

March 2023



REQUEST FOR PROPOSAL

SOC 1 Type 2 Audit of
Other Post-Employment Benefits (OPEB) Program

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LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION REQUEST FOR PROPOSAL (RFP)

SOC 1 TYPE 2 AUDIT OF OTHER POST-EMPLOYMENT BENEFITS (OPEB) PROGRAM FEBRUARY 2023

1. INTRODUCTION

1.1. Purpose of Request

The Los Angeles County Employees Retirement Association (LACERA), a \$70 billion public pension fund, is seeking proposals from qualified firms to perform a System and Organization Controls 1 Type 2 (SOC) audit of LACERA's Other Post-Employment Benefits (OPEB) program. The audit will review LACERA's OPEB business processes and information systems and the description and the suitability of the design and operating effectiveness of the controls in place. LACERA expects to enter into an agreement for a five-year period to audit Fiscal Years Ending June 30, 2024 – 2028, with an option to extend the contract for up to two years. LACERA invites qualified firms to respond to this RFP (Respondent).

1.2. Background Information

LACERA is a tax-qualified defined benefit public pension fund established to administer retirement, disability, and death benefits for the employees of the County of Los Angeles and other participating agencies pursuant to the County Employees Retirement Law of 1937 (CERL) (California Government Code Section 31450, et seq.), the California Public Employees' Pension Reform Act of 2013 (PEPRA) (California Government Code Section 7522, et seq.), LACERA's Bylaws and Board Policies, and other applicable California law.

LACERA operates as an independent governmental entity separate and distinct from Los Angeles County and the other participating agencies. As of June 30, 2022, LACERA has approximately 187,184 members, including 115,599 active members and 71,585 retired members.

LACERA is governed by two nine-member Boards: The Board of Retirement ("BOR") and the Board of Investments ("BOI"). The BOR is responsible for the administration of the retirement system. The BOI is responsible for establishing LACERA's investment policy and objectives, as well as exercising authority and control over the investment management of the fund. 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.

The Boards and their trustees have fiduciary duties as defined in Article XVI, Section 17 of the California Constitution and CERL, with duties owed to the plan members and their beneficiaries taking precedence over any other duties.

Other Post-Employment Benefits (OPEB) Program

LACERA also administers the County's medical and dental retiree health benefits program. In April 1982, the County adopted an ordinance pursuant to the County Employees Retirement Law of 1937 (CERL) that provided for a retiree healthcare benefits program which is also referred to as the Other Post-Employment Benefits Program (OPEB Program) offering a variety of medical and dental/ vision healthcare plans for retired members and their eligible dependents. In that same year, the County and LACERA entered into an Agreement whereby LACERA would administer the OPEB Program subject to the terms and conditions of the Agreement.

In June 2014, the LACERA Board of Retirement approved the County's request to modify the Agreement, which created a new retiree healthcare benefits tier for certain new employees to lower costs. Structurally, the County segregated all the then-current retirees and employees into the LACERA-administered OPEB Program (Tier 1) and placed all employees hired after June 30, 2014, into the newly established Los Angeles County OPEB Program (Tier 2).

Employees are eligible for the OPEB Program if they are members of LACERA and retire from the County of Los Angeles, the Superior Court, LACERA, or a participating outside District. Program benefits are provided through third-party insurance carriers with the participant's cost for medical and dental/vision insurance varying according to the years of retirement service credit with LACERA, the plan selected, and the number of persons covered. As of June 30, 2022, 165,795 members are eligible for medical benefits and 171,629 are eligible for dental/vision benefits.

In October 2017, the County requested that LACERA's OPEB Plan change its structure from a cost sharing multiple employer plan to an agent multiple employer plan for fiscal year 2018 - 2019. This change allows participating employers to continue to pool their assets for investment purposes in LACERA's OPEB Trust, but LACERA will now maintain separate accounting records for each employer's pay-as-you go costs. This change allows LACERA to identify financial activities attributable the employers' distinct retired population.

As a result of the OPEB plan restructure, and in accordance with the American Institute of Certified Public Accountants (AICPA), LACERA will provide the participating employers with a SOC report to demonstrate it has effective controls over its census data.

For additional information about LACERA, please refer to LACERA's Annual Financial Report, which is posted on the LACERA  website, www.lacera.com, in the "[Annual Reports](#)" section.

2. SCOPE OF SERVICES

The selected Firm will perform an audit with the objective of expressing an opinion on the fairness of the presentation of LACERA's description of its other post-employment benefits program and the suitability of the design and operating effectiveness of the controls in place for each Fiscal Year Ending June 30, 2024 – 2028.

To meet the requirements of this RFP, the engagement shall be performed in accordance with attestation standards as applicable and as set forth by the American Institute of Certified Public Accountants.

We expect the work to be completed as a hybrid engagement as determined by the AUDITOR.

Following the completion of the audit, the AUDITOR shall issue a SOC 1 Type 2 Report to be presented to LACERA's Audit Committee.

2.1. Meetings with LACERA Staff, Committee, and Boards

1. Entrance Conference

Prior to commencing fieldwork for the SOC Audit, the selected AUDITOR will hold an entrance conference with LACERA's Project Manager, LACERA 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;
- The critical deadlines and expected timelines;
- Overview, information requests, and logistics for interim and year-end work to be performed by AUDITOR;
- Prior, current and/or anticipated audit issues;
- Arrangements for Workspace, access to electronic files, and other needs of AUDITOR.

2. Status Meetings

During the audit fieldwork, AUDITOR shall conduct regular status meetings with LACERA's Project Manager, to review and discuss the progress of the SOC Audit and other issues pertaining to the audit work and any potential findings.

3. Exit Conference(s)

The AUDITOR will hold one or more exit conference(s), 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 report.

4. Presentations to Audit Committee

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

AUDITOR may be asked to make additional presentations as deemed necessary by LACERA to the Boards and/or the Boards' Committees.

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 at 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	Date
RFP release date	March 8, 2023
Intent to Respond closing date	March 20, 2023
Written questions from Respondents due date	March 27, 2023
LACERA’s response to Respondents’ questions	April 5, 2023
RFP submission due date	April 21, 2023
Notification of Finalist(s)	May 15, 2023
Audit Committee presentation/interview and selection	Mid-June 2023
Commencement of work	Upon contract execution

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 PDT** on April 21, 2023, 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 via email. If the file is too large to email it may be submitted on a USB flash drive. If Respondent requires any confidential information to be exempt from public disclosure, then submissions should also include one **electronic copy**, marked “**REDACTED**”. The redacted copies 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. 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 proposal must include a fee proposal in the format prescribed in Exhibit I.

4.2.3.5. Attachments. Optional material such as brochures or company information may be included as an attachment but will not be counted as responsive to this RFP and will not be used in scoring.

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:

Kimberly Hines, CPA
Senior Internal Auditor
LACERA

Gateway Plaza
300 North Lake Avenue, Suite 840
Pasadena, CA 91101-4199

Email: khines@lacera.com
Phone: 626-322-9860

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. 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 5:00 PM PDT, March 27, 2023, and should be emailed to Kimberly Hines at khines@lacera.com. All questions received and responses thereto will be posted on LACERA's website (www.lacera.com) under the "Business Opportunities" section that relates to this RFP (<https://www.lacera.com/who-we-are/business-opportunities>) on or about 5:00 PM PDT, April 5, 2023.

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. At LACERA's discretion, selected Respondents may be offered the opportunity to present their materials to the Audit Committee.

4.7. Intent to Respond

If your firm chooses to respond to this RFP, please send the Intent to Respond, Exhibit F, via email to Kimberly Hines (khines@lacera.com), by 5:00 p.m. PDT, March 20, 2023. 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".

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 – used when vendor might have access to or use of LACERA systems or information, 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, systems penetration testing – used when vendor has access to LACERA systems or information and 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:

- 8.1. Cancel or modify this RFP, in whole or in part, at any time.
- 8.2. 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.
- 8.3. 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.
- 8.4. 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.
- 8.5. 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.
- 8.6. 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.
- 8.7. 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.
- 8.8. Determine the extent, without limitation, to which the services of a successful respondent are or are not actually utilized.
- 8.9. Defer selection of a winning bidder to a time of LACERA's choosing.
- 8.10. Consider information about a respondent in addition to the information submitted in the response or interview.

8.11. Add terms and conditions during contract negotiations.

8.12. 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.

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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 Respondent'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.	Fee Schedule
12.	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 Respondent.
- b) Name, title, telephone number, and email address of the Respondent'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 Respondent.
- d) A statement indicating the Respondent'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 Respondent's proposal is an irrevocable offer, including proposed fees and proposed assigned staff, for 180 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 Respondent'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 12.1**.
- g) Indicate whether the Firm has had an external SSAE-18, 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 12.2**.
- 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 12.3**.

4. Firm Qualifications and Experience

- a) Any material changes to the organizational structure that have occurred in the last five (5) years
- b) Length of time the Firm has been performing SOC 1 Type 2 audits
- c) Length of time the Firm has been performing SOC 1 Type 2 audits specifically for defined benefit pension plans
- d) Number of full-time professional auditors employed by the Firm
- e) Size of the Firm's governmental and/or pension fund audit staff

- f) For the Firm's office that will be assigned to the LACERA engagement, list prior SOC 1 Type 2 audit engagements completed in the last (5) five years for large employee benefit plans, large government units and other audit engagements that the Firm deems similar to the engagement described in this RFP. 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 SOC 1 Type 2 audit has been performed
 - Scope of work performed
 - Total audit hours per engagement
- g) Attach a copy of the Firm's CPA license issued by the California Board of Accountancy, labeled as **Attachment 12.4**.

5. Professional Staff Qualifications and Experience

- a) Identify the audit engagement team assigned to provide services under this LACERA contract, including Partners, Managers, Seniors/Supervisors, Staff Auditors, and Specialists. Identify the role that each individual will play in accomplishing the services required by this RFP.
- b) For the engagement team, provide resumes (or biographies) that includes a detailed profile of each person's background, relevant experience, and indicate whether each person is a licensed Certified Public Accountant (CPA), Certified Information Systems Auditor (CISA) or other relevant certification.
- c) Copy of CPA, CISA license or other relevant certification (if applicable), attached & labeled as **Attachment 12.5**

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 Respondent shall provide at least two former client reference for whom the Respondent had performed SOC 1 Type 2 audit services significantly similar to those described in this RFP within the last three (3) years.

- b) The Respondent shall provide at least three (3) current client references for whom the Respondent has performed SOC 1 Type 2 audit services significantly similar to those described in this RFP within the last three (3) years.

The Respondent shall provide the following information for the references named in 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 Respondent's relationship with said entity
- Description of services provided by Respondent

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

8. Project Planning and Approach

Describe in detail the approach and the specific methodology that will be used to accomplish the Scope of Work included in this RFP. The Respondent should provide sufficient information on the audit approach that supports the execution of a quality audit.

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. Fee Schedules

- a) Schedule of Professional Fees and Expenses

LACERA anticipates awarding an agreement to perform a SOC 1 Type 2 audit 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 proposed fees for hourly rates and expenses must be presented in the format shown in **EXHIBIT I**. A separate Fee Schedule must be prepared for each fiscal year's audit and 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.

The Fee Schedule must estimate all out-of-pocket expenses and administrative expenses and be included in the Fee Schedules. All out-of-pocket expenses will be charged against the Total Not-To-Exceed Maximum Fee submitted by the Firm and not reimbursed separately.

12. Attachments to Proposal

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


- 12.1. External Quality Control Review Report (see #3 above)
- 12.2.  Firm's SSAE-18, SOC-2, Type 2 or ITGC Report (see #3 above)
- 12.3. Firm's PCAOB Inspection Report (See #3 above)
- 12.4. Firm's California CPA License (see #4 above)
- 12.5. Professional Staffs' CPA and CISA Licenses (see #5 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.

Minimum Qualifications include:

Minimum Qualifications*	Yes	No
The firm must have an established office located within the United States.		
The firm must be a professional public accounting firm and have at least five (5) years of experience performing SOC 1 Type 2 or equivalent types of engagements for public pension plans, employee benefit plans or other governmental agencies.		
The Engagement Partner and Manager must have extensive knowledge and a minimum of five (5) years of experience conducting SOC 1 Type 2 audits and preparing associated reports. The engagement supervisor must have at least (three (3) years of relevant experience.		

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

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

EXHIBIT C

QUESTIONNAIRE

(RESPONDENT SHALL USE QUESTIONNAIRE FORMAT IN ITS PROPOSAL)

LACERA reserves the right in its discretion to request additional information from any respondent, although such requests may not be made to all respondents.

Executive Summary

The proposal must provide an overview of the respondent's background, experience, and other qualifications to perform SOC 1 Type 2 audit services.

Experience, Approach, and Success

The proposal must provide a detailed statement of the respondent's experience and accomplishments in performing SOC 1 Type 2 audit services, including, if subject to disclosure, information concerning such work performed for other public pension systems. LACERA's goal in the RFP process is to obtain a comprehensive understanding of the respondent's experience, approach, and success in providing such services. LACERA is also interested in how the respondent differentiates themselves from other firms offering similar services.

Assigned Professionals

The proposal must set forth the name of the project lead and all other professional staff expected to be assigned to LACERA's work, including a detailed profile of each person's background and relevant individual experience and the ability of a diverse group of professionals with different perspectives to collectively to function together as a team and to work effectively with the Board, the IBLC, and staff in performing the scope of services.

References

The proposal must identify as references at least three (3) public pension systems, public entities, or other references for which the respondent has performed SOC 1 Type 2 audit services, including, for each reference, an individual point of contact, the length of time the respondent served as legislative advocate, and a summary of work performed.

Fees and Costs, Billing Practices, and Payment Terms

The proposal must explain the pricing proposal for the scope of work, including pricing of fees and costs, billing practices, and payment terms that would apply assuming a five (5) year initial duration of the engagement as well as any additional period during which the engagement may extend. LACERA does not place any limits on the approach to pricing and is open to presentation of more than one pricing alternative for the scope of work or portions of it. For example, the respondent might propose a monthly fixed fee with special projects to be performed on an hourly rate basis. This section of the response should include an explanation as to how the pricing approach(es) will be managed to provide the best value to LACERA. The respondent should represent that the pricing offered to LACERA is, and will remain, equivalent to or better than that provided to other government clients, or should provide an explanation as to why this representation cannot be provided. All pricing proposals should be "best and final," although LACERA reserves the right to negotiate on pricing.

Conflicts of Interest

The proposal must identify all actual or potential conflicts of interest that the respondent may face in the representation of LACERA. Specifically, and without limitation to other actual or potential conflicts, the proposal should identify any representation of the County of Los Angeles, Los Angeles Superior Court, Los Angeles County Office of Education, the South Coast Air Quality Management District, Little Lake Cemetery District, and Local Agency Formation Commission, and, to the respondent's knowledge, any of LACERA's members, vendors, other contracting parties, investments, and employees. The proposal should also identify any positional conflicts of which the respondent is aware.

Claims

The proposal must identify all past, pending, or threatened litigation, and all administrative, ethics, and disciplinary investigation or other proceedings and claims against the firm and any of the professionals proposed to provide services to LACERA, whether while such professionals were employed by the firm or employed elsewhere.

Insurance

The proposal must explain the insurance that the respondent will provide with respect to the services to be provided and other acts or omissions of the firm and its staff in performing legislative advocacy services for LACERA.

Samples of Written Work

The proposal may contain samples of the respondent's written work relating to SOC 1 Type 2 audit services .

Other Information

The proposal may contain any other information that the respondent deems relevant to LACERA's selection process.

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 BIDDER WILL BE DEEMED TO HAVE AGREED TO EACH CLAUSE IN THE AGREEMENT BELOW (AND TO NOT SEEK ANY MODIFICATIONS TO THE AGREEMENT), UNLESS BIDDER'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 BIDDER.

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

CONTRACT FOR AUDIT SERVICES

This Contract for AUDIT SERVICES ("Contract") is made and entered into by and between Los Angeles County Employees Retirement Association ("LACERA") and ("Consultant") and is effective as of the date shown in Section 5.

Recitals

LACERA seeks the services of a company that offers annual System and Organization Controls 1 Type 2 (SOC) audits.

Consultant represents that they offer the annual SOC audit services that LACERA seeks.

Contract

1. Services to be Provided.

1.1 Consultant agrees to perform the services ("Services") described in the Statement of Work ("Statement of Work") attached to this Contract as Attachment A.

1.2 Consultant agrees to perform the Services at LACERA's offices, and with LACERA's consent, via telephone or email, and when appropriate, at a location of Consultant's choice.

1.3 All writings prepared or furnished by Consultant to LACERA in the performance of this Contract shall be the exclusive property of LACERA and may be used by LACERA, as LACERA deems appropriate.

1.4 Consultant's quality of service will be at least equivalent to that which Consultant provides to other clients it serves in the same capacity. Consultant will be held to the same standard of care, skill, prudence, and diligence that applies to other experts practicing in a like enterprise.

2 Independent Contractor.

2.1 Consultant agrees to perform the Services as an independent contractor and agrees they will be always acting as such. Neither party intends, and this Contract may not to be construed, to create any relationship of agent, servant, employee, partnership, joint venture, or association between Consultant and LACERA. Consultant is not and will not be deemed to be for any purpose (including, without limitation, Workers' Compensation) an employee of Los Angeles County (the "County"). Consultant is not entitled to any rights, benefits, or privileges of County employees. Consultant is not eligible to participate in any insurance, savings, pension or deferred compensation offered by LACERA or the County.

2.2 Consultant has no power or authority to assume or create any obligation or responsibility, express or implied, on behalf of LACERA or the County, or to bind LACERA or the County in any way whatsoever.

2.3 Consultant accepts full and complete responsibility for filing all tax returns and paying all taxes, which may be required, or due for payments received from LACERA under this Contract. LACERA will memorialize payments for Consultant's services on a Form 1099.

2.4 Consultant represents and warrants that it will comply with all applicable federal, state, and local laws, including without limitation, those laws respecting business licenses, withholding, reporting, and payment of taxes. Consultant further represents and warrants that it will report any income accruing to it from this Contract to the appropriate taxing authorities.

3. LACERA's Project Director.

LACERA's Project Director, or designee, has responsibility for determining whether the Services are performed to LACERA's satisfaction. LACERA's Project Director is Kimberly Hines.

4. Indemnification and Insurance.

4.1 Consultant shall indemnify, defend and save harmless LACERA, its agents, officers and employees from and against any and all liability, damage, suit, cost of suit, or expense, including defense costs and attorney's fees, arising out of or connected with claims for damages of any nature whatsoever arising from or connected with Consultant's operations or its services, including, without limitation, claims for bodily injury, death, personal injury, or property damage, including damage to Consultant's property.

4.2. Without limiting Consultant's obligations to indemnify LACERA, Consultant will provide and maintain at its own expense during the term of this Contract the programs of insurance programs specified in this Contract. Such insurance will be primary and not contributing with any other insurance of self-insurance programs maintained by LACERA, and Consultant agrees to provide and maintain such insurance at its own cost and expense.

4.2.1 Certificate(s) or other evidence of coverage satisfactory to LACERA shall be delivered to prior to commencing services under this Contract and annually thereafter to:

Kimberly Hines
LACERA
300 N. Lake Avenue, Suite 840
Pasadena, CA 91101-4199

4.3 Such certificates or other evidence shall:

4.3.1 Specifically identify this Contract.

4.3.2 Clearly evidence all coverage's required in this Contract.

4.3.3. Contain the express condition that LACERA is to be given written notice by mail at least 45 days in advance of cancellation for all policies, or, alternatively, in the event the insurers that otherwise provide satisfactory insurance hereunder do not assume third-party notification provisions, Consultant hereby agrees to notify LACERA at least 45 days in advance of any cancellation of any of the policies provided for herein.

4.3.4 Include copies of the additional insured endorsement to the commercial general liability policy, adding that LACERA, its trustees, officers and employees as insureds for all activities arising from this Contract.

4.3.5 Self-Insured Retentions must be declared to and approved by the LACERA. LACERA may require Consultant to purchase coverage with no retention or provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention. The policy language shall provide, or be endorsed to provide, that the self-insured retention will be satisfied by the named Consultant

4.3.6 LACERA reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

4.4 Insurer Financial Ratings. Insurance is to be provided by an insurance company acceptable to LACERA with an A.M. Best rating of not less than A-, X, unless otherwise approved by LACERA.

4.5 Failure to Maintain Coverage. Consultant's failure to maintain the required insurance, or to provide evidence of insurance coverage acceptable to LACERA, shall constitute a material breach of the contract upon which LACERA may immediately terminate or suspend this Contract. LACERA, at its sole option, may obtain damages from Consultant resulting from said breach.

4.6 Compensation for LACERA Costs. In the event that Consultant fails to comply with any of the indemnification or insurance requirements of this Contract, and such failure to comply results in any costs to LACERA, Consultant shall pay full compensation for all costs incurred by LACERA.

4.7 Cooperation Regarding Insurance. LACERA may elect to procure insurance against loss or damage it may sustain in connection with Consultant's performance under this Contract. Consultant will promptly cooperate with any reasonable request for information regarding Consultant which is required to obtain such insurance.

4.8 Survival of Obligations. Consultant's obligations under this Section 4 shall survive expiration or termination of this Contract.

4.9 Commercial General Liability. Consultant shall provide and maintain a Commercial General Liability insurance policy, which names LACERA as additional insured. Such policy shall cover legal liability for bodily injury and property damage arising out of Consultant's business operations and services that Consultant provides pursuant to this Contract. Such policy shall include, without limitation, endorsements for Property Damage, Premises-Operations, Products/Completed Operations, Contractual, and Personal/Advertising Injury with a limit of at least \$1,000,000 per occurrence and an annual aggregate of at least 2,000,000. If such insurance is written on a Claims Made Form, such insurance shall be endorsed providing an extended reporting period of not less than five (5) years following termination or expiration of this Contract.

4.10 Auto Liability. Consultant shall provide and maintain a comprehensive auto liability insurance policy endorsed for all "owned", "non-owned", and "hired" vehicles, or coverage for any "auto", with a combined single limit of not less than One Million Dollars (\$1,000,000) per accident.

4.11 Workers' Compensation. Consultant shall bear sole responsibility and liability for furnishing Workers' Compensation benefits to Consultant's employees for injuries arising from or connected with any services provided to LACERA under this Contract. Consultant shall provide and maintain a program of Workers' Compensation, in an amount and form to meet all applicable statutory requirements. In all cases, worker's compensation insurance also shall include Employer's Liability Insurance with limits of not less than \$1,000,000, each accident, and \$1,000,000, disease, covering all of Consultant's employees.

4.12 Errors and Omissions. Consultant shall provide and maintain insurance covering liability arising from any error, omission, negligent or wrongful act of the Consultant, its officers, employees or Agents, with limits of at least \$1,000,000 per claim and an annual aggregate of at least \$2,000,000. The coverage also shall provide an extended one-year reporting period commencing upon termination or cancellation of this Contract.

4.13 Cyber Liability Insurance. Without limiting any of the obligations or liabilities of Consultant, Consultant shall carry and maintain, at its own expense including any applicable deductibles or retention, Cyber Liability insurance with limits of not less than \$2,000,000 for each occurrence and an annual aggregate of \$5,000,000 covering claims involving privacy violations, information theft, damage to or destruction of electronic information, intentional and/or unintentional release of private information, alteration of electronic information, extortion and network security. The policy coverage shall include, but not be limited to:

4.13.1 Privacy Liability Coverage. This coverage shall include LACERA and its members for breaches of their private information in the case of a data breach.

4.13.2 Notification Costs. This coverage shall cover the costs of notifying third parties and LACERA members potentially affected by a data breach.

4.13.3 Crisis Management. This coverage shall include the costs of managing the public relations outfall from most data breach scenarios.

4.13.4 Credit/Identity Monitoring. This coverage shall include coverage for affected members for at least 24 months or the minimum legally required period, whichever is longer.

4.13.5 Theft and Fraud Coverage. This coverage shall include the costs of theft or destruction of the LACERA's data and theft of funds.

4.13.6 Network and Business Interruption. This coverage shall include any expense due to an intentional interruption of the LACERA's computer systems.

4.13.7 Data Loss and Restoration. This coverage shall include the costs of diagnosing and repairing the cause of the loss and restoring all data.

5. Term.

The term of this Contract begins on [DATE] (the "Start Date"), and unless terminated for convenience, ends on the earlier of (i) full performance of the Services by Consultant and acceptance by LACERA or [ONE YEAR] after the Start Date. This Contract automatically renews up to four times for subsequent and successive one year periods under the same terms, conditions and compensation, unless either party delivers its written request for changes not less than ninety (90) days prior to the end of the then current term of the Contract. Neither party is required to renew or extend this Contract.

6. Non-Exclusive Services.

This Contract is not exclusive. Consultant has the right to perform services for others during the term of this Contract, but Consultant agrees not to engage in any business, work or services of any kind under contract, or otherwise, for any person, organization or agency, which in the opinion of LACERA is detrimental to the interests of LACERA or that would materially interfere with the performance of the Services. Consultant agrees to disclose such information regarding business, work or services they perform on behalf of any person, organization or agency as LACERA may reasonably require verifying Consultant's compliance with this Section.

7. Compensation.

LACERA agrees to pay Consultant according to the Fee Schedule attached as Attachment B for performing the Services. Consultant's expenses are included in the compensation described in Attachment B and therefore Consultant is not entitled to any separate reimbursement for any expenses incurred by it in discharging its duties under this Contract, unless otherwise agreed by LACERA.

8. Invoices.

Consultant agrees to submit invoices to LACERA's Project Director, in arrears, by the tenth day of each calendar month for Services performed during the previous calendar month. Each invoice must (a) describe in detail the Services performed and expenses incurred by Consultant during the invoice period, (b) show the cumulative charges year-to-date (based on a fiscal year beginning July 1) for all Services and expenses, and (c) include such other information as LACERA may reasonably request. Each invoice will be payable within thirty days of receipt by LACERA. If LACERA's Project Director disputes any portion of an invoice, however, LACERA

will pay the undisputed portion only and notify Consultant in writing of the disputed portion. Consultant and LACERA agree to act in good faith to resolve such disputes.

9. Contract Not Assignable.

Consultant may not assign any of its rights, duties, or obligations under this Contract without the prior written consent of LACERA, which LACERA may grant or withhold in its sole discretion.

10. Confidentiality.

10.1 Confidential Information. Consultant understands that, during the performance of this Contract, it will have access to confidential and proprietary LACERA information, policies and procedures, benefits, business practices, and technology concerning LACERA's operations, as well as sensitive confidential member information and business critical non-member information (collectively, "Confidential Information"). For clarity, Confidential Information includes all information of any and every kind provided to Consultant, regardless of whether it may previously have been disclosed by LACERA or others in other contexts, in that LACERA needs to know to whom, when, where, and how all of its information has been disseminated and reserves to itself the right to determine to whom, when, where, and how such information is released. Confidential Information further includes all information related in any way to LACERA provided to Consultant.

Confidential Information may be provided to Consultant or generated or stored by Consultant in written, electronic, verbal, and all others forms. Consultant understands and agrees that:

10.1.1 Consultant shall not disclose Confidential Information to any person within its organization except those persons required to perform the services of the Contract.

10.1.2 Consultant shall not disclose Confidential Information to any third party without LACERA's advance written approval.

10.1.3 Consultant's agreement not to disclose Confidential Information includes an agreement not to disclose information even on a no-names basis.

10.1.4 Consultant will use best efforts, including but not limited to the highest level of care Consultant accords to its own most sensitive information and the most sensitive information of its other clients, to secure and maintain the confidential nature of the Confidential Information.

10.1.5 Consultant will not use the Confidential Information for any purpose other than to perform the services required by this Contract. This confidentiality provision will survive the termination of the Contract.

11. Nondiscrimination.

Consultant hereby promises and agrees that it will comply with Subchapter VII of the Civil Rights Act of 1964, 43USC Section 2000e through 2000e (17), to the end that no person shall, on grounds of race, creed, color, sex, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this Contract, or under any project, program or activity supported by this Contract.

Consultant shall take affirmative action to ensure that applicants and employees are treated in an unbiased manner without regard to their race, color, religion, sex, age, ancestry, or national origin, physical or mental handicap, marital status, or political affiliation. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

12. Compliance with Laws.

Consultant shall comply with all applicable Federal, State and local laws, rules, regulations, ordinances, and directives, and all provisions required to be included in this Contract are incorporated by this reference. Consultant shall indemnify and hold LACERA harmless from any loss, damage or liability resulting from a violation by Consultant of any such laws, rules, regulations, ordinances, and directives.

13. Conflict of Interest.

No officer or employee of LACERA whose position enables them to influence the award of this Contract or any competing agreement, and no spouse or economic dependent of such officer or employee shall be employed in any capacity or in any way remunerated by Consultant or have any direct or indirect financial interest in this Contract or in Consultant.

14. Modifications.

Any modification to this Contract must be in writing, signed by Consultant and LACERA, to be effective.

15. Termination for Default.

Services performed under this Contract may be terminated in whole or in part by LACERA providing to Consultant a written Notice of Default if (1) Consultant fails to perform the services within the time specified in this Contract or any extension approved by LACERA, or (2) Consultant fails to perform any other covenant or condition of this Contract, or (3) Consultant fails to make progress so as to endanger its performance under this Contract.

Consultant shall have ten (10) calendar days from the date of the Notice of Default in which to cure the Default(s), however, in its sole discretion, LACERA may extend this period or authorize a longer period for cure.

Without limitation of any additional rights or remedies to which it may be entitled, if LACERA terminates all or part of the services for Consultant's Default, LACERA, in its sole discretion, may procure replacement services and Consultant shall be liable for all excess costs incurred by LACERA in connection with those replacement services, as determined by LACERA in its sole discretion.

If it is determined that Consultant was not in Default under the provisions of this Contract, or that the Default was excusable, then the rights and obligations of the parties shall be the same as if the Notice of Termination had been issued under Section 16. Termination for Convenience.

16. Termination for Convenience.

Services performed under this Contract may be terminated in whole or in part at any time LACERA or Consultant deems that termination is in its best interest. LACERA or Consultant shall terminate services by delivering a written Termination Notice which specifies the extent to which services are terminated and the effective termination date.

After receiving a Termination Notice under this section, and unless otherwise expressly directed by LACERA, Consultant shall take all necessary steps and shall stop services on the date and to the extent specified in the Termination Notice and shall complete services not so terminated.

17 SOC-2

SOC-2 Report. The Consultant shall have an annual audit performed by an independent audit firm. The audits shall include the Consultant's and any subcontractor's handling of Confidential Information and shall address all areas relating to information technology security and operational processes to provide such security. The audits shall be performed in accordance with the guidance set forth in Reporting on Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, Confidentiality, or Privacy (SOC 2), as published by the American Institute of Certified Public Accountants (AICPA) and as updated from time to time, or according to the most current audit guidance promulgated by the AICPA or similarly recognized professional organization, as agreed to in writing by LACERA. The audit shall assess the security of information technology security and operational process to provide such security as follows:

17.1 The type of audit to be performed in accordance with the Guidance is a SOC 2 Type 2 Audit (referred to as the "SOC 2 Audit" or "SOC 2 Report"). The initial SOC 2 Audit shall be scheduled and completed within six months of executing the Contract. All subsequent SOC 2 Audits that are arranged after this first audit shall be performed and submitted annually.

17.2 The SOC 2 Audit shall report in writing on the Consultant's and any subcontractor's system(s) and the suitability of the design and operating effectiveness of controls of the information functions and/or processes to meet the requirements of the Contract, including the security requirements.

17.3 The scope of the SOC 2 Report shall include work performed by any subcontractors that provide essential support to the Consultant for the information functions or processes for the services offered to LACERA under the Contract. The Consultant shall ensure the audit includes all subcontractors operating in the performance of the Contract.

17.4 All SOC 2 Audits, including those of the Consultant and any subcontractors, shall be performed at no additional expense to LACERA.

17.5 The Consultant and all relevant subcontractors shall promptly provide a complete copy of the final SOC 2 Report(s) to the Project Director upon completion of each SOC 2 Audit engagement.

17.6 The Consultant shall provide to LACERA, within 30 calendar days of the issuance of each SOC 2 Report, a documented corrective action plan that addresses each audit finding or exception contained in a SOC 2 Report. The corrective action plan shall identify in detail the

required remedial action by the Consultant or subcontractor(s) along with the implementation date(s) for each remedial action.

17.7 If the Consultant or any subcontractor fails to obtain an annual SOC 2 Report, LACERA shall have the right to retain an independent audit firm to perform an audit engagement of a SOC 2 Report. The audit will include the information functions and processes utilized or provided by the Consultant and any relevant subcontractor under the Contract. The Consultant and any subcontractor agree 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 that is required to perform the audit engagement of the SOC 2 Report. LACERA will invoice the Consultant for the expense of the SOC 2 Report(s), or deduct the cost from future payments to the Consultant.

18. Disaster Recovery & Business Continuity

Consultant will implement and maintain disaster recovery and business continuity procedures that are reasonably designed to recover data processing systems, data communications facilities, information, data and other business related functions of LACERA in a manner and time frame consistent with legal, regulatory and business requirements applicable to LACERA.

19. Data Breach Verification

19.1 Consultant shall provide an annual written, signed attestation that to the best of its knowledge, no data breach, hacking, or incidental divulging of Member Records has occurred and that no Member Record has been compromised. The attestation shall verify that adequate internal policies and procedures exist to prevent data theft and unauthorized access.

19.2 Consultant shall provide an annual system penetration test in support of the attestation made in item A above. Consultant shall provide the results of penetration tests to LACERA.

19.3 Consultant shall comply with California Civil Code §1798.29(e) and California Civ. Code §1798.82(f). In the event of a security breach of more than 500 records, the Consultant shall electronically submit a single sample copy of that security breach notification, excluding any personally identifiable information, to the Attorney General.

19.4 Consultant shall notify any California resident whose unencrypted personal information, as defined, was acquired, or reasonably believed to have been acquired, by an unauthorized person as required by California Civil Code §1798.29(a) and California Civ. Code §1798.82(a).

19.5 Notwithstanding the legal notification requirements in the preceding paragraphs, Consultant will immediately notify LACERA upon its discovery of any incident or data breach.

20. Entire Contract and Severability.

This document (including Attachments A and B) constitutes the final, complete, and exclusive statement of the terms of the Contract between LACERA and Consultant for the services to be performed and supersedes all prior and contemporaneous understandings or Contracts of the parties. The provisions of this Contract are severable, and if any one or more provisions may be determined to be illegal or otherwise unenforceable, in whole or in part, the

remaining provisions or parts thereof shall nevertheless be binding and enforceable and the invalid, illegal or unenforceable provision shall be replaced by a mutually acceptable valid, legal and enforceable provision which comes closest to the intent of the parties.

21. Governing Law and Venue.

21.1 This Contract shall be governed by, and construed and enforced in accordance with, the laws of the State of California without regard to principles of conflicts of laws.

21.2 Any party bringing a legal action or proceeding against any other party arising out of or relating to this Contract or the transactions it contemplates (whether in contract, tort, equity, or otherwise), shall bring the legal action or proceeding in either the United States District Court or in any court of the State of California sitting in Los Angeles County.

21.3 Each party to this Contract consents to the exclusive personal and subject matter jurisdiction of any United States District Court sitting in the County of Los Angeles and any court of the State of California sitting in the County of Los Angeles, and their appellate courts for the purpose of all legal actions and proceedings arising out of or relating to this Contract or the transactions it contemplates, including all claims of any nature or type, whether in contract, tort, statutory, equitable, legal, or otherwise.

22. Attorney's Fees.

In the event of litigation between the parties concerning this Contract, the prevailing party shall be entitled to recover reasonable costs and expenses incurred therein, including without limitation attorney's fees. These expenses shall be in addition to any other relief to which the prevailing party may be entitled and shall be included in and as part of the judgment or decision rendered in such proceeding.

23. Interpretation.

Consultant acknowledges they have been given the opportunity to have counsel of their own choosing to participate fully and equally in the review and negotiation of this Contract. The language in all parts of this Contract shall be construed in all cases according to its fair meaning, and not strictly for or against any party hereto. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in interpreting this Contract.

24. Waiver.

No waiver of a breach, failure of any condition, or any right or remedy contained in or granted by the provisions of this Contract shall be effective unless it is in writing and signed by the party waiving the breach, failure, right, or remedy. No waiver of any breach, failure, right or remedy shall be deemed a waiver of any other breach, failure, right or remedy, whether or not similar, or preceding or subsequent, nor shall any waiver constitute a continuing waiver unless the writing so specifies.

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IN WITNESS WHEREOF, Consultant has signed this Contract, and the [SIGNATORY TITLE] of LACERA has signed this Contract, effective as of the date indicated in Section 5.

LACERA:

[Consultant Name]:

Los Angeles County Employees
Retirement Association

By:

[TITLE]

[Authorized Signatory Title]

Address for notices:

Address for notices:

[NAME]
LACERA
300 N. Lake Avenue, Suite [XXX]
Pasadena, CA 91101

[NAME]
[STREET]
[CITY, STATE, ZIP]

Approved as to form:

John Harrington
LACERA Staff Counsel

EXHIBIT E

IT SECURITY CONTROLS

If selected through this RFP process respondent shall provide a SOC-2 Type II report (or, in the alternative, a Security Controls Assessment 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.

LACERA Supply Chain IT Security Controls Assessment			Has the Control Been Tested and Validated?	Validation Results or Location of Documented Results
Control Identifier	Control Name	Control Description		
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 #)		
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].		

Control Identifier	Control Name	LACERA Supply Chain IT Security Controls Assessment	Has the Control Been Tested and Validated?	Validation Results or Location of Documented Results
		Control Description		
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].		
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.		

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-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.		
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].		

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-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.		

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, that 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"> 1. Provide the [Customer's] organization with a roadmap for implementing supplier's incident response capability; 2. Describes the structure and organization of the incident response capability; 3. Provides a high-level approach for how the incident response capability fits into the overall organization; 4. Defines reportable incidents; 5. Provides metrics for measuring the incident response capability within the organization; 6. Defines the resources and management support needed to effectively maintain and mature an incident response capability; 7. Addresses the sharing of incident information; 8. Explicitly designates responsibility for incident response. 		

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"> 1. Are developed and maintained; 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 3. Are reported in accordance with established reporting requirements. 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.		

EXHIBIT F

INTENT TO RESPOND

Intent to Respond.

If you choose to respond to this RFP, please send this form to Kimberly Hines via email no later than 5:00 p.m. PST, March 17, 2023. 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.

To:	Kimberly D. Hines, CPA	From:	
Co.:	LACERA – Internal Audit	Title:	
Phone:	626-322-9860	Co.:	
Email:	khines@lacera.com	Phone:	
Re:	Intent to Respond	Email:	
		Date:	

Our firm intends to submit a response for LACERA's RFP for SOC 1 Type 2 Audit Services.

Please send inquiries to the following contact:

Name: _____

Title: _____

Company: _____

Mailing Address: _____

Telephone: _____

Email Address: _____

EXHIBIT G

SELECTION CRITERIA

The selection criteria below are 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 Respondent, even if the Respondent 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 Respondent
- 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 respondent'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. Interviews

During the evaluation process, any one or more of the Respondents may be requested to interview with LACERA Staff. Such presentation will provide the Respondent with an opportunity to answer any questions LACERA may have regarding the Respondent's proposal. Expenses incurred by the Respondent for such presentation will not be reimbursed.

G. Audit Committee Approval

Upon completion of the evaluation process, LACERA staff will submit a short list of approved Respondents for interview and selection or recommend a Respondent for award of an agreement (contract) by the Audit Committee.

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

H. Agreement Negotiations

Agreement (contract) negotiations will be initiated after Audit Committee selection and approval. Because the proposed Audit Services Agreement – General Form is attached to this RFP, see **EXHIBIT D**, and all Respondents 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 Respondent, LACERA, may, in its sole discretion, terminate negotiations with the previously selected Respondent and commence contract negotiations with another party, whether or not that party was a Respondent.

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EXHIBIT H

DIVERSITY, EQUITY, AND INCLUSION



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 allegation 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 claw back 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 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.

A. 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																											

B. 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 SCHEDULE

All Respondents must complete the following table with maximum hourly rates for all relevant staff levels. Travel and per diem will be in accordance with LACERA's Education and Travel Policy.

Proposed Fee Schedule

Position/Hourly Rate	Partner		Manager		Senior		Staff		Total	
	\$		\$		\$		\$			
Engagement	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost
Project Fees										
Estimated Travel										
Other										
Travel & Other Costs									Total	