

**EMPLOYEES' & ELECTED OFFICIALS' RETIREMENT SYSTEMS  
OF THE  
CITY OF BALTIMORE, MARYLAND**

**REQUEST FOR PROPOSAL  
FOR  
FINANCIAL AUDITING SERVICES**

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## Section A: Introductory Section

*This section contains important information concerning the Employees' and Elected Officials' Retirement Systems of the City of Baltimore and the proposal process for selecting an independent Audit provider.*

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### I. Introduction and Background

The Board of Trustees (Board) of the Employees' Retirement System (ERS) and the Elected Officials' Retirement System (EOS) is soliciting proposals from qualified certified public accounting firms that have experience auditing public employee retirement systems. The selected firm will audit the ERS and EOS financial statements for fiscal years ending June 30<sup>th</sup>. These audits are to be performed in accordance with generally accepted auditing standards.

Established January 1, 1926, the ERS is a defined benefit local government retirement system that provides service retirement, disability, and death benefits to employees in the general administration service of the City and to certain non-teacher employees of the Baltimore City School System, and to the survivors and beneficiaries of such employees. The ERS membership is comprised of 8,332 active members and 9,194 retirees and beneficiaries.

Established December 5, 1983, the EOS is a defined benefit local government retirement system that provides service retirement, disability, and death benefits to the Mayor of Baltimore, the Comptroller, the President and members of the City Council, and to survivors and beneficiaries of such officials. The EOS membership is comprised of 16 active members and 31 retirees and beneficiaries.

By law, the same nine member Board of Trustees that administers the ERS also administers the EOS. The Executive Director has responsibility for daily operations of both systems.

CliftonLarsonAllen LLP currently provides auditing services to the ERS/EOS Board of Trustees. The audit for fiscal year end June 30, 2021 has been completed.

Marquette Associates, Inc. serves as the ERS/EOS investment consultant.

Meketa Investment Group serves as the ERS/ERS private equity investment consultant.

BNY Mellon Asset Servicing serves as the ERS/EOS custodian bank.

Cheiron, Inc. serves as the ERS/EOS actuary.

The Baltimore City Solicitor and the ERS/EOS general counsel provide legal counsel.

Information technology services are provided by internal staff and W&K Systems, Inc./WDIT, Incorporated DBA Corsica Technologies.

All investment decisions are made by outside investment managers subject to written objectives and guidelines established by the Board.

The assets that the ERS manages are broadly diversified and consist of the following: domestic equity, defensive equity, international equity, fixed income, real estate funds, private equity, and risk premia. ERS also participates in securities lending with its custodian bank, BNY Mellon. Assets in the EOS are also broadly diversified and consists of the following: domestic equity, defensive equity, international equity, fixed income strategies, and real estate.

A full copy of the ERS and EOS law, Article 22 §§1 – 28 and 46 – 49 of the Baltimore City Code, may be accessed at:

[https://legislative.reference.baltimorecity.gov/sites/default/files/Art%2022%20-%20Retirement%20Systems%20\(rev100621\).pdf](https://legislative.reference.baltimorecity.gov/sites/default/files/Art%2022%20-%20Retirement%20Systems%20(rev100621).pdf) .

This Request for Proposal (RFP) does not commit ERS/EOS to award a contract or to pay any costs incurred in the preparation or submission of proposals in response to the RFP. ERS/EOS reserves the right to reject any proposals in response to the RFP. Any response by any applicant to this RFP shall become the property of ERS/EOS and may be subject to public disclosure by ERS/EOS.

This RFP contains no contractual offer by ERS/EOS of any kind, and any proposal submitted shall be regarded as a proposal and not as an acceptance by the applicant of an offer made by ERS/EOS. No contractual relationship between any applicant and ERS/EOS shall be created as a result of this RFP except pursuant to a written agreement between the successful applicant and ERS/EOS.

ERS/EOS makes no representations as to the accuracy of the information contained in this RFP.

## **II. Scope of Auditing Services**

The following services should be included within the scope of your firm's fee proposal:

1. A financial and compliance audit with the purpose of expressing an opinion with respect to the financial statements and all notes.
2. The examination shall be conducted in accordance with generally accepted governmental auditing standards and include such tests and other auditing procedures that the auditor deems necessary under the circumstances.
3. The examination shall include a review of the ERS and EOS June 30, 2021, Annual Comprehensive Financial Reports and audited financial statements.
4. The audit shall include procedures to test compliance with legal requirements imposed by statute, ordinance, resolution and contract. Such tests will be sufficient to determine whether the ERS and EOS are in conformance with significant compliance requirements that could have a material effect upon the plans' financial positions.

5. The audit shall include an evaluation of the ERS and EOS internal controls to access the extent the controls can be relied upon to ensure accurate information and compliance with laws and regulations. Specific areas to be reviewed include plan sponsor and member contributions, member document completeness, retirement payroll processing, benefit calculations, Benefits Administration System (BAS) and any other areas the auditor feels are sensitive to internal control issues.
6. The audit firm shall make work papers available to the Board and ERS/EOS staff upon request.
7. The audit firm shall provide assistance to the ERS/EOS for application of GASB 67 and 68 and all current and relevant GASB statements.
8. The audit firm shall be available for technical advice on matters related to the financial statements prepared by the ERS/EOS.
9. The audit firm shall conduct audit entrance and exit conferences with ERS/EOS staff to discuss audit approach, and any subsequent findings recommendations. Information regarding audit adjustments will be brought to the attention of management prior to the exit conference. At the conclusion of the audit, ERS/EOS staff will review draft copies of the required reports before such reports are presented to the Board.
10. At the conclusion of the audit and within 60 days of completion of audit fieldwork or at a later date by mutual agreement, a representative of the audit firm shall appear before the Board to present the audited financial statements and audit report.

### **III. Deliverables**

The ERS and EOS are seeking a firm that will perform its duties under the negotiated agreement with the care, skill, prudence and diligence under the circumstances then prevailing and in accordance with applicable federal and state law, and ERS/EOS policies, guidelines, and procedures. In consideration of the above, the firm shall perform such work as is required to accomplish the following general objectives:

1. Conduct an annual audit of each of the ERS and EOS prepared Statements of Fiduciary Net Position and the related Statements of Changes in Fiduciary Net Position, including notes to financials and supplementary information for year-end.
2. Conduct each audit in accordance with auditing standards generally accepted in the United States of America, and standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

3. Express an opinion as to whether all Required Supplementary Information and supporting schedules and exhibits as prescribed by the GASB are fairly stated in all material respects in relation to the general purpose financial statements taken as a whole. Required Supplementary Information includes, but is not limited to, the Schedules of Funding Progress, Employer Contributions, Administrative Expenses Investment Expenses, and Payments to Consultants.
4. Express an opinion in writing on each set of ERS and EOS prepared financial statements listed above, at the conclusion of each audit, as to their conformity with accounting principles generally accepted in the United States of America.
5. A management letter summarizing audit findings and recommendation affecting the financial statements, internal controls, accounting, accounting systems and BAS is required.

#### **IV. Contract Terms.**

The Board seeks a 5 year contract with 2 one-year extension periods, extended at the option of the ERS/EOS Board. The contract shall include language specifying that the auditing services provided shall be for the following fiscal years:

- July 1, 2021 to June 30, 2022 (fiscal year 2022)
- July 1, 2022 to June 30, 2023 (fiscal year 2023)
- July 1, 2023 to June 30, 2024 (fiscal year 2024)
- July 1, 2024 to June 30, 2025 (fiscal year 2025)
- July 1, 2025 to June 30, 2026 (fiscal year 2026)
- July 1, 2026 to June 30, 2027 (fiscal year 2027) 1<sup>st</sup> renewal option
- July 1, 2027 to June 30, 2028 (fiscal year 2028) 2<sup>nd</sup> renewal option

The anticipated contract start date is June 1, 2022 or upon approval of the contract by the Baltimore City Board of Estimates, if later.

The auditing firm selected by the Board must provide the audit opinion report for the year ended June 30, 2022.

#### **V. Proposal Completion and Submission Procedures**

Please complete all questions in the order that they are presented in this Request for Proposal (RFP). Include all section and question numbers in your responses.

The individual(s) who is (are) authorized to bind the firm contractually **must sign a letter of transmittal**, which will be considered an integral part of the proposal. This cover letter must indicate the signer is so authorized and must indicate the title or position that the signer holds in the firm. An unsigned letter of transmittal will cause the proposal to be rejected. The letter of

transmittal must contain a statement that the firm acknowledges that all documents submitted pursuant to this request for proposal will become a matter of public record. **The letter of transmittal must also contain the following:**

1. The firm's name, address, and telephone and facsimile number.
2. The firm's Federal Identification Number and Corporate Identification Number, if applicable.
3. The name, title or position, and telephone of the individual signing the cover letter.
4. A statement indicating the signatory is authorized to bind the firm contractually.
5. The name, title or position, and telephone number of the primary contact and/or account administrator, if different from the individual signing the cover letter.
6. A statement to the effect that the proposal is a firm and irrevocable offer, good for five years and 2 one-year options.
7. A statement expressing the firm's willingness to perform the services as described in this RFP.
8. A statement expressing the firm's availability of staff and other required resources for performing all services and providing all deliverables within specified time frames.

The deadline for submission of the firm's proposal is March 7, 2022 at 4:00 p.m. (EDT). Please be as clear, accurate, and complete as possible in your responses. Providing incomplete or misleading information may lead to disqualification of the proposal and elimination of the firm from the search process.

Any proposals received after March 7, 2022 after 4:00 p.m.(EDT) will be rejected. The ERS/EOS does not accept any responsibility for receipt of any proposal that is improperly labeled, lost, or delivered late.

Please submit one full and complete electronic copy and 5 additional paper copies of the proposal to:

David A. Randall, Executive Director  
Employees' & Elected Officials' Retirement Systems  
7 E. Redwood Street, 12<sup>th</sup> floor  
Baltimore, Maryland 21202

Email: [RFPERS@BCERS.ORG](mailto:RFPERS@BCERS.ORG)

## **VI. Search Schedule**

January 20, 2022	RFP submission and Board approval
January 24, 2022	RFP advertised and available on ERS website
February 21, 2022	Last day for submission of RFP questions

March 7, 2022	Deadline for submission of proposals
March 7 - 14, 2022	Evaluation of proposals
March 17, 2022	Board Selection of finalists
April 21, 2022	Finalist presentations to Board & selection of firm
May 18, 2022	Contract preparation and submission of contract to City's Board of Estimates for approval
June 1, 2022	Commencement of audit services

The above time periods are subject to change.

## **VII. Evaluation Process**

All timely submitted proposals will be reviewed to determine which meet proposal requirements. Proposals that pass the preliminary review will undergo an evaluation by the staff. The evaluation committee will present the proposals to the Board. The Board will select finalists for subsequent presentation of their proposals. The selected finalists will present their proposals to the Board. The Board will select the audit firm. The selected audit firm must complete a contract and the Baltimore City Board of Estimates must approve the contract before commencement of audit services.

## **VIII. Inquiries**

All questions regarding the intent or content of this RFP or the proposal process must be directed by email on or before February 21, 2022, at 4 p.m. to:

[RFPERS@BCERS.ORG](mailto:RFPERS@BCERS.ORG)

Responses to all questions regarding the RFP will be provided to all firms that submit questions or that express via email an interest in receiving the responses to any questions. The responses will also be posted on the ERS website.

## **IX. Special Requirements**

### **A. Contact with Board Members Prohibited**

During the ERS/EOS Board search for a firm to provide audit services, a prospective provider of such services shall not have any contact with members of the ERS/EOS Board of Trustees, once a response to the RFP has been submitted.

### **B. Certificate of Independence**

Finalist candidates to this RFP will be required to file with the Executive Director a Certificate of Independence indicating whether or not the firm or any individuals within the firm have a



possible conflict of interest or any relationship with the Board members, the Executive Director or senior staff.

### C. MBE/WBE Participation

Baltimore City has a policy of encouraging the equitable utilization of minority-owned businesses and women-owned businesses. The firm must agree to make good faith efforts to utilize the services of minority business enterprises (MBEs) and women's business enterprises (WBEs). In identifying available MBEs and WBEs, the firm is encouraged to use the MBE/WBE Directory published by the City's Minority and Women's Business Opportunity Office, 410-396-4355.

In keeping with the spirit of Baltimore City's policy, the firm's efforts to utilize MBEs and WBEs and minority professionals in the financial and audit industry may include, with limitations: utilization of services and MBEs and WBEs relative to the audit services agreement between ERS/EOS and the firm, such as research; hiring and training of minority professionals with the goal of placing minority professionals in all managerial levels of the firm's organization; and promoting the education, training and hiring of minority professionals and the development of minority and women-owned businesses within the financial and auditing industry.

In order to assist the Board in monitoring compliance with this section, the firm may be required on an ongoing basis to provide the Board with a report showing the composition of its workforce relative to minorities and women, as well as the minority and women-owned businesses with which the firm does business.

## Section B: Proposal Content

*This Section outlines the information that is to be included in your proposal submission. The information requested must be provided in the numbers format that follows. All questions must be repeated in their entirety before each of the answers is provided. Responses that deviate materially from the prescribed format may lead to the rejection of the proposal.*

When completing the firm's response to this proposal, please be as clear, accurate, and complete as possible in your responses. Providing incomplete or misleading information may lead to disqualification of the proposal and elimination of the firm from the search process.

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### I. Proposal Questions

Include answers to the following questions in your written proposal. Please restate each question before your answer.

## **1. General Background Information**

- (a) Describe your firm, including history, size, locations, and number of CPAs, auditors and support staff.
- (b) Indicate which office location(s) will serve the ERS/EOS.
- (c) Is your firm affiliated with another company? If yes, describe the affiliate relationship(s). "Affiliate" means owned by another company, owned by a common controlling shareholder or interest, or intended by contract to be under the dominion or influence of another.
- (d) How long has your firm been providing auditing services?
- (e) Does your firm hold all of the licenses and registrations necessary to perform the services outlined above?
- (f) Describe the firm's governmental practice and list major governmental clients, locally, regionally, and nationally.
- (g) List current governmental retainer clients, including the year retained, plan size and plan type.
- (h) Describe any business relationships your firm has had with the City of Baltimore within the last five years.
- (i) Indicate which services are specialties or areas of greatest expertise, and describe how expertise is maintained and expanded.
- (j) Describe ability to research various technical questions related to accounting treatment of new and/or complex investment instruments, and GASB statements.
- (k) Will your firm provide educational tools to ERS/EOS staff and training sessions to the Board on proposed and new GASB statements? Will this be inclusive with auditing cost? If not, list cost for training.

## **2. Experience with Public Retirement Systems**

List public fund clients, similar in size and nature to the ERS/EOS, for whom the firm has provided professional auditing services within the past five years. Note the principal auditor assigned and the service(s) performed for each client.

For each reference listed, include the client name, address, and the name and telephone number of a contact person.

## **3. Audit Team**

- (a) Provide the name, title, address, telephone number, and e-mail address of the person whom the ERS/EOS may contact regarding your proposal.
- (b) Provide the name, title, address, telephone number, and e-mail address of the person who will sign the contract, if you are awarded the ERS/EOS audit service contract.
- (c) What auditors in your firm will be responsible for the ERS/EOS account?

- (d) Provide contact information, professional qualifications, general experience and experience with public retirement systems for each auditor.
- (e) Indicate who will be the lead auditor and the backup auditor(s) for the ERS/EOS account.
- (f) Indicate how many clients are assigned to the auditor that would be the primary and secondary auditor to the ERS/EOS.
- (g) Confirm whether the lead auditor will attend ERS/EOS Board meetings and report to the Board the opinion letter, and other requested reports.

#### **4. Audit**

- (a) Typically how much time is required from the date of engagement letter until the ERS/EOS Board will receive a completed opinion letter?
- (b) Provide a sample time line for preparing the annual audit from receipt of financial data from the ERS/EOS through submission of the opinion letter.
- (c) Outline the firm's basic audit approach and areas of audit emphasis.
- (d) Describe the firm's process for independently valuing investments, including alternative asset classes.
- (e) Provide proposed engagement letters.

#### **5. Standards of Conduct.**

- (a) Is there any pending litigation against your firm, an officer, or principal of your firm? If so, please explain.
- (b) Has there ever been any litigation against your firm, an officer or principal of your firm alleging an error or omission while acting as an auditor to a pension plan? If so, please explain.
- (c) Is your firm or an officer or principal of your firm now under indictment, court order, investigation, or order issued by any regulatory agency? If so, please explain.
- (d) When was your firm's latest peer review? Please provide a copy of the latest peer review.

#### **6. References.**

- (a) Current Clients -- Please provide the contact information (name, title, phone number and email address) of three existing clients for which you provide audit services.
- (b) Previous Clients – Please list any public sector clients who have terminated your auditing services during the past five years and their reasons for doing so. Please include the names, titles, and telephone numbers of contact persons for those entities.

## 7. Additional Information.

Summarize any additional information that the ERS should consider in making its decision. Include any elements which you believe to be unique.

## 8. Fees.

Submit a fixed fee proposal by completing **Schedule 1: Fees**, addressing the two types of fixed fee services listed below and providing hourly rates for supplementary services. Please propose a term for which you will guarantee your services and fees.

Annual Basic Services – Please provide a fee for all the financial audit services required and listed above in Section A, Part II, and for the deliverables listed in Section A, Part III.

- (a) The firm's fee should cover all expected out-of-pocket expenses, including travel expenses, if any.
- (b) If there are annual basic services included above for which the firm cannot submit a fee quote, please identify the service(s) and submit a proposal on the remaining items.
- (c) ERS/EOS generally accepts quarterly invoices for services. Please advise if this arrangement is acceptable to you.

Supplementary Services – Please list name, title and hourly rate of each audit team member who may be performing supplementary services.

## 9. Representations and Warranties

Please sign and have notarized **Schedule 2: Representations and Warranties**.

If different from the sum presented on **Schedule 2: Representations and Warranties**, provide the amount of errors and omissions insurance carried by your firm.

Identify who is covered by the errors and omissions policy.

## 10. Workforce by Ethnicity

To facilitate evaluating the firm's current efforts in hiring minorities and women, please complete and include with your submission **Schedule 3: Workforce by Ethnicity** showing composition of the firm's workforce relative to minorities and women.

In addition, please describe your affirmative action goals and indicate when you adopted them. Specifically describe the process by which you will satisfy your affirmative action employment and contracting goals. Include the policies and procedures for outreach and recruitment of minorities and women as employees and subcontractors.

## **II. Requested Materials and Additional Information**

In addition to any materials requested in the questions listed above, please include the following documents, along with the copy of your paper response. Any documents that can be sent in electronic format should be sent to [RFPERS@BCERS.ORG](mailto:RFPERS@BCERS.ORG) . A Firm organizational chart (showing the auditing firm, parent and all affiliates and subsidiaries).

1. A Firm organizational chart (showing the audit firm, parent and all affiliates and subsidiaries).
2. A current company annual report.
3. Current firm policies related to conflicts of interest.
4. A copy of the firm's mission statement and code of ethics.
5. A copy of the firm's standard marketing brochure that describes the firm's processes and services.
6. A copy of the firm's standard contract executed for audit services.
7. A copy of a sample Audit Report that would be presented to the Board.

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## Section C: Schedules

The following schedules are to be completed and submitted with your proposal. See Section B: Proposal Content, Part I: Proposal Questions, Subparts 8, 9, 10.

Schedule 1: Fees.

Schedule 2: Representations and Warranties.

Schedule 3: Workforce by Ethnicity.

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Name of Firm: \_\_\_\_\_

**SCHEDULE 2: REPRESENTATIONS AND WARRANTIES**

All firms are required to submit an executed copy of this schedule.

- A. The firm warrants that it maintains an errors and omissions insurance policy providing not less than \$25 million of coverage for negligent acts or omissions, a copy of which will be submitted to the Board of Trustees of the Employees’ Retirement System and the Elected Officials’ Retirement System of the City of Baltimore upon selection, and that such coverage will be applicable to the firm’s actions, responsibilities and obligations under an auditing agreement.
  
- B. The firm warrants that it has completed, obtained, and performed all registrations, filings, approvals, authorizations, consents or examinations required by any government, governmental authority, or other regulatory authority with respect to all services, actions, responsibilities, and obligations contemplated to be rendered by the firm under an auditing agreement.
  
- C. The firm warrants that the person submitting this proposal and executing these Representations and Warranties is duly authorized by the firm to submit this proposal and execute these Representations and Warranties.

\_\_\_\_\_  
Signature of Firm Owner Title

City/County of \_\_\_\_\_, State of \_\_\_\_\_

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 2022.

\_\_\_\_\_(SEAL)  
Notary Public

My Commission Expires: \_\_\_\_\_



Name of Firm: \_\_\_\_\_

**SCHEDULE 3: WORK FORCE BY ETHNICITY**

	Number of Employees										
	Overall	Male					Female				
<b>JOB CATEGORIES</b>	Total  (sum of following columns)	White  (not of Hispanic Origin)	Black  (not of Hispanic Origin)	Hispanic	Asian or Pacific Islander	American Indian or Alaskan Native	White  (not of Hispanic Origin)	Black  (not of Hispanic Origin)	Hispanic	Asian or Pacific Islander	American Indian or Alaskan Native
Officials and Managers											
Professionals											
Technicians											
Sales Workers											
Office and Clerical											
Total											

## Section D: Exhibits

*To assist in the preparation of responses to this request for proposal, the following exhibit are available on the ERS website [www.bcercs.org](http://www.bcercs.org) :*

Exhibit A. The Annual Comprehensive Financial Report of the Employees' Retirement System as of June 30, 2021.

Exhibit B. The Annual Comprehensive Financial Report of the Elected Officials' Retirement System as of June 30, 2021.



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