

Request for Quote (RFQ)



The response shall be addressed and delivered to:

Mary E. Turk
Mary.Turk@CMERS.com
City of Milwaukee
Employees' Retirement System
789 N Water Street, Suite 300
Milwaukee, Wisconsin 53202

**Responses must be received no later than 4:45 P.M., CST,
on Monday, August 31, 2020**

Questions can be e-mailed to Mary Turk at Mary.Turk@cmers.com.

Please note: ERS reserves the right to reject a Request for Quote (RFQ) that is not completed as specified within this document. ERS also reserves the right to accept or reject any response, to not to proceed with any action and to accept only those response that are in the best interest of the ERS. The ERS will incur no liability for the cost of the RFQ preparation.

Date: 7/1/2020

Contents

- Introduction and purpose of the RFQ3
- Scope3
- RFQ procedure3
 - Questions3
 - Timeframe3
- Background description of what is requested4
 - Objectives4
 - ERS Overview4
- Background.....4
 - Current Organization5
 - Current Operations5
 - Current Technology5
- Services Required.....6
- Scope of Work to be Performed6
 - General6
 - Areas for Audit.....6
 - Irregularities and/or Illegal Acts.....6
 - Additional Services6
 - Working Paper Retention and Access to Working Papers.....7
 - Available Documents7
- Questionnaire.....8

- Appendix A – Terms and Conditions
- Appendix B – Internal Audit Charter
- Appendix C – A&O Audit Charter
- Appendix D – Current Audit Plan
- Appendix E – Designation of Confidential and Proprietary Information

Introduction and purpose of the RFQ

With this RFQ, we request information regarding your company and your internal audit services and pricing. The purpose of this RFQ document is to gain a better understanding of the current market for the services.

Scope

Specific information is requested according to the form below.

RFQ procedure

- Please respond to each item in the attached Questionnaire.
- Provide a cover letter with primary point of contact and contact information (name, title, address, telephone number(s), fax number and e-mail address).
- Provide a signature of an individual authorized to enter into a contract.
- Describe your organization and the services you provide.
- Provide information demonstrating your ability to fulfill the services identified in this RFQ. Include information about working with public pension plans.
- E-mail the contact listed below with any questions by the date and time given.
- Answers to this RFQ will be evaluated by the management from different areas of the ERS.
- The ERS may require oral presentations by telephone or WebEx. Responses should be complete on their face. The ERS reserves the right to request clarifying information at any point.

Questions

Any questions concerning this RFQ may be submitted by e-mail to: Mary Turk, at Mary.Turk@cmers.com. The deadline for questions is 1:00 p.m., Central time, on Monday, August 17, 2020. The ERS will transmit responses via e-mail to questions received, for responders who have acknowledged an interest to this RFQ by 4:45 p.m., Central time, on Monday, August 24, 2020. (Those interested in the responses must have e-mailed their interest by August 17, 2020.) Responders may not rely on any representations from the ERS or Annuity and Pension Board members other than the responses provided through the above-described procedure.

Timeframe

8/3/20 Issue RFQ.
8/17/20 Last date for questions via e-mail (1:00 pm CST).
8/24/20 Responses to questions issued via e-mail (4:45 pm CST).
8/31/20 RFQ response deadline (4:45 pm CST).
9/28/20 Selection of Vendor
1/1/21 Contract start date

Background description of what is requested

The Employees' Retirement System of the City of Milwaukee (ERS) invites qualified vendors to submit Requests for Quote (RFQs) in providing professional services to perform internal audit services. All RFQ responses must be submitted by a single primary vendor.

Objectives

The objectives of this RFQ are to:

- Convey ERS' internal audit requirements to qualified vendors.
- Understand the vendor's approach and work plan, organizational and personnel qualifications, previous experience, price and ability to perform internal audit work.
- Contract with a professional services firm to fulfill the RFQ requirements.

ERS Overview

The ERS manages a \$5.0 billion defined-benefit pension fund. The ERS was created by an act of the Wisconsin Legislature in 1937 to provide retirement-related benefits for members and their beneficiaries. Chapter 36 of the Milwaukee City Charter is the codified provisions of the pension law and the Board Rules and Regulations further define the law. The Annuity and Pension Board (Board) governs ERS, and serves as trustee of the System's funds. The ERS' Executive Director is responsible for daily operations, and also serves as Secretary to the Board.

Background

The ERS provides a wide variety of benefits to its members and their beneficiaries, including:

- Service retirement benefits
- Disability retirement benefits
- Separation benefits
- Death benefits
- Survivorship options
- Group life insurance for all City employees
- Health and COBRA dental insurance programs for eligible retirees

The ERS covers approximately 14,002 active or deferred employees from the City of Milwaukee or its participating city agencies. Participating agencies include any board, commission, division, department, office, or agency of the City government, including Milwaukee Public Schools (noncertified staff), Milwaukee Metropolitan Sewerage District, Milwaukee Area Technical College, Veolia, Wisconsin Center District, and the Housing Authority of the City of Milwaukee. Approximately 13,555 retirees, survivors, and beneficiaries receive monthly pension payments.

Current Organization

ERS currently has 46 full time equivalent budgeted positions and 2 contractors who provide IT services.

ERS' Executive Director is responsible for daily operations, and reports to the Annuity and Pension Board. Functional areas include Member Services: counseling and providing direct service to members, administering group life, health, and dental insurance benefits; Fiscal Services: accounting and financial reporting activities, retiree payroll, staff payroll, benefit calculations; Investment Services: monitoring of investment managers' performance, fund re-balancing; Information Services: handling the network, hardware and software functions and maintenance of the information systems; and, Administration: agency governance, research activities and general administrative functions.

ERS staff is experienced, well trained and very knowledgeable about the activities needed to be performed in its various areas for the successful functioning of all its business concerns.

Current Operations

The following list of systems and services is intended to convey the breadth and scope of ERS business operations. While intended to be complete, the list is neither mutually exclusive nor collectively exhaustive.

- Employee enrollment and tracking
- Employee earnings history tracking
- Pension benefit calculation (retirement, separation, and disability)
- Pension payment (payroll) distribution (retirement, separation, and disability)
- Pensioner health and dental benefits management (retirement and disability)
- Employee group life insurance management (retirement, disability, and active employee)
- Management, actuarial, and year-end processing and reporting

As of August 2006, the ERS went live with its consolidated information system: MERITS (Milwaukee Employees' Retirement Information Technology System). Most day-to-day activities are performed through this system which uses electronic workflow and an associated imaging system. All paper documents are imaged and available on employees' desktops.

Current Technology

Technical Infrastructure

The ERS has an information technology infrastructure comprised of over 50 virtual servers residing on VMWare hosts and a Dell SAN connected to a private gigabit fiber optic Ethernet network. These servers provide technical, office, and businesses services, and are located at our home office. The servers are housed within our home office along with a primary disaster recovery site. A separate disaster recovery site exists in Madison, WI. Printing, including high speed printing of checks and direct deposit advices, is done on site. The user community has up-to-date desktop computers running Windows 10. Office application services provided to the desktop include, but are not limited to, the Microsoft Office Professional suite of products (Word, Excel, Power Point), FileNet (Imaging Services) and Microsoft Exchange/Outlook. Some users are also assigned laptops and cellular devices to be able to work remotely.

Business Applications

ERS' primary line-of-business application is a pension management information system named MERITS. MERITS is a java based n-tier application that provides the capability to process customers throughout the membership lifecycle from enrollment to withdrawal, retirement, or death. Each month the system is used to pay about 13,500 annuitants and process employer contribution reports for 10,800 active members. ERS also uses the Sage AccPac accounting package for general ledger and accounts receivable processing. Departmental payroll and accounts payable services are delivered by the City under a cooperation agreement, and use PeopleSoft products. The Investment Division uses on-line business services from FactSetCallan, and Northern Trust.

More information can be found at www.cmers.com.

Services Required

ERS is soliciting the services of a qualified firm to conduct internal audit services for a period of three years with an option to renew for an additional two years.

Scope of Work to be Performed

General

An initial risk assessment and the current audit plan is on file with the ERS. A review of these documents will be performed with the result being a multi-year revised internal audit plan.

The internal audit will be conducted in accordance with generally accepted auditing standards; the standards for financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; or the standards for internal audits established by the Institute of Internal Auditors. (Please note that the ERS currently contracts with a separate vendor for financial audit services specific to our financial statements.)

The audits will include tests of the various operations of the ERS, and the contribution reporting of its seven agencies.

Areas for Audit

Ethics and Governance, Accounting/Finance, Investments, Enrollment and Member Services, Benefit Calculation, Contributions, Benefit Payroll, Benefit Administration (Health/Dental/Life), Ethics and Governance, HR/Payroll, AP Vendor Management, IT General Controls, Business Continuity, Social Engineering, Vulnerability Assessment and Penetration Testing, Risk Assessment Non-IT (Update and Audit Planning), Risk Assessment – IT (Update and Audit Planning), Prior Audit Issue Follow-up/Retesting, Management Requests/Special Projects, and Engagement Management.

Irregularities and/or Illegal Acts

Auditors shall be required to make a written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the ERS Board.

Additional Services

Should the Board decide to request additional internal audit work outside the agreed upon

schedule, the internal auditor will perform such work at an agreed upon rate and time schedule.

Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the Auditor's expense, for a minimum of 7 years, unless notified in writing from the ERS of the need to extend the retention period. The Auditor will be required to make working papers available upon request to the ERS.

Available Documents

Attached to this RFQ are copies of the Terms and Conditions, Internal Audit Charter, the A&O Audit Charter, and the current audit plan. (See appendixes A, B, C, and D)

Also attached is a copy of a Designation of Confidential and Proprietary Information form to be used as needed. (See Appendix E)

Questionnaire

Background of the consulting firm (2 page maximum)

1. Briefly describe your firm's background, history, and ownership structure, including any parent, affiliated or subsidiary company, and any business partners. Provide an organization chart of your firm and describe the relationship between each component and your consulting group.
2. Please describe the services your firm provides and give the percentage of revenue derived from internal audit services, as well as the main market/customers you serve.
3. Within the past three years, have there been any significant developments in your organization such as changes in ownership, restructuring, or personnel reorganizations? Do you anticipate future significant changes in your organization?
4. Please give the address of your corporate office and indicate which office(s) will service the ERS.
5. Will one primary contact be assigned to our account? If so, provide complete contact information.
6. Identify any services you are unable to perform that are part of this RFQ.

Standards of conduct (1 page maximum):

1. Does your firm have a written code of conduct or a set of standards for professional behavior? If so, how are they monitored and enforced?
2. What is your firm's philosophy regarding quality? Define your quality review process.
3. Describe your procedures for monitoring client satisfaction.
4. Within the last five years, has your organization or an officer or principal been involved in litigation or other legal proceedings relating to your internal audit services assignments? If so, please provide an explanation and indicate the current status or disposition.
5. Has your firm ever been censured by any regulatory body? If so, please describe the situation.

Conflicts of Interest (3 page maximum):

1. Are there any potential conflict of interest issues your firm would have in servicing the ERS? If so, describe them.
2. How does your firm identify and manage conflicts of interest?
3. Have you or anyone in your firm provided any gifts, travel and room expenses, entertainment or meals to any ERS Board member or staff during the past 12 months? If yes, please describe the amount of expenses and what it was for.

Consulting team (2 page maximum):

1. How many internal audit consultants does your firm have?
2. Please provide contact information for each consultant that will be assigned to the ERS in a grid similar to this.

Name	Address	Business Phone	Business Fax	E-mail Address

3. Please describe the role of each consultant for this assignment.
4. Please describe your team's experience with similar work performed for other public retirement systems or corporate pension.
5. State whether the individuals assigned to the work have any responsibilities other than providing internal audit services, and if so, specify such responsibilities.
6. Describe your firm's backup procedures in the event that key personnel in this assignment should leave the firm.
7. Describe the resources your firm has that specifically address the needs of public sector clients.
8. Describe how your firm controls the cost of services rendered for a client.

Unique qualifications (2 page maximum):

1. Describe how your internal audit consulting work is distinguished from that of your competitors.
2. Describe any services of your organization that may not be offered by other consultants.

References:

1. Please provide three references from current clients for whom work similar to that requested in this RFQ has been performed.
2. Please list public sector clients who have terminated your relationship during the past three years and their reasons for doing so. Please include their names, titles and telephone numbers.

Subcontracting:

1. If your firm uses the services of a subcontractor, please identify the subcontractor and describe the skills and qualifications of the subcontractor and its individual employees.
2. Describe what portions of the project will be assigned to the subcontractor. Describe the inclusive periods and percentage of time the subcontractor will devote to the project.
3. Identify the cost associated with the portions of the project assigned to the subcontractor.
4. Describe the contractual arrangement contemplated with each subcontractor and describe generally the control/delegation of responsibilities anticipated in that arrangement.

Fees:

1. Please list your fees for internal audit services, assuming this will be a three year contract.
2. Please give hourly rates you will charge for work within the scope of services for which the precise number of hours is unknown.

Appendix A

Terms and Conditions

Appendix B

Audit Charter

Appendix C

A&O Audit Charter

Appendix D

Current Audit Plan

Appendix E

**Designation of Confidential and Proprietary
Information**