

Assurance Report

2203 Investment Consultant (NEPC) Review

February 14, 2022

Cindy Rougeou, LASERS Executive Director
The LASERS Audit Committee

EXECUTIVE SUMMARY

The policies, procedures, and controls that NEPC has in place are adequate and effective in fulfilling their contractual and fiduciary duties to LASERS.

During this review, LASERS audit staff interacted with various members of the NEPC team and all personnel were professional and courteous. NEPC fulfilled all requests for information related to LASERS investments and coordinated meetings with all key personnel.

There were no issues identified during this review.

BACKGROUND

This was a planned engagement on the fiscal year end 2022 Audit Plan. The fieldwork for this engagement was completed on February 11, 2022.

LASERS has utilized the pension consulting services of NEPC since July 1993 and most recently re-contracted their services in July 2018, ending June 2023. The last review of NEPC was completed on December 29, 2016, and no reportable issues were found.

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Due to the nature of services provided to LASERS by NEPC, the pension consultant is on a five-year review cycle. NEPC's Scope of Services include: Private Market Performance Evaluation, Asset Allocation, Investment Manager Structure, Investment Policies and Guidelines, Investment Research, Education and Training, and Transition Management.

SCOPE, OBJECTIVES, AND METHODOLOGY

The scope of this engagement was to review the activities of NEPC, as it relates to LASERS, for the contract period currently in effect.

The primary objectives of this engagement were to determine if:

- NEPC maintains adequate internal controls.
- The contract is current, complete, authorized, and complied with.
- NEPC's policies and procedures regarding the management of LASERS account is effective.
- NEPC has effective contingency plans to continue active management of LASERS account.

Procedures used to complete this engagement included:

- Review of documentation provided by NEPC.
- Meeting with key personnel and staff to understand processes and identify controls for key areas.
- Observations of processes and specific documents for verification purposes.
- Conducting other inquiries considered necessary to achieve engagement objectives.

This engagement was conducted in accordance with the policies and procedures of the Audit Services Division.

FOLLOW-UP

No follow-up is necessary.



Nicole Xue
Auditor



Ryan Babin, CPA, CIA, CISA
Audit Services Director

Cc: Rhett Humphreys, NEPC
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