

## Request for Proposals for a Financial and Compliance Audit of the Colorado Public Employees Retirement Association (PERA) for the Year Ended December 31, 2020

### RFP Inquiries for Colorado PERA, August 14, 2020

1. Why is Colorado PERA going out to bid and how often does Colorado PERA go out to bid? Does the Colorado PERA require firm rotation or will the current auditors be invited to propose?  
As noted in the RFP in Section I, Part N.: “The successful bidder will be awarded a one-year contract which may be renewed on an annual basis for up to four additional years subject to acceptable performance and costs.” Therefore, the audit goes up for RFP every 5 years. The current audit firm must comply with the requirements of the RFP and therefore, would be allowed to propose with a partner rotation since the firm has only performed the audit for one five-year cycle. See Section I, Part L. for information on the eligibility of firms to propose.
2. Are the services in this RFP continually needed, even beyond the term of the resulting contract, and therefore may be bid out again?  
See the response to Question 1 above.
3. How long have you been with your current audit firm?  
The current audit firm has been performing the audit since Fiscal Year 2015.
4. Is there an incumbent currently providing these services?  
Yes.
5. Were there any issues with the current external auditors?  
No.
6. Is Colorado PERA willing to share historical audit hours, or if not known, how many auditors were generally at Colorado PERA during interim and final fieldwork and how long was fieldwork generally scheduled for each service?  
The actual number of hours, and number and levels of audit staff for this audit was not provided to us.
7. Typically, when did the previous auditors perform interim testing and year-end field work?  
According to PERA staff, interim testing for 2019 was completed in the 2nd and 3rd week in December, year-end field work was completed the first part of May.
8. The RFP indicates that preliminary fieldwork is estimated to commence in October 2020. What activities are expected to be completed during preliminary fieldwork?  
According to PERA staff, with the current auditors, the census audit sample is selected in October and walkthroughs are conducted in December.

9. Has any of the audit work been conducted off-site in previous years? If so, how many weeks?  
That information was not provided to us.
10. What were the audit fees for the prior three years for Colorado PERA? If the audit fees are allocated by section (GASB 68; F/S audit, et al), please provide the allocations as well. How did the audit fees change when GASB 74 and 75 became effective and were implemented?  
The audit fees were \$229,720 for the December 31, 2019 audit, \$224,556 for the December 31, 2018 audit, and \$217,079 for the December 31, 2017 audit. The audit fees are not allocated by section. GASB 74 was implemented by Colorado PERA for 12/31/2017; the fees for the December 31, 2016 audit were \$196,193.
11. How much is the recurring external audit fee? Per the CAFR, the audit fee for fiscal year ending December 31, 2019 appears to have been \$304k, but in 2018 it was \$171k. Why?  
The audit fees for the 2018 and 2019 audits were \$224,556 and \$229,720, respectively, as noted in the response to question 10. According to PERA staff, there was an error in the accrual of the interim billing which is reflected in the CAFR. It was discussed with the auditors but determined to not be material enough to warrant an adjustment.
12. Is Colorado PERA allowing for redlines of contract provisions and terms as part of the proposal process? If so, what format should the requested edits be provided?  
As noted in the RFP in Section II, Part G.: “Bidders should not wait until after the OSA has made a contract award to first consult with their legal team/advisor about the contract terms and conditions. Any questions or issues with the terms and conditions in the OSA’s standard contract and its related exhibits must be identified and described as part of the proposal, including alternative language the bidder is proposing. The OSA will consider this information when evaluating proposals and making the contract award.” Redlines of contract provisions and terms are an acceptable method for showing requested edits.
13. What is the Colorado PERA’s position on utilizing its audit firm for other consultative matters assuming of course that independence rules are not violated?  
Any additional services provided to Colorado PERA would need prior approval from the OSA.
14. Assuming each bidder’s proposed fees are equal, what is the next most important thing to Colorado PERA?  
Overall responsiveness and proactive, clear communication between the contract auditor and the OSA is essential. The auditor must complete the audit in accordance with all due dates established in the timeline, which is especially

important so that that OSA has appropriate time to review. See the responses to Questions 17 and 18 for more information.

15. What are the key decision factors in the selection of the external audit provider?  
The key decision factors are outlined in the RFP, Section III, Proposal Evaluation Process.

16. For this RFP, who will comprise the Proposal Evaluation Team?  
The proposal evaluation team consists of OSA senior management, with input from Colorado PERA. The final decision rests with the State Auditor.

17. Are you willing to share your thoughts on how, or if, the process for completing the audits could be improved? What is most important to you in working with your auditors?

According to PERA staff, the current process is working very well. PERA values the following attributes:

- The auditors at all levels are knowledgeable of state-wide government pension and OPEB plans.
- An audit team that employs teamwork with PERA, as appropriate, to get the job done.
- To the extent possible, effort is made by the external audit firm to maintain the continuity of staff assigned to PERA's audit.
- The auditors are organized; provide a complete list of required documents and due dates in advance. Last minute requests, are minimized.
- Proactively communicate any issues arising in the audit as they come up.
- The auditors are flexible from a timing perspective and are able to work with PERA to accommodate unforeseen delays in receiving certain financial results used for production of the CAFR (i.e. actuarial valuations).
- The auditors are able to finalize their audit and present results to PERA's Audit Committee (meetings normally take place in the last two weeks of June).

18. If Colorado PERA and the OSA could change one thing about the audit process, what would that be?

According to PERA staff, PERA is happy with the current audit process and appreciates any firm who strives to minimize last minute requests and turnover of the audit team, possesses the expertise to conduct audits for governmental post-employment plans, stays abreast of industry trends, is willing to employ teamwork to get the job done in an efficient manner, and conducts themselves professionally.

19. Over the most recent proposal period, how often has the auditor been requested to testify before the Legislative Audit Committee?

The auditor testified in person before the Legislative Audit Committee (LAC) once for the most recent audit, at the LAC's release of the audit on July 28, 2020.

20. With respect to the presentations to PERA's Audit Committee at the commencement and conclusion of the audit, is the basis of this communication the matters required to be communicated to those charged with governance? Are there other topics of interest to the Audit Committee?  
The presentation to PERA's Audit Committee is primarily focused on the overall results of the audit and key items noted in the required communications to those charged with governance, as well as items noted by the Audit Committee as those of specific interest.
21. If Colorado PERA changed to new auditors what transition issues would be a concern to Colorado PERA?  
According to PERA staff, PERA's audit partner and field staff manager must have expertise with state-wide government pension and OPEB audits.  
As appropriate, PERA staff expect a new auditor to be willing to use documents used in the prior audit.  
PERA staff would be concerned if a new auditor employed a drastically different sample selection technique for the employer census data audits (requiring drastically different separate sample selections for purposes of GASB 67/68 and GASB 74/75)  
See the response to question number 13 for attributes important to PERA.
22. With respect to the availability of audit documentation that may assist in reducing our first-year audit costs:
- a. Does Colorado PERA have documented internal control procedures/memos?  
According to PERA staff, PERA has copies of the process memos that have been compiled by the current auditors during walkthroughs which are updated annually. PERA Internal Audit also works with PERA staff to update a Risk and Control Matrix Workbook annually.  
Audit workpapers would need to be obtained from the prior auditor. Access to prior year workpapers will be granted upon award of the contract.
  - b. Does Colorado PERA have a working copy of the prior year PBC (prepared by client) audit lists and confirmation templates?  
According to PERA staff, yes. PERA has working copies of everything provided to us by our current auditors and anything provided by PERA to the current auditors (PBC and confirmation templates).
23. Were there any known instances of fraud or illegal acts or significant compliance matters during the fiscal year?  
Per PERA's legal department, PERA is currently aware of two instances of fraud by individuals who accessed two members' accounts via identity theft.
24. Is there any current litigation against Colorado PERA?  
Per PERA's legal department, PERA is involved in one employment related dispute.

25. Has the Colorado PERA been the subject of any recent regulatory investigation?  
Per PERA's legal department, no, PERA has not been the subject of any recent regulatory investigation.
26. Does Colorado PERA anticipate any audits or monitoring visits by regulatory agencies?  
According to PERA's legal department, there are no known upcoming audits or monitoring visits by regulatory agencies. A recent IRS 941 Employment Tax Return Audit is in the process of being closed.
27. Has the Colorado PERA experienced any known cyber breaches and loss of data in the past 12 months?  
According to PERA staff, there have been no cyber breaches and loss of data in the past 12 months.
28. Does Colorado PERA utilize outside service providers for any significant functions (i.e. payroll services)?  
According to PERA staff, PERA uses Northern Trust as their custodial bank; an outside DC administrator, Voya; and is outsourcing payroll processing for PERA employees (not retirement benefit payroll) to Paycom as of September 2020.
29. Has there been any significant turnover in the accounting staff over the past year or any changes you'd expect would impact fieldwork as compared to prior years?  
According to PERA staff, there has not been significant turnover in the accounting staff over the past year or any changes that should impact fieldwork as compared to prior years.
30. What challenges does Colorado PERA expect to face over the next year? How can the auditor provide help to Colorado PERA with these challenges, taking into consideration independence requirements?  
According to PERA staff, the auditor could share known best practices pertaining to pension and OPEB plans as PERA continues to improve processes as best practices change.
31. Are there significant changes in operations that would have an impact on the scope of the audit including:
- Changes in policies and procedures
  - Material changes in the investment portfolio
  - Significant changes in any of the plans including benefits provided
  - Significant changes in assumptions for valuations and estimates
  - New plans or funds
- According to PERA staff, no to all of the above.
32. Are there any anticipated changes in significant service providers (master custodian, actuary, plan service providers) within the next three years?

According to PERA staff, PERA is not looking to change administration or accounting systems, but they are outsourcing payroll processing for PERA employees (not retirement benefit payroll) to Paycom as of September 2020 and they are putting the DC administrator out for bid.

33. Have there been or does Colorado PERA anticipate any significant changes in IT Systems utilized by the organization for benefits, accounting, reporting etc.?  
According to PERA staff, PERA is not looking to change administration or accounting systems, but is undergoing an investment technology infrastructure review.
34. What tools (e.g., disclosure checklists) has Colorado PERA historically used in preparing the financial statements to ensure financial statements and disclosures are complete and pursuant to current guidance? What resources would Colorado PERA like the auditor to provide?  
According to PERA staff, PERA uses the GFOA checklist as a guide to ensure all reporting elements are included and an internally built reporting checklist which lists all CAFR related assignments.  
Also, in addition, PERA staff use a formal process including a checklist to review the accuracy, completeness, and reasonability of the actuarial reporting. They annually review and evaluate new GASB guidance, including standards and implementation guides, for recent changes.  
Both internally developed checklists are sent to Internal Audit annually for purposes of review and documentation.  
In addition to PERA's existing processes, PERA would be open to receiving and considering a suggested checklist from the selected Auditors to incorporate in their processes, if regarded as pertinent and/or beneficial.
35. Will management need assistance from the auditor in drafting any of the financial statements or GASB 68 and 75 schedules?  
According to PERA staff, no. PERA will not need assistance drafting any of the financial statements or GASB 68 and 75 schedules.
36. Do the current external auditors utilize internal auditors for testing? What, if any, work of the Internal Audit department has the external auditor used?  
According to PERA Internal Audit staff, the external auditors have not typically used internal auditors to conduct testing on the financial audit. The external auditors request information on audits completed by Internal Audit during the audit period. The external auditors request the final report, the risk and control matrix and report on audit procedures conducted. Their understanding is that the external auditors use this information to help determine their scope of work and focus of their testing.
37. Please provide a list and brief description of all of the information system/applications used by Colorado PERA that are used in financial and member level data reporting

According to PERA staff:

- a. PeopleSoft – GL, HR and AP modules
- b. PERA is outsourcing payroll to Paycom effective September 2020
- c. N-Vision
- d. Workiva – used for CAFR preparation and monthly reporting
- e. Internally developed pension administration system
- f. Northern Trust applications

38. How soon after year end are audited financial statements available for private equity, real estate and opportunity fund investments?

According to PERA staff, the bulk come in between mid-March and mid-April. However, there are some private market investments where reporting comes in as late as July/August so PERA books estimates.

39. Are any of the harder to value investments based on audited financial statements prepared in a basis other than U.S. GAAP?

According to PERA staff, yes. PERA has private market investments (private equity, alternatives, and real estate) that are prepared under IFRS and UK GAAP.

40. The 2019 CAFR shows certain real estate assets included in Level 3; how are these investments valued and is there any assistance obtained from valuation experts (inside or outside of Colorado PERA)?

According to PERA staff, all of their separate account assets and joint venture investments (i.e. we own 100% or have a major controlling interest) are externally valued every two years by third party appraisers. The next external valuation is 12/31/20.

All investments in real property which PERA owns a 100% interest in will be independently externally valued at least every two years and annually valued internally by each advisor in an effort to comply with current industry valuation guidelines.

According to PERA staff, a judgment of management will be an acceptable valuation approach for pooled investment vehicles.

All investments will be accounted for using U.S. generally accepted accounting principles (GAAP). Whenever possible, staff will require compliance with the National Council of Real Estate Investment Fiduciaries (NCREIF) Market Value Accounting Policy Manual. PERA's Accounting Division will be responsible for satisfying itself with the accounting reports delivered by all service providers.

41. How long does Colorado PERA keep their books open for any true up of fair value of the alternative investments?

According to PERA staff, Colorado PERA closed fiscal year 2019 on April 16, 2020.

42. What reconciliation procedures are performed between the different investment managers and custodian and how often?

According to PERA staff, they reconcile positions and market value monthly for the public markets between the custodian, PERA, and external investment managers. They also do a cost reconciliation, though there are often differences between the custodian, PERA, and external managers. This is the result of differences in tax lot alleviation (LIFO, FIFO, High Cost, Average Cost, etc.). Private equity, Real Estate, and certain Alternative funds' NAVs are reconciled with the investment manager quarterly. These funds are not held with PERA's custodian.

43. Are all your alternative investments supported by underlying audited financial statements? If so, are all the statements prepared under US GAAP?

According to PERA staff, they receive audited financial statements for partnerships PERA has invested in. PERA has a population of private market investments (private equity, alternatives, and real estate) that are prepared under IFRS and UK GAAP.

44. Are there any issues with obtaining valuation information in a timely manner for the assets measured at NAV?

According to PERA staff, meeting the mid-April hard close for the CAFR can be challenging as some private market investment managers do not have reporting completed. PERA has been successful at getting estimates from those managers. PERA staff book per these estimates and track the differences between estimates and actual once audited financial reporting comes in.

45. Are the investments pooled across all funds?

According to PERA staff, PERA has a single investment pool for its defined benefit funds and a single investment pool for its defined contribution and deferred compensation plans.

46. For the investments measured at Net Asset Value (NAV) does the System obtain audited financial statements for all funds?

According to PERA staff, yes.

Generally, what is the timing of the receipt of those audits?

According to PERA staff, Mid-March to Mid-April

For any funds not received before the books are closed, how does PERA estimate the fair value of those funds?

According to PERA staff, the external manager provides estimates.

Are all of the fund financial statements prepared under US GAAP?

According to PERA staff, no. PERA has private market investments (private equity, alternatives, and real estate) that are prepared under IFRS and UK GAAP.

If another method of accounting is used how does PERA report those funds?

According to PERA staff, they report the figures as stated. If a fund has audited financial statements under IFRS and are in a foreign currency, those NAVs and underlying transactions are converted into USD.

47. With respect to the investments in alternative investments, real estate and private equity for those that are audited annually, what processes or controls are in place to validate the reported values as used by PERA relative to the audited financial statements? Please address the procedures and/or controls for both those investments that have the same year-end with the PERA's December 31 year-end and those that use a different year-end.

According to PERA staff, for investments where PERA receives a CAS and audited FS PERA staff do not re-perform calculations to ensure the waterfall calculations are accurate (i.e. if PERA holds 10% of the partnership, did they get allocated 10% of RGL, UGL, Income, etc.). The opinions from the audited financial statements are reviewed to ensure the financial statements are fairly presented and that there are no qualified opinions.

PERA staff indicate that they have maker/checker controls in place to ensure that what is reported in the CAS or audited FS, ILPA template, etc. is what goes into the G/L. Reconciliation packets are put together that have the journal entry, maker's signature (or electronic stamp), and all necessary support. This packet is reviewed by a checker to ensure completeness and accuracy and is signed off and archived.

48. Does Colorado PERA use a document management system for member documentation (e.g. participation enrollment, status changes, benefit payments, etc.)? If so, do the auditors have direct access to this system to look up necessary information for audit purposes?

According to PERA staff, yes. They have a member and accounting retrieval system that auditors can access. Also, data files for specific yearly activity can be provided.

49. When are the GASB 68 and GASB 75 valuations available for completion of the GASB 68/75 audits?

According to PERA staff, for the year ended 12/31/2019, the final actuarial valuations performed for purposes of GASB 68 and 75 were available on 5/11/2020. PERA's CAFR Workgroup has worked actively with PERA's external actuaries to move up the completion date, however, there could be circumstances in the future where the completed reports are available after mid-May. In prior years, the final actuarial valuations were available near the end of the annual reporting cycle (i.e. beginning to mid-June) and PERA staff's goal is to ensure the reports are completed before the month of June.

50. Please provide an overview of any specialists used and its related entities (actuaries, valuation firms, third party experts, SSAE No. 16/SOC reports, etc.)?

According to PERA staff, the Board has contracted with Segal to provide actuarial services to the Board at least through December 31, 2023.

PERA obtains the following SOC1 reports:

- Voya Financial, Record keeper for DC plans
- Northern Trust, Custodial Bank
- TD Ameritrade, Self-Directed Brokerage for DC plans
- Deutsche Bank, Securities Lending
- Caremark
- Delta Dental
- VSP
- Anthem
- Cigna
- Unum

51. Does COPERA manage the healthcare claiming process that results in OPEB in-house or outsourced to third party administrators?

According to PERA staff, healthcare claims for self-insured plans are processed by third party administrators.

52. Are the most recently issued examination reports in accordance with AT-C Section 205 available for review by prospective contractors for the pension and OPEB funds in addition to the reports already available to the schedules of employer and nonemployer allocations and schedules of collective amounts for pensions and OPEB?

Links to the most recently issued examination reports were included as part of the RFP, noted in Section IV, Supplemental Information.

53. Can a copy be provided of the report for the combined statements referenced in the scope of work included in Exhibit A, item 2(A)(1)(a)?

Links to the most recently issued reports were included as part of the RFP, noted in Section IV, Supplemental Information. The 2019 audit report released at the July 27, 2020, Legislative Audit Committee can be found at:

[https://leg.colorado.gov/sites/default/files/documents/audits/1913f\\_colorado\\_pera\\_fy2019.pdf](https://leg.colorado.gov/sites/default/files/documents/audits/1913f_colorado_pera_fy2019.pdf)

54. Have your auditors provided a communication of internal control related matters and/or audit adjustments (journal entries) within the past 3 years? If so, can that document be made available?

There were no internal control or audit adjustments noted for the past 2 years. There was a significant deficiency and corrected misstatements noted for the 2017 audit. The audit report for the Fiscal Year Ending December 31, 2017, can be found at:

[https://leg.colorado.gov/sites/default/files/documents/audits/1713f\\_copera\\_legislative\\_audit\\_report\\_2017.pdf](https://leg.colorado.gov/sites/default/files/documents/audits/1713f_copera_legislative_audit_report_2017.pdf)

55. Were there any major audit issues identified for 2019? Any anticipated ones for 2020?

The 2019 audit report included unmodified opinions with no reported deficiencies in internal controls. There was no separate management letter issued.

We are not aware of any major audit issues for 2020 at this time.

56. If applicable, does Colorado PERA anticipate early implementing GASB 87: Leases?

According to PERA staff, no. PERA is not planning on early implementation of GASB 87: Leases.

57. What has Colorado PERA (or the State of Colorado) decided on the implementation of GASB Statement Nos. 84 and 97 for the various non-defined benefit plans? If implemented, what changes occurred, if any to the non-defined benefit plans and overall financial reporting?

According to PERA staff, PERA has not fully evaluated the impact of GASB Statement No. 97 on its financial statements; however, PERA staff have been following this project and have reviewed past exposure drafts issued by the GASB prior to the issuance of this statement. PERA's deferred compensation plan is currently included in its financial statements and while current effective guidance does not recognize this plan as a pension plan, the disclosures and reporting methods are already extremely similar to PERA's two defined contribution pension plans. Once implemented, PERA staff currently expect they will begin disclosing the employer count for the deferred compensation plan as defined by GASB Statement No. 67.

At this time, PERA believes that GASB Statement No. 84 does not affect the reporting of its two Defined Contribution Plans and Deferred Compensation Plan in PERA's financial statements. This determination is based on the premise that these plans are administered by Colorado PERA under a single body of governance (i.e. Colorado PERA has one governing Board, a single Board Governance manual, a single certificate of resolution that allows selected individuals to bind the organization in legal agreements). As a result, these plans are considered to be part of the primary government and will be continued to be reported as a standard fiduciary fund (and not a fiduciary component unit).

58. Please summarize the census data testing process for pensions and OPEB performed in 2019. How many employers were tested and by what process? Do you expect the same process to continue for 2020?

According to PERA staff, PERA's external auditor selects a sample and PERA sends out communication to selected employers. This communication includes general information about census data audits, expectations, sample management assertion, sample audit program and sample auditor attestation. Employers are responsible for selecting and engaging an external auditor to perform a census data audit and to provide this information to PERA for tracking purposes. Once this information is received, PERA's external auditors will send an auditor

confirmation letter to the external auditors of the employer to obtain confirmation that they expect to complete the audit. Employers or their auditors send attestation reports directly to PERA's external auditor once completed. Typically the due date for census data audits is March 31. PERA staff (sometimes with external auditor's assistance) answer census data audit related questions from employers and their auditors and follow up with delinquent employers. There were 38 employers included in the sample for 2019. It's important to note that a single sample selection has historically been used for the census data audits for PERA's pension and OPEB plans since all employers who participate in PERA's defined benefit pension plans also participate in one of PERA's OPEB plans and the contributions for both plans are remitted in the same payroll process. We expect the same general process to continue for 2020, however, we will need to evaluate whether any changes need to be made to the sample materials based on recent changes of how PERA receives information from employers and members.

59. What is the current process for auditing census data for active plan members? Specifically, for the four cost-sharing plans pension plans and the OPEB cost-sharing plan, how are employers currently being selected for testing and about how many are tested annually?

According to PERA staff, there were a total of 38 employers selected for testing in 2019; 37 of them were from cost-sharing plans. PERA's external auditor selects a sample using guidance from the State and Local Governments – Auditor and Accounting Guide guidance. It's important to note that a single sample selection has historically been used for the census data audits for PERA's four cost-sharing pension and OPEB plans since all employers who participate in these pension plans also participate in the cost-sharing OPEB plans. Contributions for these plans are remitted in the same payroll process. Additionally, there is a single financial reporting entity that is comprised of multiple PERA-affiliated employers in our State Division Trust Fund that has a single payroll process. These PERA-affiliated employers have been considered a single employer for purposes of the sample selection and census data audit based on this circumstance.

Is the current audit firm of PERA performing visits and working with the employers to do the testing directly or are they collaborating and working with the employer auditors to receive census testing attestations?

According to PERA staff, the current audit firm is collaborating and working with employer auditors to receive census testing attestations. PERA staff assist with this process.

60. What controls are in place related to the accuracy and completeness of census data that is collected and forwarded to the actuary?

According to PERA staff, as the annual census data is being downloaded from PERA's computer system, a series of edits (checks) are run to identify odd, unreasonable, or incongruent data. In addition, once downloaded, members of Application Development and Actuarial Services perform additional high-level

reasonability checks, including comparisons of record counts from current to prior year's data.

61. Please describe management's and/or the internal auditor's procedures to determine the completeness and accuracy of employer census data for each plan. According to PERA staff, currently, following creation of the final census data files, members of the Internal Audit team perform independent checks on the census data and submit any questions to Actuarial Services. Application Development and Actuarial Services are in the process of updating the programming to be used to download and confirm the annual census data. The result of the updated programming will streamline the number of files to be sent to the external actuarial service provider and include enhanced audit and tracking ability available to Application Development, Actuarial Services, and Internal Audit.
62. Does PERA's current audit firm leverage work performed by the internal auditor or other internal controls performed at PERA for census data testing? According to PERA Internal Audit, the external auditors review the list of employer audits conducted by Internal Audit during the audit period (and prior periods) and this, they believe, helps inform the external auditors' sample selection for census data testing. They believe the external auditors also work with PERA's Benefit Services Compliance group to help refine their census data sampling process.
63. Please describe the level of involvement/support from PERA in obtaining supporting documentation to audit information from a sample of employers under GASB 67. According to PERA staff, PERA's external auditor selects a sample and PERA sends out communication to selected employers. This communication includes general information about census data audits, expectations, sample management assertion, sample audit program and sample auditor attestation. PERA staff drafts all communication materials. Employers are responsible to select and engage external auditor to perform census data audit. Employers or their auditors send attestation reports directly to PERA's external auditor once completed. PERA's staff are engaged with employers throughout this process, answer census data audit related questions from employers and/or their auditors and follow up with delinquent employers.
64. When is the next experience study expected to be performed? According to PERA staff, an Experience Analysis is currently being conducted regarding plan experience from January 1, 2016, through December 31, 2019, with a report and presentation of findings and recommendations to the PERA Board of Trustees (Board) scheduled for October 2020 and November 2020, respectively. The next Experience Analysis is scheduled for 2024.

65. Does PERA intend to maintain the same actuary that was utilized for FY19 into the future?  
According to PERA staff, yes. The Board has contracted with Segal to provide actuarial services to the Board at least through December 31, 2023, at which time the Board will decide to extend or renew the existing contract or to go out to bid for a different service provider.
66. Does the fund obtain an actuarial audit? If so, when was the last one performed and when is the next one planned?  
According to PERA staff, yes. The Board commissions an actuarial audit every five years. The last formal audit was conducted in 2014, with the presentation of findings to the Board in January of 2015. The actuarial audit originally scheduled for 2019 was satisfied by a change in the actuarial service provider. Segal provided a detailed results letter, with findings, to the Board in June of 2019. The next Actuarial Audit is scheduled for 2024.
67. Given the COVID pandemic, is the Colorado PERA open to performing the audit remotely and providing information requests electronically? If so, what challenges would be foreseen in this remote work environment?  
According to PERA staff, yes. PERA is open to the audit being performed remotely. Spring field work for the 2019 audit was completed 100% remotely.
68. Please describe any significant impacts to PERA due to COVID 19 related to either the employers and/or PERA itself, and how you anticipate this impacting the audit.  
According to PERA staff, impacts to PERA due to COVID 19 includes recent legislation that suspends the direct distribution payment from the State of Colorado to PERA for the next year. A large portion of this payment has been considered a special funding situation for purposes of the GASB 68 reports and it will need to be determined if a special funding situation exists in these reports for the 2020 reporting period. Additionally, as disclosed in our subsequent event footnote, PERA believes the unprecedented federal stimulus programs are a significant factor although the full effects of the pandemic are currently unknown.
- Final fieldwork for the 2019 audit was during COVID 19 and therefore was performed remotely. PERA provided auditors with remote access to certain systems. Auditors set up remote meetings with different groups. PERA has a secure document sharing system to provide documentation electronically.
69. With respect to the impact of COVID-19 pandemic during the year ended 2020:
- a. Were there significant impacts to PERA's operations (i.e. employee layoffs/furloughs)?  
According to PERA staff, no.
  - b. Were there any changes to PERA's internal control structure during the State of Colorado's stay-at-home order that would need to be taken into consideration for the 2020 audit?

According to PERA staff, no.

- c. Do you anticipate the preliminary fieldwork and/or final fieldwork for the audit being on-site? If not, does the PERA have the capabilities to provide the necessary information electronically, should that be necessary?

See the response to Question 67.

- d. Do you anticipate there will be any modifications to the anticipated timeline, key milestones, or delivery deadlines?

According to PERA staff, no.

- 70. How did the COVID-19 Pandemic impact the 2019 audit process? Looking back is there anything PERA wishes could have been done differently?

According to PERA staff, the May year-end field work was successfully conducted remotely by mutual agreement of the auditors and PERA. PERA provided auditors with remote access to certain systems. Auditors set up remote meetings with different groups. PERA has a secure document sharing system to provide documentation electronically.

Time and effort had to be spent researching and drafting a subsequent event note. The 2019 CAFR was prepared anticipating the enactment of two pieces of legislation necessitated by the impact of COVID-19 on the State's budget. These additions added to the unusual circumstances, but the auditors and PERA were able to maintain the original schedule, other than holding the release of the CAFR until the two bills were signed by the Governor.