

Note: This solicitation is for separate audits of the Teachers' Retirement System of Louisiana's (system) schedules related to the implementation of GASB 68 for the fiscal years ended June 30, 2013, June 30, 2014, and June 30, 2015, and an audit of the system's financial statements as of and for the fiscal year ended June 30, 2015. The audit contracts for the GASB 68 schedules and the financial statements will be awarded as a package to one ICPA. The ICPA should prepare one proposal that discusses both the GASB 68 schedules audits and the financial statement audit. The pricing envelope should include separate pricing and audit hours information for (1) the GASB 68 schedules audit for the fiscal year ended June 30, 2013 (beginning balances for fiscal year 2014), (2) the GASB 68 schedules audit for the fiscal year ended June 30, 2014, (3) the GASB 68 schedules audit for the fiscal year ended June 30, 2015, (4) the financial statement audit for the fiscal year ended June 30, 2015, as well as, (5) a summary sheet that details the total audit fee and audit hours for each year and a grand total for the package. If any of the audits are omitted from the proposal or the pricing information, the proposal will be rejected.

### **Agency Name and Address:**

Teachers' Retirement System of Louisiana  
8401 United Plaza Boulevard  
Post Office Box 94123  
Baton Rouge, Louisiana 70804-9123

Website: [www.trsl.org](http://www.trsl.org)

**Solicitation Number:** 15-5045

**Type of Engagement:** Audit

**Contract Period:** February 16, 2015 – April 30, 2016

**Periods to be Examined:** Fiscal years ending June 30, 2013, June 30, 2014, and June 30, 2015

### **Description of the State Agency:**

- Teacher's Retirement System of Louisiana was created by Louisiana Revised Statute (R.S.) 11:702. The system is the administrator of a cost sharing multiple-employer public employee retirement system that is governed by a board of 17 trustees.
- The board holds 12 meetings per year. Trustees are authorized by R.S. 11:182 to receive a per diem of \$75 for each day spent engaged in board business. In addition, trustees shall be reimbursed for actual expenses and mileage in accordance with the system's travel policy. At each meeting, the board reviews investments and policy; legislative, personnel, and other issues as needed.
- The system provides retirement, disability, and survivor benefits. People who meet the definition of a teacher in accordance with R.S. 11:701(33)(a) are eligible for membership. Members become vested for benefits after five years of service credit. The member and employer contributions are based upon a percentage of the salaries earned. The Public Retirement Systems Actuarial Committee establishes the rates of contributions for

employers. The members' contribution rates are established by R.S. 11:62. As of June 30, 2014, the system had a funded ratio of 57.4%.

- The system administers a defined benefit plan (made up of three membership plans), a defined contribution plan, and other retirement options that include a deferred retirement option plan, an initial lump sum benefit program, and an excess benefit plan.
- The system had 183,282 members as of June 30, 2014, of which, 73,195 members are retirees and beneficiaries receiving benefits.
- The system has 159 employees. There are 28 employees in the accounting department, five employees in the internal audit department, and 10 employees in the investment department.
- The system has five bank accounts; one custodial account that is used to transfer funds between money managers; and investments in U.S. stock, international stock, equity indexing, U.S. fixed income, international fixed income, mezzanine, and alternative investments. The system has 31 investment portfolios and 127 limited partnerships.
- The system uses BNY Mellon as its custodial bank and JP Morgan Chase as its banking service contractor. In addition, the system has contracts for accounting consultants, investment advisors, actuarial services, management and consulting services, legal services, medical examiners' services, and professional training services.
- The system issues approximately 350 checks/wires each month for payroll and operations. Approximately 73,000 benefit checks are written or electronically transferred per month. One signature is required on checks. The director, deputy director, and assistant director are authorized to sign checks. Supporting documentation is provided to the individual signing the check. The system's accounting department reconciles the bank statements.
- The following activity/balances were reported as of and for the year ended June 30, 2014:

Total Additions	\$4,362,087,520
Total Deductions	\$1,952,288,922
Net Assets Held in Trust for Pension Benefits	\$17,900,035,458
Investments:	
Domestic Bonds	\$1,770,055,139
International Bonds	\$1,667,920,752
Domestic Common and Preferred Stocks	\$5,201,856,937
International Common and Preferred Stocks	\$3,688,369,407
Short-term Investments	\$871,504,691
Alternative Investments	\$4,312,950,822
Collateral held under Domestic Securities Lending Program	\$2,035,535,980
Collateral held under International Securities Lending Program	\$221,690,750

**Actuarial Services:** Actuarial valuations are performed each year by Foster & Foster, Inc. headquartered in Fort Myers, FL.

**Accounting System:** Electronic, as follows:

## Teachers' Retirement System of Louisiana (continued)

- The general ledger is maintained on Sage software.
- The staff payroll is maintained in ABRA software.
- The member accounting and retiree payroll are maintained on Membership System software, which was developed by the system.
- Budgets and depreciation schedules are maintained on Sage software.
- Investment records are maintained by the custodial bank and are accessed through BNY Mellon Workbench.

**Financial Statements:** The system will provide a trial balance and GAAP financial statements with note disclosures. The system will issue a CAFR. For the schedules audits, the system will provide schedules in accordance with the AU-C 9805 interpretation relating to the GASB 68 schedules.

### **Estimated Start of Fieldwork:**

- GASB 68 Schedules Audits – No later than February 15 following each period
- Financial Statement Audit – No later than June 1, 2015

### **Engagement Completion Date:**

- GASB 68 Schedules Audits – No later than April 30 following each period
- Financial Statement Audit – No later than September 30, 2015

### **Special Notes:**

- The system is **not** required to complete a Division of Administration, Office of Statewide Accounting and Reporting Policy's Annual Fiscal Report (AFR) packet.

### **Special Requirements:**

- The successful ICPA will provide advice concerning the preparation of the CAFR and the submission of the report to the Government Finance Officers Association of the United States and Canada (GFOA) for consideration for the Certificate of Achievement for Excellence in Financial Reporting.
- Fifty copies of the financial audit report will be provided to the system's management. The system will duplicate the reports, but the successful ICPA will be responsible for delivering the reports in accordance with the solicitation for proposal.
- The successful ICPA will provide advice concerning the preparation of the GASB 68 schedules, and will conduct an audit related to the implementation of GASB 68 in accordance with all applicable standards including Government Auditing Standards and AU-C 805, which shall encompass:

- An audit of the Schedule of Employer Allocations as of June 30, 2013, June 30, 2014, and June 30, 2015.
- An audit of the total for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense as of June 30, 2013, June 30, 2014, and June 30, 2015, included in the Schedule of Pension Amounts by Employer.
- An audit of the related notes to the schedules, as applicable.
- An Independent Auditor's Report for each of the fiscal years ended June 30, 2013, June 30, 2014, and June 30, 2015, that shall include an opinion or disclaimer of opinion as to the fair presentation of the system's Schedule of Employer Allocations; the system's Schedule of Pension Amounts by Employer; and the related notes to the schedules.
- A report on compliance and internal control over financial reporting related to the GASB 68 schedules for each of the fiscal years ended June 30, 2013, June 30, 2014, and June 30, 2015, based on an audit of financial statement elements performed in accordance with Government Auditing Standards.

**Additional Disclosures to be Included in the Proposal:**

- The audit approach should be broken down into segments that detail the level of staff and the number of hours that will be assigned for each segment.
- The audit approach should discuss the extent to which statistical sampling (including proposed sample sizes), analytical procedures (including type), and data analysis software will be used during the audit.
- The audit approach should also discuss the detailed steps to be taken in:
  - Understanding the system's internal control.
  - Determining laws and regulations that will be subject to audit test work.
  - Drawing audit samples for purposes of tests of compliance.
- The resumes included in the proposal should detail the supervisory personnel's experience with:
  - Submitting reports to the GFOA.
  - Auditing and reporting on large diversified investment portfolios.
- The proposal should include a confirmation that the proposer has access to an actuary.

**State Agency Assistance:** The system will provide supporting schedules as required. The system's IT department will provide assistance in the following areas:

- Computer systems documentation and explanation.

- Using an existing application that is used to audit member records.

**Last Engagement:** Audit as of and for the period ended June 30, 2014 (financial statement audit only, did **not** include an audit of the system's schedules required by GASB 68)

**Results of Last Engagement:**

- Unqualified opinion
- No findings and no management letter comments

**Prior Auditor:** Hawthorn, Waymouth & Carroll, LLP  
8555 United Plaza Boulevard, Suite 200  
Baton Rouge, Louisiana 70809

**Prior Engagement Fee:** \$55,000 (approximately 575 hours)

**Proposers' Conference:**

- A proposers' conference will **not** be held.
- Any questions regarding the SFP or state agency should be sent to Becky Ewing at [beewing@lla.la.gov](mailto:beewing@lla.la.gov).

**Proposal Due Date and Time:** Wednesday, February 11, 2015; 5:00 p.m.