LACERA Los Angeles County Employees Retirement Association
300 N. Lake Ave., Pasadena, CA 91101 / PO Box 7060, Pasadena, CA 91109-7060 / www.lacera.gov / 626/564-6132 • 800/786-6464

External Quality Assessment of the Internal Audit Division

LACERA's Response to submitted Questions

Question: How many total audits (population) would be subject to this EQA/QAR?

Response: Based on LACERA's FY 2026 Audit Plan, approximately 10 completed audit engagements may be subject to review as part of the EQA/QAR. The final engagement population and sample selected for detailed review will be determined in consultation with the selected assessor based on the assessment methodology and available completed engagements.

Question: What type of self-assessment has been done related to quality and the standards on an ongoing or periodic basis?

Response: Internal Audit performs periodic internal assessments as part of its Quality Assurance and Improvement Program. The most recent internal assessment was completed in 2025.

Question: While the QAR team will determine the exact number of interviews, do you have any expectations about how many total stakeholders you envision for interviews to include?

Response: The final number of stakeholder interviews will be determined by the selected assessor based on its proposed methodology. For planning purposes, LACERA anticipates interviews will include representatives from the Executive Office, the Chairs of both Boards, the ACRE Committee Chair and consultant, one to two additional ACRE Committee trustees, a sample of division managers, and members of the Internal Audit team.

Question: Does LACERA have any expectations around onsite vs. remote work other than the November ACRE meeting?

Response: LACERA expects most engagement activities may be performed remotely. However, the selected assessor is expected to attend the November ACRE Committee meeting in person to present and discuss the EQA report, unless otherwise directed by LACERA.

Question: Does LACERA have a budget for these services or an estimated amount, and if so, can you disclose that?

Response: LACERA has not established a disclosed budget for these services. Proposed fees will be considered as one component of LACERA's evaluation process, along with the respondent's qualifications, experience, proposed approach, and overall value to LACERA.

1. **RE: RFP Sections 9. Contract Negotiations**

(pgs. 10 – 11 and Section 11. Reservations by LACERA, pg. 11, as well as Exhibit B, Section 1 Cover Letter, pg.14 refer to "the contract")

Question: Can the Agency provide a copy of its standard contract template or the specific terms and conditions that will govern the resulting award? Reviewing this template is essential for the respondents to assess required insurance limits, indemnification clauses, and to determine if any exceptions need to be formally submitted in their proposals.

Response: LACERA's RFP materials identify the applicable contract negotiation process and related requirements. Key contractual expectations include appropriate confidentiality, data protection, ownership of deliverables and work product, compliance with applicable laws and professional standards, insurance and risk allocation requirements, and termination provisions appropriate for the engagement.

2. **RE: Prior EQA and Current QAIP**

Question: When was the last External Quality Assessment performed and what was the overall conclusion/rating from the previous EQA?

Response: LACERA Internal Audit's most recent External Quality Assessment was conducted in 2022 by IIA Quality Services. Internal Audit received an overall rating of Generally Conforms, which was the highest rating available under the prior assessment framework.

Question: Have all prior EQA recommendations been implemented? If not, which remain open?

Response: Prior EQA recommendations have been addressed through Internal Audit's ongoing quality improvement activities, including updates to policies, procedures, methodology, competency development, coordination with assurance providers, and related QAIP activities. Any remaining items, if applicable, will be made available to the selected assessor as part of the engagement documentation.

Question: Has Internal Audit performed annual internal assessments under the January 2025 Global Internal Audit Standards?

Response: Internal Audit performs ongoing monitoring and periodic quality activities under its QAIP. These activities include engagement supervision and review, use of standardized methodologies and templates, review of workpaper quality and report quality, monitoring of performance measures, stakeholder feedback, follow-up of recommendations, and continuous improvement action planning. Internal Audit has been updating its QAIP and related methodologies to align with the Global Internal Audit Standards effective January 2025.

3. **Internal Audit Function Profile**

Question: Approximately how many auditable entities comprise the audit universe and how many audits are included in the current annual audit plan?

Response: LACERA's audit universe is maintained through Internal Audit's risk assessment and audit planning process. The number of auditable entities may change as the audit universe is updated. The current annual audit plan (still under development) and audit universe information will be provided to the selected assessor during the engagement. For planning purposes, respondents should assume the EQA will include review of the current risk-based audit plan, audit universe methodology, and a sample of completed engagements.

Question: How many completed audit engagements will be available for detailed workpaper review (e.g., how many audits per year are generally completed)?

Response: LACERA anticipates approximately 10 completed engagements may be available for detailed workpaper review, subject to the final engagement period, availability of completed files, and the assessor's proposed methodology. The selected assessor will determine the appropriate sample size in consultation with LACERA.

Question: Have there been any significant changes to the IA function recently (e.g., personnel, systems, methodologies, processes, etc.) or that are planned in the near future?

Response: Internal Audit has experienced recent changes and ongoing enhancements, including alignment with the January 2025 Global Internal Audit Standards, continued use and refinement of TeamMate+ workflows, updates to the audit universe and risk assessment methodology, and transition to a new Chief Audit Executive. The EQA is intended, in part, to provide timely independent validation of these changes and identify opportunities for continued improvement.

4. **Technology**

Question: Is there a dedicated IT audit resource within Internal Audit?

Response: Internal Audit does not currently have a dedicated IT audit resource assigned solely to IT audit. However, IT-related risks may be considered during the risk assessment and audit planning process, and specialized expertise may be obtained as needed depending on the scope and nature of an engagement.

Question: Are there any audit management platforms or GRC systems utilized (e.g., TeamMate, Optro, etc.)?

Response: Internal Audit uses TeamMate+ as its audit management system to support audit planning, workpaper documentation, supervisory review, reporting, recommendation follow-up, and related QAIP evidence.

Question: Will the assessor be given system access to audit management software or only provided exported documentation?

Response: LACERA expects to provide the assessor with exported documentation from TeamMate+ and other relevant records, rather than direct system access, unless otherwise determined necessary and approved by LACERA. Any access to LACERA systems would be subject to applicable security, confidentiality, and data protection requirements.

5. **Stakeholder Interviews and Surveys**

Question: Approximately how many interviews are expected for ACRE Committee members, executive management, and Internal Audit staff?

Response: The final number of interviews will be determined by the selected assessor based on its methodology. For planning purposes, LACERA anticipates interviews will include ACRE Committee representation, executive management, Internal Audit leadership and staff, the ACRE Committee consultant, and other relevant stakeholders identified during planning.

Question: Does LACERA expect stakeholder surveys to be administered as part of the engagement?

Response: LACERA is open to stakeholder surveys if recommended by the assessor as part of its proposed methodology. Respondents should describe whether surveys are included in their approach, the intended stakeholder groups, and how survey results would be incorporated into the assessment findings and recommendations.

6. **Benchmarking Requirements**

Question: What specific benchmarking metrics does LACERA expect to receive?

Response: LACERA expects benchmarking to focus on practices relevant to the effectiveness, efficiency, maturity, and value of a public-sector internal audit function.

Question: Are there particular peer organizations that LACERA considers relevant comparison groups?

Response: LACERA does not require comparison to a specific list of peer organizations. Respondents should propose appropriate peer comparison groups based on their experience and methodology.

7. **Schedule and Logistics**

Question: Are there any blackout periods that could affect access to executives or ACRE Committee members?

Response: LACERA is not aware of specific blackout periods at this time. Scheduling for executive management, ACRE Committee members, and other stakeholders will be coordinated during engagement planning and will be subject to availability, Board or Committee calendars, and other organizational priorities.

Question: Does LACERA require any onsite work?

Response: LACERA expects most engagement activities may be performed remotely. However, the selected assessor is expected to attend the November 2026 ACRE Committee meeting onsite to present the EQA results, unless otherwise directed by LACERA.

8. **Other**

Question: The Statement of Work requires the assessor to evaluate compliance with applicable laws, regulations, and governance requirements and to assess the application of the Global Internal Audit Standards in a public pension fund environment. Could LACERA clarify which specific legal, regulatory, and governance frameworks are expected to be considered within the scope of the EQA (e.g., CERL, PEPRA, California Constitution Article XVI Section 17, Brown Act, Public Records Act, Board bylaws and policies), and whether the expectation is to assess Internal Audit's consideration of these requirements versus perform direct compliance testing of the requirements themselves?

Response: The EQA should assess how Internal Audit considers applicable legal, regulatory, governance, and public-sector requirements within its audit planning, methodology, engagement execution, reporting, and quality assurance processes. The expectation is not for the assessor to perform direct compliance testing of LACERA's compliance with each legal or regulatory requirement. Relevant frameworks may include, as applicable, CERL, PEPRA, California Constitution Article XVI Section 17, the Ralph M. Brown Act, the California Public Records Act, LACERA Board bylaws and policies, the Internal Audit Charter, the ACRE Committee Charter, and other governance requirements relevant to Internal Audit's mandate and operating environment.

Question: When was LACERA's last External Quality Assessment (EQA) performed, who performed it, and can respondents receive a copy of the most recent EQA report (or a redacted summary) to inform scoping and evaluate improvement trajectory? If available, what was the fee structure (fixed fee vs. hourly not-to-exceed), total fees paid, and total hours incurred for the prior EQA of the Internal Audit Division?

Response: LACERA Internal Audit's most recent External Quality Assessment was conducted in 2022 by IIA Quality Services. Internal Audit received an overall rating of Generally Conforms, which was the highest rating available under the prior assessment framework. LACERA does not anticipate providing the full prior EQA report during the proposal phase. Relevant background information regarding the prior EQA, including the overall conclusion and general improvement activities, has been provided in response to respondent questions. Additional documentation may be made available to the selected assessor during engagement planning, subject to confidentiality, relevance, and LACERA's document disclosure protocols. Prior fee structure, total fees paid, and total hours incurred are not being disclosed as part of the RFP questions and answers. Respondents should develop proposed fees based on the scope of services, required deliverables, proposed methodology, staffing approach, and timeline described in the RFP.

Question: What is the anticipated period under review for this EQA (e.g., FY2024–FY2026)? Does LACERA prefer that workpaper sampling focus on engagements completed after the January 2025 effective date of the Global Internal Audit Standards, or a broader lookback?

Response: The anticipated review period will be Fiscal Year End 2026. LACERA expects the assessor to consider the January 2025 Global Internal Audit Standards in evaluating the review period conformance and implementation efforts.

Question: Approximately how many internal audit engagements were completed by the Internal Audit Division during the anticipated review period, and does LACERA have a preferred minimum number of engagements to be sampled for workpaper conformance testing?

Response: LACERA anticipates approximately 10 completed engagements may be available for detailed workpaper review. LACERA does not have a required minimum sample size. The selected assessor should propose an appropriate sample based on professional judgment, the EQA methodology, the review period, engagement types, and available documentation. The final sample will be determined in consultation with LACERA.

Question: Have there been any material changes to the Internal Audit Division's charter, reporting lines, methodology, audit universe, or QAIP since the prior EQA that respondents should specifically consider when scoping this engagement?

Response: Internal Audit has experienced recent changes and ongoing enhancements, including alignment with the January 2025 Global Internal Audit Standards, continued use and refinement of TeamMate+ workflows, updates to the audit universe and risk assessment methodology, and transition to a new Chief Audit Executive. The EQA is intended, in part, to provide timely independent validation of these changes and identify opportunities for continued improvement.

Question: Beyond the elements identified in Section 2 and Exhibit D, are there emerging priorities (e.g., AI/analytics maturity, audit management platform optimization, coordination with the new external auditor rotation) LACERA would like the Assessor to specifically emphasize?

Response: Respondents should address the scope elements identified in the RFP and may propose additional areas of emphasis based on their professional experience and methodology. Any emphasis areas will be finalized during engagement planning with the selected assessor.

Question: Approximately how far in advance of the November 18, 2026 ACRE meeting does LACERA require the final EQA Report to be delivered to allow for pre-read distribution to ACRE Committee members?

Response: LACERA expects the final EQA report to be delivered sufficiently in advance of the November 18, 2026 ACRE Committee meeting to allow for staff review, finalization, and pre-read distribution to Committee members. Respondents should propose a project schedule that supports timely delivery of the final report before the meeting date. The final due date will be confirmed during engagement planning with the selected assessor.

Question: Section 1 and the Statement of Work reference a formal presentation at the November 18, 2026 ACRE Committee meeting. Does LACERA require in-person attendance in Pasadena for that presentation, or is virtual attendance acceptable?

Response: LACERA expects the selected assessor to attend the November 18, 2026 ACRE Committee meeting onsite in Pasadena to present the EQA results, unless otherwise directed by LACERA.

Question: Is there a budget range or not-to-exceed amount for this EQA engagement?

Response: LACERA has not established a disclosed budget range or not-to-exceed amount for these services. Proposed fees will be considered as one component of

LACERA's evaluation process, along with the respondent's qualifications, experience, proposed approach, staffing, timeline, and overall value to LACERA.

Question: Section 5 of the RFP indicates LACERA will score proposals against "a set criteria" under a Best Value Standard. Can LACERA share the specific evaluation criteria and their point values or weightings that will apply?

Response: LACERA will evaluate proposals in accordance with the evaluation and selection process described in the RFP. Evaluation considerations may include, but are not limited to, the respondent's qualifications, experience performing external quality assessments, public-sector and internal audit expertise, proposed methodology, understanding of the scope of services, project staffing, proposed timeline, quality of deliverables, fee proposal, and overall value to LACERA. LACERA does not anticipate providing additional point values or weightings beyond the information included in the RFP.

Question: Can LACERA share its standard contract, or alternatively a summary of key contractual terms (including indemnification, limitation of liability, insurance, intellectual property/work product ownership, confidentiality, data protection, and termination provisions), so respondents may properly evaluate the requirements and identify any anticipated exceptions in their proposal response?

Response: LACERA's RFP materials identify the applicable contract negotiation process and related requirements. Respondents should identify any requested exceptions, concerns, or proposed modifications in their proposal response. Any final agreement will be subject to LACERA's review and approval process. Key contractual expectations include appropriate confidentiality, data protection, ownership of deliverables and work product, compliance with applicable laws and professional standards, insurance and risk allocation requirements, and termination provisions appropriate for the engagement.

Question: Can LACERA provide a high-level overview of the key systems used by the Internal Audit function (audit management software, workpaper repository, GRC platform, data analytics tools)?

Response: Internal Audit uses TeamMate+ as its audit management system to support audit planning, workpaper documentation, supervisory review, reporting, recommendation follow-up, and related QAIP evidence. Internal Audit may also use Microsoft Office, SharePoint, and other LACERA-approved tools to support documentation, collaboration, analysis, and reporting. Additional details regarding systems and documentation repositories will be provided to the selected assessor during engagement planning as appropriate.

Question: Will the Assessor be granted direct read-only access to workpapers, audit reports, and supporting documentation via LACERA's audit management platform, or will documentation be provided via a shared secure file transfer environment?

Response: LACERA expects to provide the assessor with exported documentation from TeamMate+ and other relevant records, rather than direct system access, unless otherwise determined necessary and approved by LACERA. Documentation may be provided through a secure LACERA-approved file transfer or document sharing environment. Any access to LACERA systems or records would be subject to applicable security, confidentiality, and data protection requirements.

Question: Who is LACERA's current external auditor, and will the Assessor have direct access for the required external auditor interview?

Response: LACERA contracts out external audit reviews every five years. LACERA does not have a current external auditor. The EQA performed in 2022 was performed by the IIA Quality Services division. A copy of the report will be provided to the selected assessor.

Question: Exhibit D identifies a "preliminary summary report outlining key observations and themes" as a required deliverable, in addition to the final EQA Report. Could LACERA clarify when the preliminary summary report is expected to be delivered relative to the November 18, 2026 ACRE Committee meeting and the intended audience (e.g., CAE only, executive management, ACRE Committee Chair)?

Response: LACERA expects the preliminary summary report to be delivered before the final EQA report and sufficiently in advance of the November 18, 2026 ACRE Committee meeting to allow discussion of key observations, validation of factual accuracy, and preparation of the final report. The intended audience will be confirmed during engagement planning, but may include the Chief Audit Executive, designated Internal Audit staff, executive management, and other stakeholders as determined by LACERA. The final report will be prepared for presentation to the ACRE Committee.

Question: Exhibit D references "Enterprise risk management processes" as an evaluation area. Could LACERA clarify which group or function at LACERA owns and operates the ERM program; whether the Internal Audit Division has any operational responsibility for ERM, or is limited to providing assurance over management's ERM activities; and whether the intent is to evaluate Internal Audit’s coordination with and reliance on ERM or evaluate the design and effectiveness of the ERM program itself?

Response: The EQA should evaluate Internal Audit’s role in relation to LACERA’s governance, risk management, and control processes, including how Internal Audit considers enterprise risk information in audit planning, coordination, and assurance activities. The intent is not for the assessor to perform a separate evaluation of the design and effectiveness of LACERA’s ERM program itself. Internal Audit’s role is expected to remain independent and focused on assurance and advisory activities, rather than operational ownership of ERM.

Question: The Statement of Work references conformance with the Global Internal Audit Standards effective January 2025. Could LACERA confirm whether the Internal Audit Division has adopted or is in the process of adopting the IIA's mandatory Topical Requirements; whether LACERA expects the EQA to specifically evaluate conformance with applicable Topical Requirements for engagements in the sampled population; and whether LACERA has performed any internal audit engagements covering cybersecurity, third-party risk, AI, or fraud during the anticipated review period that would trigger Topical Requirement application?

Response: Internal Audit is in the process of updating its QAIP, methodology, templates, and related practices to align with the Global Internal Audit Standards effective January 2025, including consideration of applicable IIA requirements and guidance. Respondents should describe how their methodology will address any applicable Topical Requirements within the scope of sampled engagements, if relevant. The final determination of whether specific sampled engagements trigger evaluation against Topical Requirements will be made during engagement planning based on the engagement population, timing, subject matter, and applicable IIA guidance.

Question: Is LACERA completely satisfied with its current auditors and level of service? Are there any areas in which you would like to see changes/improvement?

Response: LACERA is seeking an independent External Quality Assessment to evaluate Internal Audit's conformance with the Global Internal Audit Standards, assess the effectiveness and efficiency of Internal Audit operations, and identify opportunities for improvement. The purpose of the engagement is not to express dissatisfaction with current audit services, but to obtain an objective assessment, benchmarking, and recommendations that support continuous improvement and strengthen Internal Audit's value to LACERA.

Question: Can you please provide a copy of the most recent report?

Response: LACERA does not anticipate providing the full prior EQA report during the proposal phase. Relevant background information regarding the most recent EQA, including the assessor and overall conclusion, has been provided in response to respondent questions. Additional documentation may be made available to the selected assessor during engagement planning, subject to confidentiality, relevance, and LACERA's document disclosure protocols.

Question: In your opinion, what is the most important service that your audit provider can/should provide outside of their reports and related required correspondence?

Response: LACERA values an assessor that provides practical, objective, and actionable insight beyond the required report, including thoughtful benchmarking, clear communication of emerging themes, constructive recommendations, and guidance that helps Internal Audit strengthen its methodology, QAIP, stakeholder engagement, and overall value to the organization. The assessor should also support effective knowledge transfer and provide observations that are tailored to LACERA's public pension governance environment.

Question: Have there been any significant changes in management/personnel, organizational structure, operations, procedures, policies, information technology systems or service providers since the last external quality assessment review?

Response: Internal Audit has experienced recent changes and ongoing enhancements, including alignment with the January 2025 Global Internal Audit Standards, continued use and refinement of TeamMate+ workflows, updates to the audit universe and risk assessment methodology, and transition to a new Chief Audit Executive. These changes should be considered by the assessor when planning and performing the EQA.

Question: Would you like the external quality assessment review conducted in person, remotely or perhaps a hybrid approach?

Response: LACERA expects most engagement activities may be performed remotely. However, the selected assessor is expected to attend the November 18, 2026 ACRE Committee meeting onsite in Pasadena to present the EQA results, unless otherwise directed by LACERA. Respondents may propose a hybrid approach if they believe onsite activities would enhance the effectiveness of interviews, document review, or stakeholder engagement.

Question: Can you please provide the previous fees charged for the most recent external quality assessment review?

Response: LACERA is not disclosing the previous fees charged for the most recent External Quality Assessment as part of the RFP questions and answers. Respondents should develop proposed fees based on the scope of services, required deliverables, proposed methodology, staffing approach, timeline, and overall level of effort described in the RFP.