

## **Request For Proposal – Audit Services Responses to Outside Questions**

### **Technical RFP questions:**

What were the fees for the prior year's financial statement and GASB 68 audits?

**Gross fees, excluding travel expenses, did not exceed \$67,680 for FY2024 which included both financial and GASB 68 audit work.**

What were the audit fees for fiscal years 2024 and 2023, separated for the Audit Engagement and the GASB 68 Audit Engagement?

**Gross fees, excluding travel expenses, did not exceed \$67,680 for both years.**

What years would you like the pricing to be for?

**The RFP requests pricing for fiscal years 2025 through 2029.**

Is the current auditor allowed to bid on the RFP? **Yes**

How many hours did the prior audit firm propose for each service (financial statement audit and GASB 68 audit) in their previous proposal?

**Approximately 535 hours for financial audit and 100 hours for GASB 68 audit.**

Can you provide the prior year's GASB 68 reports? **Yes**

Were there any adjustments proposed by the auditors for FY 2024 or FY 2023? **None**

Were there any management comments (significant deficiencies, material weaknesses) related to the prior year audit? **None**

When did the interim fieldwork occur? How many auditors were in the field during interim? For how many days? When did final fieldwork occur? How many auditors were in the field during final fieldwork? For how many days? What is CCCERA's preferred timing of the different stages of the audits?

**Preferred schedule is Interim week is first week in March, followed by Final week in first week of May. Auditors ranged from one to three but on average two. May through mid-June is final wrap up for Board presentation and GFOA ACFR application by third week in June.**

How soon after year end can the auditors be in the field?

**Typically during February after Dec. 31 year end or as early as needed and planned in advance.**

When were the draft financial statements available to the auditors for review?

**By end of April first draft.**

Are the audits conducted remotely, using a hybrid model, or in-person full-time? Is CCCERA open to audits performed remotely?

**Yes, very open to remote access as much as possible which is the case now.**

Have there been recent changes in key personnel in any of the department's accounting/finance functions or are there changes known for the future (retirements)?

**None**

Have there been any significant changes to the payroll system, custodian of the plan or investment lineup? **None**

Does CCCERA expect any significant changes in the accounting system or other systems relevant to financial reporting during the contract term?

**None in the financial system; but currently is in development of a new pension administration system for implementation by end of year.**

Is the majority of supporting documentation maintained electronically (e.g. PDF), such as checks, vendor invoices, cash receipts, timecards, personnel files? **Correct**

What controls are in place to monitor and record calls and distributions for real estate and private equity investments? (internal or outside consultants?) What reconciliation procedures are performed between the different investment managers and custodian and how often?

**CCCERA partners with a custodian bank who provide capital execution services with electronic wiring and approvals of calls; and is bookkeeping source of record for fair values of investments holdings and distributions; the Accounting staff reconciles investment manager statements to the custodian bank monthly for public managers or quarterly for private equity managers.**

Are any of the hard to value investments audited financial statements prepared on a basis of accounting other than US GAAP? If so, how many? **None**

Are there going to be any significant changes to CCCERA that would significantly change its investment vehicles, benefits provided, or significantly impact other areas? If so, what are they? **None**

Related to the census data testing, how many employers were tested for 2024 and 2023? How many participating employers census data did the prior auditor test? Can the testing of census data be done remotely?

**CCCERA contracts with 15 sponsor employers with at least half tested by selecting 40 retiree accounts; 40 active accounts; and 10 deferred status accounts. This work can be done remotely.**

Were there any errors noted in the census testing performed in the prior 2 years?

**There was an immaterial correction noted on a retiree for a missed first year of COLA benefit which was resolved quickly.**

Has any of the audit work performed by internal audit been relied upon by the external auditors in the last 2 years? If so, what work was utilized? **None**

Does CCCERA use service organizations? Examples include payroll processors, workers' compensation or medical claims processors, hosted data centers, cloud service providers, and managed security providers. If so, approximately how many and for which transaction cycles?

**Like all organizations, CCCERA uses a variety of service organizations for payroll services, cloud hosted GL financial services, online banking with local retail bank for benefit disbursements, custodian bank for investments, is in development for cloud based pension administration system.**

Are there any significant changes in operations expected for the contract term? **None**

How many adjusting entries were there in the prior year? And if applicable, what was the nature of those adjusting entries? **None**

Are proposers permitted to mark certain sections of the proposal as confidential—particularly if they contain proprietary or sensitive business information? If so, is there a preferred method or format for doing so?

**Yes, a usual method is using MS Word watermark marked "Confidential"**

Pages 20-21 discuss the Sealed Dollar (\$) Cost Bid. This is listed as section 5 for the proposal contents. Please clarify if this section is separate from the other sections 1-4 and 6 which are combined. Additionally, please provide any specific packaging instructions for a separate Sealed Dollar (\$) Cost Bid.

**Yes, please make Section 5 Sealed Dollar (\$) Bid as a separate package from section 1-4 and 6. It may be packaged as a separate envelope inside of the overall RFP response and referenced separately; or it may be separately delivered as it's own mailing package depending on amount of documents.**

The RFP states that the Engagement Partner, Audit Manager, and On-Site Audit Supervisor must be licensed by and in good standing with the State of California. Does the CPA Mobility law meet this requirement?

**Due to how CCCERA is governed by County Employees Retirement Law of 1937 (CERL) under State of California, the Engagement Partner, Audit Manager, and On-Site Audit Supervisor must be licensed by and in good standing with the State of California.**

If a CPA license application for California is under review for approval for a signing engagement partner, will you still accept the proposal?

**No, must be licensed in good standing at time of RFP submission deadline.**

In Section X 5(a) for the Total not-to-exceed Maximum Price, the RFP asks to provide Total Not- to-Exceed Maximum prices for three years during the audit engagement and the GASB 68 audit engagement. The RFP also indicates a five-year contract term in Section I(B). Should five years of fee proposals be included in the proposal response?

**Apologies for typo error – yes the proposal is for FIVE years not three.**

In Section X 5(a) through 5(d), does CCCERA consider this to be a (1) fixed fee contract or (2) an hourly contract not to exceed the stated amount? For example, under a (1) fixed fee arrangement, if the bid was \$10,000, the bill would be \$10,000, regardless of the hours put into the audit. Under a (2) hourly contract not to exceed the stated amount, if the bid was \$10,000 and there was only \$9,000 of hours in the job, only the \$9,000 would be billed. Under a (2) contract if there was \$11,000 of hours in the job, however, only the \$10,000 would be billed (the not to exceed ceiling). Can you confirm which of these arrangements the RFP is requesting?

**Preferred RFP response is item (1) fixed fee contract with hours supporting that fixed fee.**

Our process also includes a requirement to sign a Masters Services Agreement (MSA) with annual Statements of Work (SOW) on commercially reasonable terms. Is CCCERA amenable to signing that? Should we include a sample MSA and SOW in our response?

**Yes, CCCERA is amenable; please include sample MSA and SOW in response.**

**General Non-Technical RFP questions:**

Why is CCCERA going out for proposal? What do you like about your current auditing experience? What do you wish you could change about your current auditing experience? Is there anything specifically that you are looking for in a potential new professional services firm? What engagement process would CCCERA like to improve? If CCCERA could change one thing about the audit process what would that be? If CCCERA changed to new auditors what transition issues would be a concern to CCCERA? What are the key qualities that CCCERA expects from their auditors?

**Our Board and Management feel it is prudent to be as transparent as possible and demonstrate we seek and retain the best firm to meet our needs by issuance of this RFP. CCCERA is always open to improvements in audit efficiency including recommendations to best practices and looks forward to proposals.**