



Colorado PERA 2022 Actuarial Audit—RFP Questions and Responses January 25, 2022

Colorado PERA (PERA) wishes to thank firms for their interest in providing responses to our Request for Proposals (RFP) for Actuarial Audit Services.

The following are answers to questions that were asked by potential bidders and are being provided to all interested RFP respondents via the PERA Web site.

General Questions Regarding Actuarial Audit Services

1. **When was the last actuarial audit completed and by whom was it completed?**
2. **Is the actuary who completed the last audit permitted to bid on this RFP?**

Response to Questions 1 – 2: The last formal actuarial audit on Colorado PERA was performed by Milliman in 2014, with a final report and presentation to the PERA Board in January 2015.

Milliman has been invited to bid on PERA's 2022 actuarial audit work.

3. **Could you please provide a copy of the most recent actuarial audit report?**
4. **When was the last actuarial audit performed? Can we get a copy of the audit report?**
5. **Please provide a copy of the report and Board presentation from the last actuarial audit.**

Response to Questions 3 – 5: Please see the [linked](#) actuarial audit report, *State of Colorado Public Employees' Retirement Association, Actuarial Audit of December 31, 2013 Actuarial Valuation*, January 9, 2015, Milliman and the [linked](#) actuarial audit presentation, *Colorado Public Employees' Retirement Association, Results of Actuarial Audit December 31, 2013 Actuarial Valuation*, January 16, 2015, Milliman.

In addition, the actuarial audit originally scheduled for 2019 was satisfied by the change in actuarial service provider at the end of 2018/beginning of 2019. Therefore, also [linked](#) is the 2019 letter provided by Segal to the PERA Board following transition, which includes commentary on the actuarial assumptions, as well as results of Segal's replication of the December 31, 2017 actuarial valuation.



Colorado PERA 2022 Actuarial Audit—RFP Questions and Responses January 25, 2022

General Questions Regarding Actuarial Audit Services (*Continued*)

6. We had trouble locating the *2021 Presentation regarding the December 31, 2020 Actuarial Valuation Results and 40-year Projections, June 2021, Segal* on PERA’s website. Please provide a copy.
7. Can you provide a link to the *2021 Presentation of the December 31, 2020 Actuarial Valuation Results and 40-year Projections*?
8. Due to the RFP PDF being a secured file, we are not able to access the listed documents via the included links. Please provide a copy of the “*2021 Presentation regarding the December 31, 2020 Actuarial Valuation Results and 40-year Projections, June 2021, Segal*”.
9. Please provide a copy of the most recent funding actuarial projections, based on the funding actuarial valuation results, performed on an open group basis.

Response to Questions 6 – 9: Please see the [linked](#) presentation, *2021 Presentation regarding the December 31, 2020 Actuarial Valuation Results and 40-year Projections, June 2021, Segal*, which contains the projection results for all seven trust funds (five Division Trust Funds and two Health Care Trust Funds).

In addition, page 113 of the December 31, 2020 pension funding actuarial valuation report also discusses the assumptions and results of the deterministic open-group projections performed for the five Division Trust Funds.

10. Based on the proposed work and production schedule included in the RFP, it is our understanding that the primary actuary will present at one meeting on November 18, 2022. Is it expected to be conducted in-person?
11. Is the expectation that the actuarial audit presentation to the Board will be in-person or remote?

Response to Questions 10 – 11: Whether the November 18, 2022 PERA Board meeting will be in-person or remote is unknown at this time and will be assessed and determined closer to the meeting date.



Colorado PERA 2022 Actuarial Audit—RFP Questions and Responses

January 25, 2022

Questions Regarding Eligibility Requirements

- 12. The insurance coverage requirements listed in the RFP are higher than we've seen for other actuarial audit work. Would you accept lower insurance coverage? If so, please provide the acceptable coverage levels.**

Yes, PERA is willing to accept lower insurance limits for this engagement. Please identify your firm's insurance limits within your proposal.

- 13. The RFP specifies that one of the criteria for selection of an actuarial auditor is "prior relationship(s) with or detailed knowledge of PERA". Please provide more detail on how that will be weighted. Is there a list of firms that are designated as having such a prior relationship or knowledge of PERA?**

This simply means that prior or particular knowledge of PERA may be given additional consideration by the Actuarial Audit Services RFP Committee, if believed to be pertinent to this project.

- 14. Is there a required format for the proposal or specific questions that our proposal should address aside from the general requirements and criteria listed in Appendix A of the RFP?**

There is no required format regarding the proposal. No specific questions were supplied as PERA believes this to be a fairly straightforward request for typical actuarial audit services. Please tell us about your firm and the team selected for the project and feel free to explain why your firm believes it can best provide these services to PERA within the given timeframe.

- 15. Has evaluation scoring been determined for selecting the best proposal? If so, can you disclose the scoring weightings?**

The RFP briefly lists the criteria that will be used to assess the proposals; however, the specific scoring methods will not be shared with the responding firms.



Colorado PERA 2022 Actuarial Audit—RFP Questions and Responses January 25, 2022

Questions Regarding Eligibility Requirements *(Continued)*

16. We note Appendix A states that the contract terms are expected to be substantially in the form of the Actuarial Audit Services Agreement of Appendix B. However, PERA reserves the right to further negotiate. We also note that “adherence to contract provisions” are listed as criteria taken into account for selection. We also note that in the proposed Service Agreement (Appendix B), Section 7, it states no limitation of liability. Would either of the following be considered as negotiable and if so would they cause the firm negative impact on selection:
- A reasonable limit on liability
 - No limit of liability on direct damages, but stating an acceptable limit on indirect damages be acceptable

PERA is willing to consider in the contract no limits on liability for direct damages, with an acceptable limit on indirect damages.

17. The RFP notes that PERA uses ProofPoint for secure file transfer.
- Will PERA require the audit actuary to use this system for secure file transfer or can the audit actuary propose using their secure file transfer method?
 - Is ProofPoint difficult to use?
 - Does ProofPoint have specific system requirements?
 - If there are complexities or specific system requirements, please provide any details so we may validate the ability to use the system.

17a. Currently, PERA transfers all personal and/or sensitive data to PERA’s actuarial and other service providers using Secure Share by Proofpoint. PERA strongly prefers the use of this transfer method, however, the selected actuarial firm for this project has the option to continue with this process or propose a similar, secure process for data/information transmission.

17b. Proofpoint Secure Share is very easy to use.

17c. No. Requirements include internet access and one time set up of a login account and password.

17d. Proofpoint Secure Share is accessible through any web browser. An email is sent to the intended recipient with notification that a file has been posted to the secure site and is ready to be downloaded. The intended recipient logs into Proofpoint and downloads the file. A separate email notification is then sent to the person initiating the file transfer to inform them of a successful download. Please contact Koren Holden directly, if additional information is needed.



Colorado PERA 2022 Actuarial Audit—RFP Questions and Responses January 25, 2022

Questions Regarding Scope of Work

18. Will the winning firm be expected to present actuarial audit results to the Board? If so, in person or video conference?

Results and findings related to the 2022 actuarial audit are required to be presented to the PERA Board at their November 18, 2022 meeting, per the 2022 Actuarial Audit Production Schedule noted in *Exhibit A, Scope of Services* within Appendix B of the RFP, *Actuarial Audit Services Agreement Template*.

Whether the November 18, 2022 PERA Board meeting will be in-person or remote is unknown at this time and will be assessed and determined closer to the meeting date.

19. Are there any differences in the scope of work between the current and the prior actuarial audits?

The main difference regarding the current actuarial audit RFP versus prior actuarial audits is the inclusion of the request to replicate the deterministic “open-group” projections performed for all seven trust funds (the five Division Trust Funds and the two Health Care Trust Funds), as well as the review of any assumptions associated with this work.

20. For the first bullet point in the Scope of Services, does a “review of all actuarial methods and assumptions currently used within the funding actuarial valuations” entail a detailed review of the most recent experience studies or a more high level review? Please elaborate on the expectation.

PERA expects the selected actuarial audit firm to provide a review of the actuarial assumptions that is typically performed in similar/prior actuarial audits. At a minimum, PERA anticipates that the auditing firm’s review will be sufficient to indicate whether or not the Board’s actuarial service provider is using acceptable actuarial methods/practices, to develop recommended actuarial assumptions, which meet the requirements of the applicable Actuarial Standards of Practice (ASOPs).

21. For the third bullet point in the Scope of Services, for “replication of the most recent funding actuarial valuation census data” does that mean PERA will provide the same census data files that were provided to Segal, then the selected firm will perform data analyses and compare their final data files to the final data files actually used by Segal, which will also be provided by PERA? If not, please clarify?

Yes. Your interpretation is correct.



Colorado PERA 2022 Actuarial Audit—RFP Questions and Responses January 25, 2022

Questions Regarding Scope of Work (*Continued*)

22. What recent actuarial communications will need to be reviewed?
23. Please provide specific examples of what is expected to be included in the “Review of recent actuarial communications”, which is the last line item in the Scope of Services.

Response to Questions 22 – 23: PERA is requesting review of the most recent funding actuarial valuation reports and experience analysis reports for both pension and Other Postemployment Benefit (OPEB) plans, per the list of services noted in *Exhibit A, Scope of Services* within Appendix B of the RFP, *Actuarial Audit Services Agreement Template*.

PERA expects review and commentary on the most recent actuarial communications as typically performed by actuarial auditing firms. At a minimum, PERA anticipates that the auditing firm’s review will be sufficient to indicate whether or not the Board’s actuarial service provider is producing actuarial communications that meet the requirements of the applicable ASOPs.



Colorado PERA 2022 Actuarial Audit—RFP Questions and Responses

January 25, 2022

Questions Regarding Fees

24. When was the last audit completed, who was the actuarial firm that completed it and what were the fees paid?

25. What were the fees charged by the actuarial firm who prepared the most recent actuarial audit?

26. What were the fees for the last actuarial audit?

Response to Questions 24 – 26: The last formal actuarial audit on Colorado PERA was performed by Milliman in 2014, with a final report and presentation to the PERA Board in January 2015. Milliman bid and PERA paid a fixed fee to "complete all tasks as described in RFP".

27. How should pricing/fees be addressed in the proposal?

PERA prefers a fixed fee approach regarding bids on this project; however, we encourage each respondent to bid using whatever format makes the most sense for their firm.

28. Is there an estimated budget for this project? If so, please provide.

29. What is the budget for completing the actuarial audit for all plans?

Response to Questions 28 – 29: There is no pre-set budget for this project.

30. What are the fees for the current pension actuarial valuation?

31. What are the fees for the current OPEB actuarial valuation?

32. What are the annual fees PERA pays to Segal for the pension valuation and separately for the OPEB Valuation?

Response to Questions 30 – 32: PERA does not believe these questions are pertinent to the scope of audit work being requested.