

ADDENDUM TO RFP –
EDUCATION AND TRAVEL POLICY, EXPENSES, AND PRACTICES
ANSWERS TO QUESTIONS

Answers to questions received by LACERA are as follows:

Questions Group 1

1. *A potential proposer contacted LACERA seeking additional context and background on the RFP and LACERA's objectives for the project.*

Reference should be made to the RFP. By way of additional background, LACERA's education and travel policy and practices have recently been the subject of scrutiny from several sources: first, a recently completed LACERA Internal Audit Division report, which followed from a regularly scheduled audit; an audit of administrative expenses in progress by the County of Los Angeles, which may include education and travel costs; and third, the press, which has covered LACERA's costs in recently published articles.

By the project described in the RFP, LACERA seeks an independent review of the Education and Travel Policy, expenses, implementation and processing practices, enforcement, consistency of processing practices and enforcement, and governance for four fiscal years. The review should consider compliance with the policy in effect at the time of travel, as it may be amended during the project period, as well as best practices. The project seeks recommendations for addressing the findings of the consultant's review. Broadly speaking, and without limiting the scope of work stated in the RFP, LACERA views the project as including an accounting component, with respect to expenses and processing practices, and a governance component, addressing the policy, implementation, consistency, enforcement, and recommendations.

Questions Group 2

1. *Approximately how many individuals comprise the "Board and staff" subject to review and evaluation during Fiscal Years 2016, 2017, 2018, and 2019?*

The Board of Retirement has nine trustees, plus three alternates, and the Board of Investments has nine trustees, with one alternate. However, due to overlap in membership between the Boards and trustees leaving and entering the Boards, there will be an average of 18 trustees subject to review per fiscal year.

There are approximately 125 staff who travel each fiscal year.

2. *What is the approximate number of transactions for these individuals that are in scope for this review?*

For trustees, there are approximately 140 transactions per year. For staff, there are approximately 340 transactions per year.

3. *Does LACERA utilize software such as Concur to submit, approve, and log education and travel expense submissions by the Board and/or staff, or is the process manual/paper-based?*

LACERA does not currently use Concur or other similar software. LACERA uses an internally designed Travel Manager program to keep track of education and travel; costs are entered into

LACERA's accounting software system. The process is otherwise generally manual/paper-based. Recommendations on travel software are welcome.

4. *During which Fiscal Years 2016, 2017, 2018, and/or 2019 was the process manual vs. software-based?*

The process has been similar in all years to that described in the previous response.

5. *What is the current expectation with regard to the format of the requested written report? For example, is the current expectation that the written report will be a detailed narrative report or rather a higher level PowerPoint presentation?*

There is flexibility on the method of presentation. However, LACERA requires written documentation of the consultant's specific work, analysis, findings, and recommendations.

6. *Beyond the Board of Retirement, those attending the public meeting, or otherwise made available online to the public, will the written report be directly shared with other third parties? If so, which parties?*

The report will be a public document included in the materials for a public Board meeting and subject to production under the Public Records Act.

7. *Are there specific aspects of confidentiality about which LACERA is concerned or that it would like specifically addressed in the submitted proposal?*

LACERA would like to document that public distribution of information provided by LACERA and the work performed and conclusions generated by the consultant are controlled by LACERA and that the consultant will maintain the information in confidence, subject to legal process after notice to LACERA.

Questions Group 3

1. *Is LACERA interested in expanding the scope of the project to understand what, from a governance standpoint, is driving education and travel costs, or is the scope limited to that as outlined in the RFP?*

Review of current governance practices and recommendations as to improvement in the governance of education and travel is within the scope of the RFP.

2. *Is it possible to extend the proposal due date to August 28, 2019?*

No. The RFP attempts to mitigate the relatively short RFP response period by providing for letter proposals not to exceed 15 pages.

3. *Is it possible to extend the deadline for the scope of work? For example, to be completed on or before December 31, 2019 so that approximately 3-4 months is available to conduct the work?*

LACERA requires a comprehensive report within the time stated in the RFP, because it is important for the organization to obtain as much information as possible as quickly as possible on the subject. However, one recommendation of the consultant's report may be to perform additional work, which is an option that may be consistent with the thrust of this question.

4. *Page 2 – How are the 400 current employees allocated? (E.g., number of investment staff, operations, finance & accounting, internal audit, retirements/benefits/admin, healthcare, etc.)*

Budgeted positions for the 2018-19 fiscal year were as follows:

Administrative Services – 34
Benefits – 70
Communications – 13
Disability Litigation – 7
Disability Retirement Services – 40
Executive Office – 7
Financial and Accounting Services – 29
Human Resources – 13
Internal Audit – 11
Investment Office – 41
Legal Services – 23
Member Services – 77
Quality Assurance and Metrics – 18
Retiree Healthcare – 28
Systems – 60

Due to vacancies, the total number of actual current employees is approximately 400.

5. *Page 2 – Is the Board of Investments approving the selection and termination of investment managers? Do Board members participate in the staff due diligence process?*

Yes to the first question. No to the second question.

6. *Page 2 – What is the level of Board involvement in selecting other LACERA vendors such as for healthcare or technology? For example, do Board members participate in site visits?*

The Boards are involved in authorizing RFPs and selecting certain vendors. Board members do not participate in site visits.

7. *Page 3 – Are there any other versions of the Education and Travel Policy that were in force during the periods as specified in the RFP (2016-2019)?*

The policy was revised during this period, but not restated. There were some material changes during the period that will be the subject of analysis. In addition, the policy recently underwent a substantial revision, which while in effect only after August 15, 2019, should be reviewed and evaluated by the consultant.

8. *Page 3 – Approximately how many instances of Board and staff education and travel expenses occurred during the period as specific in the RFP (2016-2019)?*

See response to Question 2 in Questions Group 2 above.

9. *Page 3 – Does LACERA prefer that proposing firms use a sampling methodology or review all Board and staff education and transactions during the period?*

LACERA expects a review of all transactions.

10. *Page 3 – How many LACERA staff are responsible for processing and accounting for travel expenses?*

For the Boards, approximately four to five staff, including the two Board Executive Assistants and approximately two to three accounting staff. For staff, each staff member or their assistant submit paperwork, which in turn is processed by approximately two to three accounting staff. Managers and/or Executive Officers are involved in giving approvals for staff travel and review of Board travel.

11. *Page 3 – LACERA mentions “other organizations” as part of a peer group. Please provide an example of the type of “other organizations” LACERA prefers to include.*

LACERA intends to leave this determination to the independent evaluation and judgment of the consultant.