

**The Public School and Education Employee
Retirement Systems of Missouri (PSRS/PEERS)**

3210 W. Truman Blvd. • Jefferson City, MO • 65109



REQUEST FOR PROPOSALS

FOR PROFESSIONAL AUDITING SERVICES

February 16, 2022

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**The Public School Retirement System of Missouri and
The Public Education Employee Retirement System of Missouri**

REQUEST FOR PROPOSALS

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I. INTRODUCTION

A. ***General Information***

The Public School Retirement System of Missouri (PSRS) and the Public Education Employee Retirement System of Missouri (PEERS) (hereafter referenced together as the "Retirement Systems") are requesting proposals from qualified firms of independent certified public accountants to audit their financial statements for each of the fiscal years ending June 30, 2022, June 30, 2023, and June 30, 2024. An option to audit the financial statements for the two subsequent fiscal years is also requested. These audits are to be performed in accordance with U.S. generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants (AICPA).

Upon the completion of the annual financial statement audit of the Retirement Systems, we are also requesting proposals to audit the Retirement Systems' Schedule of Pension Information for Participating Employers; inclusive of employer allocations, net pension liability, total deferred outflows of resources, total deferred inflows of resources and total pension expense. The resulting audit report is provided to our participating employers to facilitate compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended. Hereafter, referenced as the "GASB 68 Audit".

There is no expressed or implied obligation for the Retirement Systems to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

Any inquiries concerning the request for proposals should be addressed to Jeffrey Hyman, Director of Internal Audit and Monica Cain Senior Accountant. Any firm notifying the Retirement Systems of its intent to bid will be kept updated with any clarifications or additional information provided to other firms.

To be considered, the proposal must be received via email by Jeffrey Hyman, Director of Internal Audit and Monica Cain Senior Accountant, by March 11, 2022.

The Retirement Systems reserve the right to reject any or all proposals submitted.

Responses to the RFP will be reviewed by the Retirement Systems' staff. Only proposals that meet the criteria as outlined in this RFP will be evaluated. A recommendation will be made to the Board of Trustees for approval at its April 2022 board meeting.

During the evaluation process, the Retirement Systems reserve the right, where it may serve the Retirement Systems' best interest, to request additional information or clarification from proposers, or to allow corrections of errors or omissions. At the

discretion of the Retirement Systems, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The Retirement Systems reserve the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the Retirement Systems and the firm selected.

It is anticipated the selection of a firm will be completed by April 11, 2022. Following the notification of the selected firm, it is expected a contract will be executed between both parties within thirty days.

B. *Term of Engagement*

A three-year contract for fiscal years 2022, 2023 and 2024 is contemplated, subject to the annual review and recommendation of the Retirement Systems staff, the satisfactory negotiation of terms (including a price acceptable to both the Retirement Systems and the selected firm) and the concurrence of the Board of Trustees. An option to audit the financial statements for the two subsequent fiscal years is also requested. Firms are advised that under the provisions of this RFP, the Retirement Systems reserve the right to conduct negotiations of the proposals received or to award a contract without negotiations.

C. *Subcontracting*

If the firm plans to subcontract any portion of the audit work, that fact, and the name of the proposed subcontracting firms, must be clearly identified in the proposal. Following the award of the audit contract, no additional subcontracting will be allowed without the express prior written consent of the Retirement Systems.

II. NATURE OF SERVICES REQUIRED

A. *General*

The Retirement Systems are soliciting the services of qualified firms of independent certified public accountants to audit their financial statements and perform the GASB 68 Audits for the fiscal years ending June 30, 2022, 2023 and 2024. In addition, we are requesting an option to perform these engagements for each of the two subsequent fiscal years. These audits are to be performed in accordance with the provisions contained in this document and the executed contract.

B. *Scope of Work to be Performed*

Perform an annual audit of the Retirement Systems' financial statements in accordance with audit standards generally accepted in the United States of America and express an opinion as to whether the financial statements present fairly, in all material respects, the statements of fiduciary plan net position as of the applicable June 30, 20XX and the related statements of changes in fiduciary plan net position for the year then ended in conformity with U.S. generally accepted accounting principles.

Perform an annual audit of the Schedule of Employer Allocations and Schedule of Pension Amounts by Employer in accordance with audit standards generally accepted in the United States of America and express an opinion as to whether those schedules and accompanying notes present fairly, in all material respects, the audited elements for the specified year ended June 30, 20XX, in accordance with U.S. generally accepted accounting principles. These schedules, referred to as the "GASB 68 Schedules," are the result of AICPA guidance found in their whitepaper titled "Governmental Employer Participation in Cost-Sharing Multiple-Employer Plans: Issues Related to Information for Employer Reporting." See the GASB 68 Schedules for the year ended June 30, 2020, for more information. The June 30, 2021, GASB 68 Schedules are currently being finalized.

The auditor is not required to audit management's discussion and analysis (MD&A) and required supplementary information (RSI) required by GASB. However, the auditor is to provide an "in-relation-to" report on the MD&A and RSI based on the auditing procedures applied during the audit of the financial statements.

The auditor is not required to audit the introductory, statistical, investments, or actuarial sections of the Annual Comprehensive Financial Report (ACFR).

The auditor shall also be responsible for performing certain limited procedures involving RSI required by GASB.

The audits shall include tests of the accounting and other supporting records (including census data) as deemed necessary by the independent auditor in order to express such opinions.

C. *Auditing Standards to be Followed*

To meet the requirements of this request for proposals, the audit shall be performed in accordance with U.S. generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants.

D. *Reports to be Issued*

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue:

1. A report (audit opinion) on the fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles.
2. Communication of Audit Related Matters

Auditors shall assure themselves that the Board of Trustees is informed of each of the following:

- a) The auditor's responsibility under U.S. generally accepted auditing standards
 - b) Planned scope and timing of the audit
 - c) Significant audit findings
 - d) Difficulties encountered in performing the audit
 - e) Corrected and uncorrected misstatements
 - f) Disagreements with management
 - g) Management representations
 - h) Management consultation with other independent accountants
 - i) Significant accounting policies
 - j) Management judgments and accounting estimates
 - k) Significant audit findings or issues
 - l) Internal control
 - m) Other information in documents containing audited financial statements
3. A Management Letter indicating any material weaknesses or control deficiencies in internal control procedures noted during the course of the financial statement audit. If no such instances are noted a Management Letter is not required to be issued but instead may be addressed in the Communication of Audit Related Matters.
 - a) The management letter will be reviewed in draft form with designated Retirement Systems' personnel in order to determine the observations reflect an accurate understanding of the Retirement Systems' policies and procedures.
 4. An audit opinion on the Retirement Systems' Schedules of Employer Allocations and Schedules of Pension Amounts by Employer. (**Note:** the timing of this report is later than all other reports.)
 5. Auditors shall be required to make an immediate, **written** report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the Board of Trustees and the Executive Director.

E. *Special Considerations*

The Retirement Systems will send their ACFR to the Government Finance Officers Association of the United States and Canada for review in their Certificate of Achievement for Excellence in Financial Reporting program. It is anticipated that the auditor will be required to review the ACFR to ensure that it meets the requirements of that program. In addition, the Retirement Systems may require the auditor's assistance to ensure that any new GASB reporting requirements are met.

F. *Working Paper Retention and Access to Working Papers*

All work papers and reports will be retained, at the auditor's expense, for a minimum of five years, unless the firm is notified in writing by the Retirement Systems of the need to extend the retention period.

The auditor will be required to make the work papers available upon request of representatives of federal and state agencies, including the State Auditor's Office. In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

The successful bidder must maintain complete confidentiality of all records resulting from the audits and may not disclose or transfer such information to any party without the express written consent of the Retirement Systems.

III. DESCRIPTION OF THE RETIREMENT SYSTEMS

A. *Organizational Structure*

PSRS and PEERS are two separate retirement systems. Fiduciary responsibility for the operation and administration of both PSRS and PEERS is placed with the PSRS Board of Trustees. The Board of Trustees consists of seven members: four elected and three appointed by the Governor. The Board of Trustees delegates the daily administrative functions to the Executive Director. The Executive Director is responsible for employment of the Retirement Systems' staff and for the routine operation of the systems within the scope of the law and the board's regulations.

The staff is structured into functional departments. The following departments serve both systems: Executive, Legal, Information Technology, Investments, Member Services, Employer Services, Accounting, Internal Audit, Human Resources, Communications and Maintenance.

B. *Background Information*

PSRS and PEERS are mandatory, cost sharing, multiple employer defined benefit pension plans established under Internal Revenue Code 401(a). The plan provisions governing the structure and operations of both plans are set forth in Chapter 169 of the Missouri Revised Statutes. Both systems operate as trust funds directed by an independent board of trustees. Neither retirement system is subject to direction by any state agency. Neither retirement system is subject to the Employee Retirement Income Security Act (ERISA).

The fiscal year for the Retirement Systems begins July 1 and ends June 30.

The total invested assets of both PSRS and PEERS were approximately \$56.8 billion on June 30, 2021. The combined Systems serve approximately 289,000 total members in 534 school districts and other employers. As of June 30, 2021, approximately 101,000 individuals received benefits from the Systems. Total annual benefits paid were nearly \$3.2 billion for the year ended June 30, 2021. The organization consists of approximately 150 permanent employees in a single location in Jefferson City, Missouri.

Contributions are made to the Retirement Systems for covered employment in the participating employers. The employer withholds the contributions due from the paychecks of employees, matches that amount, and forwards the money to the retirement systems on a regular basis. Most PSRS members do not contribute to Social Security.

The responsibility for the investment of the funds of the Retirement Systems is vested in the Board of Trustees. The Board of Trustees of PSRS and PEERS approved the commingling of assets for purposes of investment as allowed by state statute in January 2013. In order to implement this change, PSRS and PEERS adopted the Missouri Education Pension Trust Agreement (MEPT), which is managed by the PSRS and PEERS Board of Trustees and Investment Staff. Effective July 1, 2013, the invested assets of the Systems were pooled and invested in MEPT. All assets held by MEPT are for the exclusive benefit of PSRS and PEERS. Each of the Systems has equity in MEPT based on funds contributed and earnings allocated. Earnings of MEPT are allocated based on the average daily balances of each of the respective Systems. Individual investments in MEPT are not specifically identified to the respective Systems.

J.P. Morgan serves as the master custodian of assets and provides the official book of record for investment valuations and performance reporting. However, the Retirement Systems also track both accounting and performance internally and have extensive methods to review the accuracy of the global custodian.

J.P. Morgan provides the Retirement Systems and our auditors SOC 1/SSAE 18/ISAE 3402 "Reporting on Controls at a Service Organization" reports. The SOC 1/SSAE 16 reports do not include the verification of alternative investment transactions, some derivative transactions, some prime brokered account transactions, the services of subservice organizations, and other manual processes. All transactions inclusive of

prime brokered transactions and alternative investments are including in the custodians accounting and performance reporting. The Retirement Systems have additional monitoring and recording systems in place for these assets.

As of June 30, 2021, the Retirement Systems had relationships with 183 external investment managers, with 462 separate investment mandates. The chart below provides a high-level breakdown with the majority of the relationships being with in the Private Risk Assets portfolio which has over 380 separate mandates (limited partnerships).

	Number of Managers	Number of Mandates
Separate Accounts	26	44
Private Risk Asset Funds	137	387
Other Funds	20	31
Total Plan	183	462

Russell Investments (effective December 2021, formerly Verus) provides investment consulting services to the Retirement Systems. The Retirement Systems also contract with specialty consultants for alternative investments. The following specialty consultants are currently serving the Retirement Systems: The Townsend Group - real estate consultants, Pathway Capital Management – private equity and private credit consultants and Albourne America, LLC – hedge fund, private equity, and private credit consultants.

PricewaterhouseCoopers, LLP currently provides actuarial services to the Retirement Systems.

Background information, details of the retirement benefit program, and investment portfolio can be found in the fiscal year 2021 ACFR on the Retirement Systems’ website at <https://www.psr-peers.org/PEERS/Resources/Publications>. Additional information regarding the Retirement Systems is also available at www.psr-peers.org.

C. Federal and State Awards

No Federal or State Awards were received by either system. Both PSRS and PEERS are funded solely from employing districts, members, and investment earnings.

D. Component Units

No component units are included in the Retirement Systems' financial statements. The Retirement Systems are not included as a component unit of any other organization's financial statements.

E. GASB 68 Audit

Annually, the Director of Internal Audit prepares an audit plan for the GASB 68 audit procedures. The audit plan is shared with the auditor and revised as necessary to allow reliance on the Director of Internal Audit's work. As part of the audit plan on an annual basis participating employers must reconcile their PSRS/PEERS reported retirement salary to salary as reported on their quarterly Form 941s. In addition, each participating employer must complete an internal control questionnaire on their processes over reporting to the Retirement Systems. The internal audit staff also performs a selection of employer on-site visits. It is expected that the auditor will attend approximately five on-site visits with the Director of Internal Audit. The Director of Internal Audit prepares an annual audit report on all procedures utilized for determining that census data is accurate and complete. The work of the internal audit department is provided to the auditor for use in their testing and audit processes.

F. *Computer Systems*

The Retirement Systems use Oracle Cloud for its financial management and human capital management software. Modules in use include general ledger, accounts payable, accounts receivable, asset management, expenses, human resources, and payroll.

OASIS is the pension administration system utilized for the Retirement Systems. OASIS was developed by an outside vendor and customized to specifically meet the needs of the Retirement Systems. OASIS is now 100% maintained and enhanced by the Retirement Systems' information technology teams. OASIS maintains all employer and member data inclusive of contributions, service earned, benefit payments, demographic changes, etc. OASIS has web-based functionality and allows for employers to transmit data for each payroll including service, salary, contributions, and forms of payment directly to the Retirement Systems. Members can also apply for retirement, review information, and update specific criteria via Web Member Services powered via OASIS.

OASIS provides necessary general ledger transactions to be imported for accurate and complete financial statements.

A number of software products are utilized in management of the investment portfolio including but not limited to PrivateI, PrivateInformant, StyleAdvisor, eVestment, Bloomberg and JP Morgan's online portals.

G. *Availability of Prior Audit Reports and Working Papers*

A copy of the 2021 ACFR is available on our website at <https://www.psr-peers.org/PEERS/Resources/Publications>. Prior year reports are also available at this address. Interested firms who wish to obtain copies of the GASB 68 Audit report, or Actuarial Valuations should contact Jeffrey Hyman, Internal Auditor at JHyman@psrsmo.org and Monica Cain, Senior Accountant at MCain@psrsmo.org.

Prior audit working papers will not be available until after the awarding of the bid.

IV. TIME REQUIREMENTS

A. *Proposal Calendar*

Issuance of RFP	February 16, 2022
Questions Deadline	February 22, 2022
The Retirement Systems response to questions	February 23, 2022
RFP Response Deadline	March 11, 2022
Oral Presentations	Week of March 21st
Selection of firm at Board of Trustees Meeting	April 11, 2022
Selected firm notified	April 12, 2022

B. *Audit Fieldwork and Final Reports Timeline*

The auditor is required to perform all fieldwork on-site with the exception of wrap-up activities, report preparation, and board presentation preparation.

Final audit fieldwork is expected to occur between September 5, 2022, and September 30, 2022, with a similar timeline for subsequent years. The Retirement Systems will have all financial records ready for audit during this timeframe, with the exception of final actuarial reports and related data (see additional details below). In addition, interim fieldwork could be performed at an earlier date to be agreed upon by the Retirement Systems and the auditors. The Retirement Systems preference is late August.

The actuarial valuations are presented annually at the October board meeting. It is currently expected that the October board meeting will be held on October 31, 2022. The auditor is required to provide the Retirement Systems with any proposed adjustments by October 8th that could impact the financial statements as utilized in the annual valuations. The actuary and the Retirement Systems will provide final actuarial results and census files following the October board meeting.

The Retirement Systems' staff will prepare a draft copy of the required financial statements, notes, and all required supplementary schedules. The actuarial valuations are completed in the month of October using final net assets for the fiscal year end. The actuarial and statistical sections are updated subsequent to receiving the valuations. The auditor report will be included in the ACFR. The Retirement Systems' staff shall prepare draft financial statements, notes, and all required supplementary schedules by November 1, 2022. This data is contingent on receipt of all necessary reporting from our independent actuaries.

Any revisions to the report or schedules prepared by the Retirement Staff, the auditors' report, audit communications letter and management letter, shall be delivered to the Retirement Systems' staff by November 12, 2022. The auditors' report will be included in the ACFR. A separate report will not be required to be issued. The full ACFR will be provided to the auditor for their review by November 8, 2022. Any revisions or comments the auditor has on the full ACFR should be provided to the Retirement Systems by November 12, 2022.

The Retirement Systems' staff will complete their review of the draft report as expeditiously as possible. Any comments to the Management Letter will be provided at this time. During this period, the auditor should be available for any meetings that may be necessary to discuss the audit reports including an exit conference with the Executive Director. Final reports and board presentation must be submitted by November 22, 2022, for delivery to the Board of Trustees.

A representative of the firm must be available to present the report at the December 2022 Budget and Audit Committee and Board of Trustees meetings. The meeting is typically held the first Monday in December.

Additional fieldwork is warranted for the GASB No. 68 audit report and is conducted after the final statement audit is finalized. As discussed above, it is anticipated that the auditor will participate in approximately five on-site visits to employers at a time mutually agreeable with the employers. These visits typically occur between mid-October and mid-December. The Retirement Systems will provide all required information to facilitate the GASB No. 68 fieldwork by the end of January 2023. The auditor shall provide the Retirement Systems with their final report by the end of February 2023.

Due dates for the remaining years covered under this proposal will be established annually but are expected to be similar.

V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR

A. *Retirement Systems' Staff*

The accounting staff and other personnel will be available during the audit to assist the firm by providing information, documentation, and explanations. The preparation of confirmations will be the responsibility of the Retirement Systems.

The Director of Internal Audit of the Retirement Systems will be available to assist the auditor in performing audit tests as needed, especially with census data testing for the report on Schedules of Pension Information for Participating Employers. Any reliance on the use of the Office of Internal Audit should be referenced in the responding firm's proposal.

The information technology department staff will be available as needed to provide systems documentation and explanations.

B. *Work Area and Equipment*

The Retirement Systems will provide reasonable workspace for the auditors, as well as access to a computer terminal with inquiry capabilities into the pension administration systems will be made available for auditor use.

VI. PROPOSAL REQUIREMENTS

A. *General Requirements*

1. Inquiries and Questions

All inquiries and questions concerning the request for proposals should be made to:

Jeffrey Hyman, Director of Internal Audit at JHyman@psrsmo.org

and

Monica Cain, Senior Accountant at MCain@psrsmo.org

Contact with personnel or trustees of PSRS other than Jeffrey Hyman or designee regarding this request for proposal shall be grounds for elimination from the selection process.

2. Submission of Proposals

The following material is required to be received by March 11, 2022, for a proposing firm to be considered:

- a) One electronic copy of a **Technical Proposal** to include the following:
 - a. Title page showing the request for proposals subject (RFP for Audit Services); the firm's name; the name, email, and telephone number of the contact person; and the date of the proposal.
 - b. Table of Contents
 - c. Transmittal Letter - a signed letter of transmittal briefly stating:
 - i. The proposer's understanding of the work to be done;
 - ii. The commitment to perform the work within the time period;
 - iii. A statement of why the firm believes itself to be best qualified to perform the engagement; and
 - iv. A statement that the proposal is a firm and irrevocable offer for a period of two months.
 - d. Detailed Proposal – The detailed proposal should follow the order set forth in Section VII B of this request for proposals.
 - e. Executed copies of Proposer Guarantees and Proposer Warranties, attached to this request for proposal (Appendix B and Appendix C)

- b) The Proposer shall submit an electronic copy of the dollar cost bid via a separate email with the following subject line “Dollar Cost Audit Bid Proposal” to JHyman@psrsmo.org and MCain@psrsmo.org.

- c) Proposers should send the completed proposal via email with the following subject line “Audit RFP Proposal” to MCain@psrsmo.org and JHyman@psrsmo.org.

B. Technical Proposal

1. General Requirements

The purpose of the Technical Proposal is to demonstrate the qualifications, competence, and capacity of the firms seeking to undertake an independent audit of the Retirement Systems in conformity with the requirements of this request for proposals. As such, the substance of proposals will carry more weight than their form or manner of presentation. The Technical Proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the RFP requirements.

THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENT.

The Technical Proposal should address all the points outlined in the request for proposals (excluding any cost information which should only be included in the sealed dollar cost bid). The proposal should address all points outlined in the RFP and should

be prepared in a manner to provide a straightforward, concise description of the firm's capabilities.

While additional data may be presented, the following subjects, items Nos. 2 through 9, must be included. They represent the criteria against which the proposal will be evaluated.

2. Independence

The firm should provide an affirmative statement that it is independent of the Retirement Systems as defined by U.S. generally accepted auditing standards.

The firm should also list and describe the firm's (or proposed subcontractors') professional relationships involving the Retirement Systems for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

3. Indemnification

The firm should provide an affirmative statement that it agrees to indemnify, defend, save, and hold harmless the Retirement Systems, its Board of Trustees, officers, employees, agents and representatives from and against all claims, demands, liabilities, suits, actions, damages, losses, and costs of every kind and nature, whatsoever including without limitation, court costs, investigative fees and expenses, and attorney's fees, arising out of or caused by bad faith, fraud, negligence, or willful misconduct of the firm, and/or its partners, principals, agents, employees and/or subcontractors in the performance of or failure to perform the contract.

4. License to Practice in Missouri

An affirmative statement should be included that the firm and all assigned key professional staff are properly licensed to practice in Missouri.

5. Confidentiality

The firm shall acknowledge that it may obtain confidential information and materials concerning the Retirement Systems, its investment advisors, employees, members, and annuitants while providing audit services in connection with this RFP. Therefore, the firm and any affiliate, subsidiary, parent company, employee, agent, or subcontractor shall maintain in a strictly confidential manner any and all information or materials of any kind that are compiled, created, developed, or otherwise obtained for the Retirement Systems. The firm shall certify that any confidential information obtained

from the Retirement Systems shall not be made available, reproduced, sold, distributed, or otherwise published or disseminated to any person or entity, except as is absolutely necessary for the firm to perform the services required by the RFP.

In addition, the firm or any affiliate, subsidiary, parent company, employee, agent, or subcontractor may not contact or send information to any Retirement Systems' investment advisor, member, annuitant, or employee without the express written permission of the Retirement Systems. The firm must also agree to notify the Retirement Systems of any instances that the confidentiality of any information to which it has been given access has been breached.

6. Firm Qualifications and Experience

The proposer should state the size of the firm, the size of the firm's pension audit staff, the location of the office from which the work on this engagement is to be performed, the number and nature of the professional staff to be employed on this engagement on a full-time basis, and the number and nature of the staff to be so employed on a part-time basis.

If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve as the principal auditor should be noted, if applicable.

The firm is also required to submit a copy of the report on its most recent external quality control review (inclusive of the management letter), with a statement whether that quality control review included a review of specific pension engagements.

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three years with state regulatory bodies or professional organizations.

7. Partner, Supervisory and Staff Qualifications and Experience

The firm should identify the principal supervisory and management staff, including engagement partners, managers, other supervisors, and specialists, who would be assigned to the engagement and indicate whether each such person is licensed to practice as a certified public accountant in Missouri. The firm also should provide information on the public pension auditing experience of each person, including information on relevant continuing professional education for the past three years and membership in professional organizations relevant to the performance of this audit.

The firm should also indicate how the quality of staff over the term of the agreement will be assured.

The firm will provide a statement describing the firm's affirmative action program and their commitment to maintain such a program.

Engagement partners, managers, other supervisory staff, and specialists may be changed if those personnel leave the firm, are promoted, or are assigned to another office. These personnel may also be changed for other reasons with prior notification to the Retirement Systems. However, in either case, the Retirement Systems retain the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this request for proposal can only be changed with the express prior written permission of the Retirement Systems, which retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

The firm shall provide information on if there any going concerns regarding the viability of the firm.

The firm shall provide information on whether it performs background checks on new hires and employees.

The firm shall describe the firm's resources dedicated to technology.

The firm shall describe the firm's policy with respect to gifts and entertainment.

8. Similar Engagements with Other Public Pension Systems

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements performed in the last three years that are similar to the engagement described in this request for proposal. Specifically, include information on engagements with other large public pension funds and entities with large alternative investment portfolios. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

9. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section II of this request for proposal. In The proposal should set forth separately the additional work to be required for the GASB 68 Audit.

Proposers will be required to hold an initial planning meeting with the Retirement System within four weeks of being awarded the proposal. This meeting may be required annually thereafter.

Proposers will be required to provide the following information on their audit approach:

- i. Proposed segmentation of the engagement
- ii. Level of staff and number of hours to be assigned to each proposed segment of the engagement

NO DOLLARS SHOULD BE INCLUDED IN THE TECHNICAL PROPOSAL

- iii. Risk assessment methodology
- iv. Balance between control and substantive testing
- v. Sample size and the extent to which statistical sampling is to be used in the engagement
- vi. Extent of use of automated software or data analysis software in the engagement. Specify areas that such software is anticipated to be used
- vii. Type and extent of analytical procedures to be used in the engagement
- viii. Approach to be taken to gain and document an understanding of the Retirement Systems' internal control structure
- ix. Approach to be taken in determining laws and regulations that will be subject to audit test work
- x. Approach to be taken in the evaluation of alternative investment valuations and transactions, including information to be requested from the general partners, custodial bank, Retirement System staff and others
- xi. Approach to be taken in the evaluation of traditional investment valuations and transactions, including information to be requested from the custodial bank, Retirement System staff and others
- xii. Approach for reliance on the work of the Retirement System's independent actuaries
- xiii. Any additional information the firm considers essential.

C. Sealed Dollar Cost Bid

1. Total All-Inclusive Maximum Price

The sealed dollar cost bid should contain all pricing information relative to performing the audit engagement as described in this request for proposal. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses. A separate bid should be included for the GASB 68 Audit.

The Retirement Systems will not be responsible for expenses incurred in preparing and submitting the technical proposal or the sealed dollar cost bid. Such costs should not be included in the proposal.

The first page of the sealed dollar cost bid should include the following information:

- a. Name of firm
- b. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the Retirement Systems.
- c. A total all-inclusive maximum price for each of the three-year contract period. A schedule similar to the following should be provided, inclusive of a bid for additional two years through June 30, 2026:

Maximum Price

Fiscal Year	Retirement Systems' Financial Statement Audit and Related Reports	Review of the Retirement Systems' ACFR for Compliance with the GFOA Certificate of Excellence in Financial Reporting Program	GASB No. 68 Audit and Related Reports	Total
2022	-	-	-\$	-
2023	-	-	-\$	-
2024	-	-	-\$	-
Total	\$ -	\$ -	\$ -	\$ -

2. Rates and Hours by Partner, Specialist, Supervisory, and Staff Level

The second page of the sealed dollar cost bid should include a schedule of professional fees and expenses, presented in the format provided in the attachment (Appendix c), which supports the total all-inclusive maximum price for each year.

3. Rates for Additional Professional Services

If it should become necessary for the Retirement Systems to request the auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the Retirement Systems and the firm. Any such additional work agreed to between the Retirement Systems and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the sealed dollar cost bid.

D. *Background Information to be Provided*

Is there any pending or settled litigation against your firm related to accounting, auditing, tax, or other services in the last five years?

Has your firm received notice of any request to appear or respond to inquiries of the State Board of Accountancy concerning your firm or any of your clients during the last five years? If so, please provide information on the nature of these inquiries.

VII. EVALUATION PROCEDURES

A. *Review Process*

Responses to the RFP will be reviewed by the Retirement Systems' staff. Only proposals that meet the criteria as outlined in this RFP will be reviewed.

B. *Review of Proposals*

The committee will use a point formula during the review process to score proposals. The committee will only score proposals that first meet the mandatory criteria described below in Section VII C. After the composite technical score for each firm has been established, the sealed dollar bid will be opened, and additional points will be added to the technical score based on the price bid.

The Retirement Systems reserve the right to retain all proposals submitted and to use any idea in a proposal regardless of whether that proposal is selected.

C. *Evaluation Criteria*

Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications

and price. The following represents the principal selection criteria, which will be considered during the evaluation process.

1. Mandatory Elements

- a) The audit firm is independent and licensed to practice in Missouri.
- b) The firm has no conflict of interest with regard to any other work performed by the firm for the Retirement Systems.
- c) The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal.
- d) The firm submits a copy of its last external quality control review report (inclusive of the management letter), and the firm has a record of quality audit work.
- e) The firm has conducted at least two similar engagements for public pension systems in the past three years. Such engagements are required to have included a diversified investment portfolio including alternative investments.
- f) The firm has conducted similar GASB No. 68 engagements.
- g) The firm can meet the timeline outlined in the proposal, inclusive of being on-site as noted.

2. Technical Quality – Expertise, Experience, and Audit Approach

- a) The firm’s experience and performance on comparable engagements.
- b) The quality of the firm’s professional personnel to be assigned to the engagement and the quality of the firm’s management support personnel to be available for technical consultation.
- c) Adequacy of proposed staffing plan for various segments of all engagements
- d) Ability and willingness to meet the requirements and needs of the Retirement Systems with respect to the audit as outlined in this RFP and as demonstrated in the response.

3. Professional Fees

Total firm, fixed price for original contract period.

D. Oral Presentations

During the evaluation process, the committee may, at its discretion, request any one or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the committee may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

E. Final Selection

The Board of Trustees will select a firm after reviewing the recommendations made by Staff. It is anticipated that a firm will be selected at the April 11, 2022, meeting of the Board of Trustees.

F. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the Retirement Systems and the firm selected.

The Retirement Systems reserve the right without prejudice to reject any or all proposals.

VIII. Terms and Conditions

PSRS/PEERS makes no representations or warranties, expressed or implied, as to the accuracy or completeness of the information in the RFP and nothing contained herein is or shall be relied upon as a promise or representation, whether as to the past or the future. The RFP does not purport to contain all of the information that may be required to evaluate the RFP and any recipient hereof should conduct its own independent analysis of PSRS/PEERS and the data contained or referenced herein. PSRS/PEERS does not anticipate updating or otherwise revising the RFP. However, this RFP may be withdrawn, modified, or re-circulated at any time at the sole discretion of PSRS/PEERS.

PSRS/PEERS reserves the right, at its sole discretion and without giving reasons or notice, at any time and in any respect, to alter these procedures, to change and alter any and all criteria, to terminate discussions, to accept or reject any response, in whole or in part, to negotiate modifications or revisions to a response and to negotiate with any one or more respondents to the RFP.

PSRS/PEERS is not and will not be under any obligation to accept, review or consider any response to the RFP, and is not and will not be under any obligation to accept the lowest offer

submitted or any offer at all. PSRS/PEERS is not and will not be under any obligation to any recipient of, or any respondent to, the RFP except as expressly stated in any binding agreement ultimately entered into with one or more parties, either as part of this RFP process, or otherwise.

This RFP is not an offer but a request to receive a response. PSRS/PEERS will consider a response as an offer to develop an agreement based upon the contents of the response. Respondents agree that the contents of their responses are valid for one year from the date of submission. PSRS/PEERS will not be liable for any cost incurred in the preparation of a response and will not reimburse any respondents for their submission. Expenses related to the production of a response are the sole responsibility of the respondent.

Vendor acknowledges that, pursuant to the Missouri Open Records Act, section 610.010, et seq., PSRS/PEERS may be required to release to third parties all information provided by Vendor in response to this RFP, regardless if such information is labeled "confidential," "proprietary" or is otherwise intended by Vendor not to be released to third parties, without providing advance notice to Vendor of a request for such information or the release of such information. By submitting a response, Vendor acknowledges and agrees that PSRS/PEERS shall have no liability to Vendor or to any other person or entity for disclosing information in accordance with the Missouri Open Records Act, as interpreted by PSRS/PEERS.

If any agreement resulting from this RFP has a value of \$100,000 or more and the vendor has ten or more employees, Vendor will be required to certify in the agreement, pursuant to Section 34.600 RSMo., that it is not currently engaged in, and shall not for the duration of this Contract engage in a boycott of (1) goods or services from the State of Israel, (2) companies doing business in or with Israel or authorized by, licensed by, or organized under the laws of the State of Israel, or (3) or persons or entities doing business in the State of Israel. For purposes of the certification, "boycott Israel" and "boycott of the State of Israel" means "engaging in refusals to deal, terminating business activities, or other actions to discriminate against, inflict economic harm, or otherwise limit commercial relations specifically with the State of Israel, companies doing business in or with Israel or authorized by, licensed by, or organized under the laws of the State of Israel, or persons or entities doing business in the State of Israel, that are all intended to support a boycott of the State of Israel." Vendor hereby acknowledges and agrees that, notwithstanding any provision to the contrary in the resulting agreement, the resulting agreement will be void in the event the certification is breached.

Vendor acknowledges that all lawsuits involving PSRS/PEERS must be brought in Cole County Circuit Court, Cole County, Missouri, and be subject to Missouri Law, whether or not related to this RFP or any contract or agreement entered into pursuant to this RFP.

IX. APPENDICES

A. APPENDIX A -- PROPOSER GUARANTEES

- I. The proposer certifies it can and will provide and make available, as a minimum, all services set forth in Section II, Nature of Services Required.

Signature of Official: _____

Name (typed): _____

Title: _____

Firm: _____

Date: _____

B. APPENDIX B -- PROPOSER WARRANTIES

- A. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees, or agents thereof.
- B. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the Retirement Systems.
- C. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.
- D. Proposer warrants that it will comply with confidentiality requirements detailed in Section VI (B) 5.

Signature of Official: _____

Name (typed): _____

Title: _____

Firm: _____

Date: _____

C. APPENDIX C -- FEES

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

FOR THE AUDIT OF THE 2022 ENGAGEMENTS

Maximum Price														
Retirement Systems' Financial Statement Audit and Related Reports				Review of the Retirement Systems' ACFR for Compliance with the GFOA Certificate of Excellence in Financial Reporting Program				GASB No. 68 Audit and Related Reports						
Hours	Standard Hourly Rates	Quoted Hourly Rates	Total	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total	Grand Total Cost		
Partners														
Managers														
Supervisory Staff														
Staff														
Other (specify)														
												Out of pocket expenses:		
												Other (specify)		
												Total All-Inclusive Prices for the fiscal year 2022 audit		