

QUESTIONS SUBMITTED BY PROPOSERS

SamCERA received the questions below on its Request for Proposals for Auditing Services. Below are SamCERA's responses.

1. What are some things you would like to see improved in the financial audit process compared to previous years for the financial statements?

Response: Timely notification of new accounting and financial reporting pronouncements; weekly status update from the in-charge auditor.

2. Were there any management letters issued in prior years' audits? If so, could you please provide an example?

Response: None in the past two audits.

3. Were there any uncorrected misstatements in prior years' audits?

Response: None in the past two audits.

4. Are there any plans to implement a new pension administration system or general ledger system during the contract period?

Response: The current accounting system Microsoft Dynamics Great Plain is phasing out in 2025, and related technical support will be discontinued in March 2028. SamCERA plans to replace the existing accounting system by 2027.

5. Are we able to mark as confidential or trade secret any of the contents of the proposal?

Response: Yes, you may mark the contents of the proposal as confidential.

6. When did the prior audit firm typically perform their interim fieldwork and for how many weeks? When did they perform their final fieldwork and for how long?

Response: The prior audit firm performed the interim fieldwork in the last week of June and the final fieldwork in the 3rd week of August.

7. How many staff personnel and for how many weeks did the prior year audit firm have working on the audits of the financial statements?

Response: The prior audit team had three staff (one Audit Manager, one Senior Auditor, and one Staff Auditor). The final audit began in the 3rd week of August and ended in the 2nd week of October. We are not sure if the audit team was also working on other audit engagements during this time.

8. What were the prior year's fees for the audits of the financial statements?

Response: \$58,000 per year from 2019 to 2023.

9. When are records (i.e. preliminary trial balance etc.) typically available for audit?

Response: Records, if available, will be provided to the auditor upon request. The preliminary trial balance is usually made available in the 3rd week of August.

10. Were any part of the prior year audits performed remotely? Is SamCERA open to remote or hybrid audits in the future?

Response: The prior year audit was performed remotely. SamCERA is open to remote or hybrid audits in the future.

11. How many samples were selected on an annual basis for member census data testing?

Response: 25 new and 15 old “active” members; 25 new and 15 old “retired” members. 10 new and 5 old “inactive” members.

12. With respects to Appendix A Proposer Questionnaire:

a. Question 17 – our firm currently serves as the auditor to the County of San Mateo. Does SamCERA consider this to be a conflict of interest?

Response: It should not be considered a conflict of interest.

b. Question 20 – please clarify whether this includes instances where the contract period was over and client went out to RFP.

Response: SamCERA went out to RFP since the existing contract expires the end of March 2024.

c. Question 21 – please clarify what is being asked in this question.

Response: If your firm was engaged to audit a public pension plan, was such audit, including any audit findings and/or recommendations, selected for peer review? If so, state the number of peer review performed on such audit and any comments received from peer review,

d. Question 30 – please clarify how SamCERA defines “Primary Auditor” and “Supporting Auditors (senior supporting)”.

Response: Primary Auditor is in-charge of the audit; Supporting Auditors (such as senior or staff auditor) work under and support the in-charge auditor.

13. Our firm’s financial statements are confidential, proprietary information. May we submit other information in our proposal that substantiates our financial stability such as a notarized letter with a statement of financial condition?

Response: Yes.

14. With respect to Appendix C, what is required for Exhibits A and B when submitting the proposal?

Response: In Appendix C, in addition to your comments on the sample contract, the Proposer is required to include Exhibit A (Services to be provided) and Exhibit B (Fee Schedules).

15. Was the prior year auditor invited to bid?

Response: Yes.

16. What were the prior year fees?

Response: \$58,000.

17. Are there significant changes to the scope of services referenced in the RFP over what has been provided in prior years?

Response: No.

18. How many auditors were needed to complete last year's audit work? How many days of interim and year-end fieldwork?

Response: Last year's audit team had one Audit Manager, one Senior Auditor, and one Staff Auditor.

19. How many audit adjustments were proposed by the auditors in last year's audit?

Response: None.

20. How many accounting entries were made after the year-end trial balance is given to the auditor?

Response: Twenty-three (23) entries were made after the year-end trial balance was provided to the auditor upon receiving the profit/loss quarterly statements from investment managers.

21. Are there any special qualities or unique characteristics you are looking for in the firm you select?

Response: 1. Experience (Understand the ins and outs of our business), 2. Maintain professional relationships, and 3. Audit efficiency.

22. What do you like about the service provided by your current auditing firm? What don't you like?

Response: What we like: Our current auditing firm knows the ins and outs of our business. What we don't like: None.

23. What is your preference of performing the audit remotely vs. on-site assuming no restrictions? Are you open to a combine approach?

Response: We are open to all three approaches (remote, on-site, or combined).