive or designee. Information Technology (IT) audit engagements can include a review of information systems-related activities within LACERA. These engagements may require specialists with knowledge and experience in information technology to test or acquire data from an IT system. Some engagements might require the use of portions of Information Systems Audit and Control Association's (ISACA's) Control Objectives for Information and related Technology (CobiT) 5 framework, National Institute of Standards and Technology (NIST) or other frameworks. Some engagements may require data recovery skills. Possible activities could include a technical assessment of LACERA's IT systems or projects, IT risk assessments, data management, integrity and reliability, application development, IT customer service, network security, penetration tests or other activities within LACERA.

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**EXHIBIT B-3
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INVESTMENTS

All services performed by the contractor shall be under the direction of, and approved by, the Chief Audit Executive or designee. Investment engagements could include but are not limited to auditing and consulting related to the following asset classes within LACERA's Investments Office. Please reference the Investment Policy Statement at https://www.lacera.com/BoardResourcesWebSite/BoardOrientationPdf/policies/investment_policy_stmt.pdf

- Growth – such as global equity, private equity, and opportunistic real estate
- Credit-Oriented Fixed Income – such as high-yield bonds, bank loans, emerging market debt, and illiquid credit
- Real Assets and Inflation Hedges – such as core and value-added real estate, natural resources/commodities, infrastructure, and TIPS
- Risk Reducing and Mitigating – such as investment grade (IG) bonds, diversified hedge fund portfolio, and cash

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