

Memorandum

**TO: Board of Administration for the
Federated City Employees'
Retirement System**

FROM: John Flynn, CEO

**SUBJECT: Creation and Authority of a Joint Audit
Ad Hoc Committee**

DATE: June 26, 2025

Approved

Date

RECOMMENDATION

Discussion and action on creating a Joint Audit Ad Hoc Committee (JAAHC) with the Federated Board for procuring internal audit services for the Office of Retirement Services (ORS) and the System / Plan.

1. Recommend establishing a JAAHC of two board members from each board to participate in the procurement process for internal audit services used by the Office of Retirement Services (ORS) and the Boards. There would be a primary member and an alternate. This JAAHC would continue until the selected vendor executes all contracts.
2. Recommend delegating authority to the JAAHC to work with staff to determine their role in the procurement process and set an appropriate procurement timeline so that the contract may be executed as soon as administratively possible.

BACKGROUND

Until recently, internal audit services at ORS were provided in-house. The Senior Internal Auditor position became vacant in March 2024. As part of the FY 2025-26 budget process, the Boards approved eliminating the position, planning to procure an outsourced internal audit function.

While this is the first time the Boards will be procuring internal audit services, joint ad hoc committees have previously been established for the procurement of legal services and actuarial services. This proposal follows that precedent, allowing board members to participate directly in the evaluation process alongside senior staff.

ANALYSIS

Staff have prepared a draft scope of services based on guidance from the Joint Audit Committee and input from the City Auditor. The scope envisions a single vendor serving as the outsourced internal audit function, performing risk assessments, audits, and presenting findings to the Boards' Audit Committees.

Staff plans to issue the RFP before July 1, 2025, while the JAAHC is being approved, so as not to delay the procurement timeline.

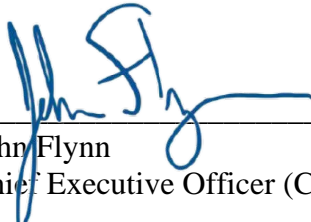
The proposed evaluation structure is as follows:

- The JAAHC and senior ORS staff will conduct the first-round scoring.
- Finalists will then present to the full Joint Audit Committee of both Boards.
- The Joint Audit Committee will conduct second-round scoring and make a recommendation to the Boards for final approval.

Once the vendor is selected and the contract is executed, the JAAHC will be dissolved.

Proposed Ownership and Schedule (Assumes July 1 release date):

Who	What	Timeline
Staff	Draft RFP covering all actuarial services	ASAP
Staff	Review and Finalize RFP	ASAP
Staff	Issue RFP – post to Biddingo, the City’s procurement platform	By July 1, 2025
Staff	Proposer’s deadline to submit questions (minimum five business days from the RFP issuance date)	July 15, 2025
Staff	Response to questions posted to Biddingo (minimum three business days from the date questions were submitted)	July 21, 2025
	Proposals due (minimum 15 business days from the RFP issuance date)	August 1, 2025
Staff & JAAHC	Review and evaluate proposals, and scoring	August 4-15, 2025
Staff	Notify finalists and schedule presentations	By August 20, 2025
Staff and/or JAAHC	Finalist Reference Checks	By September 1, 2025
Joint Audit Committee	Finalist Interview/Presentations and scoring	Early September
Audit Committee	Make recommendation to the Board	October Board meeting
CEO	Contract setup and completion	By December 31, 2025



John Flynn
Chief Executive Officer (CEO)