

Request for Proposal

PROFESSIONAL AUDITING SERVICES FOR CALENDAR YEARS 2023-2025

Proposals must be submitted no later than:

5:00 p.m. PDT, Friday September 29, 2023.

Sonoma County Employees' Retirement Association
433 Aviation Blvd, Suite 100
Santa Rosa, CA 95403
(707) 565-8100
<http://www.scretire.org>

SONOMA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

REQUEST FOR PROPOSAL – AUDITING SERVICES

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SONOMA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION REQUEST FOR PROPOSAL – AUDITING SERVICES

SECTION I. INTRODUCTION

A. General Information

The Sonoma County Employees' Retirement Association (SCERA) is requesting proposals from qualified firms of certified public accountants (Auditors) to audit its financial statements for three years beginning with the calendar year ending December 31, 2023, with the option of extending the contract for two (2) additional years, at SCERA's sole discretion. The contract may be canceled if SCERA determines the performance of audit services to be unsatisfactory.

These audits will be performed in accordance with generally accepted auditing standards (GAAS) as set forth by the American Institute of Certified Public Accountants (AICPA), the standards for financial audits set forth in the U.S. Government Accountability Office's, Government Auditing Standards (i.e., generally accepted governmental auditing standards, known as "GAGAS") and the "Minimum Audit Requirements and Reporting Guidelines for California Public Retirement Systems" issued by the California State Controller.

Clarifications of or requests for additional information to this Request for Proposal should be submitted to Cristina.Hess@sonoma-county.org by 5PM, September 8, 2023. E-mail is the preferred method of communication. All written questions must include the name of the firm and person submitting the question(s). A compilation of all questions (with the source redacted) and responses, along with any RFP addenda, will be posted on SCERA's website, www.scretire.org, by 5PM, September 12, 2023.

B. Term of Engagement

A three-year contract is contemplated, subject to satisfactory negotiation of terms. The term of the original contract may be extended for an additional two years upon SCERA's sole discretion. SCERA will administer the contract that will result from this Request for Proposal.

C. Qualifications of the Auditor

In accordance with State Controller Guidelines, firms submitting a proposal must:

- Have sufficient knowledge and training to enable them to comply with generally accepted auditing standards.
- Have adequate knowledge of government accounting.
- Have sufficient knowledge of pension accounting and actuarial science.

The above audit requirements are not intended to be a comprehensive audit program or check list of things to be completed during a retirement system audit. This is intended to include only the minimum requirements which the State Controller prescribes in conjunction with implementing Sections 7501-7504 of the California Government Code.

SECTION II. DESCRIPTION OF ENTITY AND RECORDS TO BE AUDITED

A. General Background

SCERA is governed by the Board of Retirement (Board) under the County Employees Retirement Law of 1937 (CERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). SCERA operates as a cost-sharing, multiple-employer, defined benefit plan that was established on January 1, 1946. Under the provisions of the CERL, SCERA was established to provide retirement, disability, and survivor benefits to the safety and general members employed by Sonoma County and two other participating agencies as listed below:

- Superior Court of California – County of Sonoma (Superior Court)
- Sonoma Valley Fire District

The management of SCERA is vested with the Board. The Board consists of ten trustees. Of the ten members, one is an alternate. Four trustees are appointed by the County Board of Supervisors; five are elected by the members of SCERA, and the County of Sonoma's Treasurer is an ex-officio member. Board members serve three-year terms, except for the County Treasurer who is elected by the general public and serves during his/her tenure in office. The Board is responsible for establishing policies and regulations for the investment of the assets of the Plan and administration of the Plan.

SCERA has an Audit Committee consisting of five trustees. One of the responsibilities of the Audit Committee is, along with SCERA staff, to assist in the selection and appointment of the Auditor.

SCERA collects, deposits, invests, and manages retirement trust funds solely in the interest of, and for the exclusive purpose of, providing benefits to participants and their beneficiaries. As of December 31, 2022, SCERA's membership included approximately 5,791 active and deferred members and 5,627 retired members. SCERA acts as fiduciary agent for the accounting and control of employer and member contributions and investment earnings. The Plan's net assets are \$3.170 billion as of December 31, 2022.

The management of SCERA is the responsibility of the Board. SCERA staff is responsible for daily operations involving the administration of retirement, disability and death benefits, member services, accounting functions, compliance, legal, information systems management, and investment portfolio administration. SCERA is budgeted for approximately 15 employee positions. Additional information regarding SCERA's financial condition, investment policies and organization can be found in its 2022 Comprehensive Annual Financial Report at scretire.org.

B. Investments

The Board is responsible for all investments of SCERA and oversees the investments of 18 external investment managers. SCERA has a Chief Investment Officer and a Senior Investment Officer. The Board also uses the services of an outside investment consultant; Aon Hewitt Investment Consulting, Inc. SCERA does not currently manage any investments internally and employs State Street Bank & Trust as its Master Custodian.

C. Financial Reporting

Prior SCERA Annual Comprehensive Annual Financial Reports (ACFR) can be obtained at our website: www.scretire.org. For the year ended December 31, 2022, our Auditors' opinion stated the financial statements were presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States.

D. Systems Applications

The following is an overview of SCERA's existing systems applications and environment:

1. Accounting and Cash Management Applications

SCERA uses Great Plains Dynamics for all its general accounting, accounts payable, and financial reports. SCERA is currently investigating other programs for the same such purpose. SCERA connects with its custodian bank using the bank provided online platform of MyStateStreet.

2. Benefit Applications

SCERA uses Pension Gold Public Edition Pension Administration Software to maintain member accounts, calculate and process benefit payroll, and for 1099-R tax reporting. Pension Gold is a web based application using Oracle database technology.

E. Administrative Expenses

SCERA's Board annually adopts the operating budget for the administration of SCERA. The administrative expenses are charged against the earnings of the Plan and are limited to twenty-one hundredths of one percent of the actuarial accrued liability of SCERA, pursuant to California Government Code Section 31580.2. SCERA's administrative operating budget for 2023 is \$4.1 million. The operating budget includes capital outlay costs for major building improvements, and computer hardware, software, and equipment over a certain dollar amount, which are capitalized upon purchase and expensed over their useful lives.

F. Actuarial Services and Information

SCERA engages an independent actuarial firm, The Segal Company, to conduct annual actuarial valuations to monitor SCERA's funding status. On a triennial basis, economic and non-economic assumptions are reviewed and updated as needed, as required by the California Government Code. The last triennial experience study was prepared as of December 31, 2020. The most current annual actuarial valuation was prepared as of December 31, 2022, and determined SCERA's actuarial funding status to be 92.4%.

Both the triennial and annual valuations use the entry age normal cost method, and an actuarial 5-year smoothing of asset values. The most recent valuation used a 6.75% investment rate of return assumption, and an average 3% salary increase assumption.

G. Membership Plans

SCERA provides service retirement, disability, death, and survivor benefits to eligible employees. All regular full-time employees and permanent position part-time employees working at least 20 hours a week for the County of Sonoma or participating agencies become members of SCERA effective on the first day of entrance into eligible service.

There are currently two tiers for each General and Safety member category. The retirement benefit the member will receive is based upon age at retirement, final average compensation, years of retirement service credit and retirement plan.

The County of Sonoma and participating agencies contribute to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from SCERA's actuary after the completion of the annual actuarial valuation and are effective 18 months after the date of the valuation. Members are required to make contributions to SCERA regardless of the retirement plan or tier in which they are included.

SECTION III. QUALIFICATIONS REQUIRED OF AUDITORS

A. Minimum Qualifications for Auditors

Firms submitting proposals must meet all minimum qualifications set forth in the State Controller Guidelines. In addition, the following is a list of minimum qualifications that the proposing firm must meet in order to be given further consideration. Failure to satisfy any of the minimum qualifications will result in the immediate rejection of the proposal.

1. The firm must be an independent public accounting firm licensed by the State of California under the California Business and Professions Code, Section 5070.
2. The firm must have an established office within the United States and be a legal business entity licensed to do business in California.
3. The firm must have conducted, within the last five years, at least two audits of defined benefit pension plans with assets that exceed \$1 billion dollars, and/or have performed at least two audits of defined benefit pension plans falling under California's County Employees Retirement Law of 1937 (California Government Code Section 31450 et seq., "the 1937 Act").
4. The firm must have experience in auditing the following classes of investments: equity securities (domestic, global & international, real estate investment trust (REIT), public market commingled funds, fixed income securities/bonds (liquidity, held in equity portfolios, high yield), real assets – risk diversifying, real estate, alternative investments (private equity, private credit funds) and securities lending.
5. The Principal/Partner (Engagement Partner) responsible for the SCERA account, and the partner who signs the audit opinion (if different), must have at least ten years of experience in public accounting. Such experience must include audits of defined benefit pension plans.

This person must be a Certified Public Accountant licensed by and in good standing with the State of California.

6. The Audit Manager (Engagement Manager) responsible for the SCERA account must have at least five years of experience in public accounting. Such experience must include audits of defined benefit pension plans. This person must be a Certified Public Accountant licensed by and in good standing with the State of California.
7. The On-Site Audit Supervisor (Engagement Supervisor) responsible for the SCERA account must have at least three years of experience in public accounting. Such experience must include audits of defined benefit pension plans. This person must be a Certified Public Accountant licensed by and in good standing with the State of California.
8. The Engagement Manager and Engagement Supervisor must be available for consultations throughout the year.
9. The firm shall maintain information technology security controls for its own work product, systems, and staff. The firm shall further provide any requested documentation or information regarding such controls to SCERA as it pertains to SCERA's information held by the firm.

B. Additional Qualifications of Auditors

1. The firm, Engagement Partner, Engagement Manager and Engagement Supervisor, must not currently (i) be a defendant in any State or federal court action (in the United States or in any county in which the Bidder is doing business) for fraud, malpractice, misrepresentation, or negligence, or (ii) be the subject of any investigation, examination, complaint, disciplinary action or other proceeding before any state or federal governmental agency (in the United States or any country in which the Bidder is doing business) licensing or regulating the accounting profession or any profession in which the firm's clients are engaged.
2. The Auditor (firm) must not be the subject of any investigation, examination, complaint, disciplinary action, judicial, administrative, or other proceeding relating to or affecting the Auditors ability to perform its duties under contract with SCERA.

SECTION IV. NATURE OF SERVICES REQUIRED - Scope of Work

SCERA requires the Auditor to audit and express an opinion on the fair presentation of the financial statements in conformity with generally accepted accounting principles. The Auditor shall be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board (GASB) as mandated by generally accepted auditing standards.

The Auditor will review the basic requirements of internal controls for SCERA.

The Auditor may be asked to provide technical assistance in the preparation of certain footnotes to the financial statements.

The Auditor will evaluate SCERA's compliance with GAAP, GASB and other relevant accounting standards and may be asked to provide implementation guidance on upcoming GASB statements.

SCERA prepares its own ACFR internally. The Auditor will review the ACFR for consistency and reasonableness. The Auditor shall also perform procedures involving required supplementary information required by the GASB as mandated by generally accepted government auditing standards.

The Auditor will be expected to communicate findings of any significant deficiencies, and material weaknesses in internal controls in a management letter. The minimum number of meetings the Auditor will be expected to attend includes two Audit Committee meetings and one Board meeting. The Auditor may be requested to attend additional meetings if needed.

Governmental Finance Officers Association Award

SCERA participates in the GFOA's Certificate of Achievement for Excellence in Financial Reporting program. The Auditor will review SCERA's ACFR for compliance with the program. SCERA may also require additional services or advice to ensure new GASB reporting requirements are properly implemented.

Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the Auditor's expense, during the term of the engagement and for a minimum of five (5) years thereafter, unless the firm is notified in writing by SCERA of the need to extend the retention period or unless written permission is given by SCERA to dispose of any such materials prior to this time. The Auditor will be required to make working papers available, upon request, to SCERA, or its designees. The Auditor shall respond to the reasonable inquiries of successor Auditors and allow successor Auditors to review working papers relating to matters of continuing accounting significance.

SECTION V. REPORTS TO BE ISSUED

A. Independent Auditor's Report

1. Following the completion of the audit of each calendar year's financial statements, the Auditor shall issue a report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.
2. The audit report shall contain an opinion whether SCERA's financial statements are fairly represented, in all material aspects, in conformity with auditing standards generally accepted in the United States of America and all applicable federal and state laws, regulations, and rules.
3. The audit report shall comment upon any occurrences of noncompliance with legal requirements and qualify or disclaim the audit opinion if necessary.

B. Letter to Management

The Auditor shall communicate in a letter any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure which could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions that are also material weaknesses shall be identified in the report.

C. Report to the Audit Committee

The Auditor shall prepare a written report to the Board of Retirement to keep them informed on: 1) The auditor's responsibility under generally accepted auditing standards 2) Significant accounting policies 3) Management judgments and accounting estimates 4) Significant audit adjustments 5) Other information in documents containing audited financial statements 6) Disagreements with management 7) Consultation with other accountants 8) Major issues discussed with management 9) Difficulties encountered in performing the audit 10) Fees from management advisory services 11) Auditor Independence and 12) other issues deemed necessary by the auditors.

D. Irregularities and Illegal Acts

Auditors will be required to make an immediate, written report of all illegal acts or indications of illegal acts of which they become aware to the following parties: SCERA Audit Committee and the Chief Executive Officer of the Retirement System.

E. Report Due Dates

The following are estimated due dates for the required final reports concerning this RFP. Unless otherwise indicated below one electronic copy of each report will be delivered to the SCERA Finance & Retiree Services Manager no later than the due date unless otherwise agreed upon in advance.

Draft Copy of Independent Auditor's Report	May 1
Final Independent Auditor's Report	May 15
Report on Compliance and Internal Control	May 15
Letter to Management	May 15
Matters Communicated to the Retirement Board Report	May 15

SCERA's management will complete its review of the draft report as expeditiously as possible. It is expected that this process should not exceed one week. During that period, the Auditor should be available for any meetings that may be necessary to discuss the audit reports. Auditor shall be available for presentation of the ACFR and other required reports at the Audit Committee and Board meeting in May of each year under contract.

SECTION VI. ASSISTANCE TO BE PROVIDED TO THE AUDITOR

Assistance During Engagement

1. SCERA staff will be available to the audit team. Staff will prepare and provide year-end closing entries, preliminary trial balance, draft financial statements, reconciliations of general ledger and bank accounts, confirmations, analytical review, and all required supplementary schedules on a timely basis.
2. SCERA, with the input and assistance of the Auditor if required, will do the footnote preparation for the ACFR. The Auditor will provide to the Finance & Retiree Services Manager all recommendations, revisions and suggestions for improvement to the financial statements by May 15 of each year or other mutually agreed upon date.
3. SCERA will arrange for a functional on site work area with necessary equipment and read-only access to the relevant systems' applications.

SECTION VII. ENTRANCE/EXIT CONFERENCES AND STATUS MEETINGS

A. Entrance Conference

Prior to commencing fieldwork for each annual audit, the Auditor will attend an entrance conference with SCERA Management. The purpose of this meeting will be to establish and discuss the following:

- ❖ The overall liaison for the audit.
- ❖ Arrangements for work space and other needs of the Auditor.
- ❖ Prior audit and/or anticipated audit questions/issues.
- ❖ The timetable for year-end work to be performed.
- ❖ SCERA responsibilities and schedules required.
- ❖ Any special area of concern recommended by the Board or SCERA management.
- ❖ Auditor responsibilities.

B. Status Meetings

During the time the Auditor is performing its fieldwork for each annual audit, the Auditor will conduct a status meeting at SCERA's office with the Finance & Retiree Services Manager and other staff as necessary, to review and discuss the progress of the audit and other issues pertaining to the audit.

C. Exit Conference

The Auditor will attend an exit conference(s) with SCERA management to review the Independent Auditors' Report on the Financial Statements, the Management Letter, the Report on Compliance and Internal Control over Financial Reporting, and the Agreed Upon Conditions Report to be communicated to the Audit Committee and any additional presentations to the Board as required.

SECTION VIII. PROPOSAL SUBMISSION REQUIREMENTS

A. Critical Dates in RFP Process

The following is a list of key dates in the proposal/contract process:

Request for Proposal issued	August 30, 2023
Due Date for Clarifying Questions	September 8, 2023
Due Date for Answers to Clarifying Questions	September 15, 2023
Due Date for Proposal	September 29, 2023
Anticipated Interview	October 3, 2023
Final Decision	October 19, 2023
Contract Performance Begins (On or about)	November 1, 2023 or as soon as terms are negotiated.

SECTION IX. GENERAL CONDITIONS OF SUBMISSION

Each bidder shall observe the following in preparation and submission of a proposal:

1. All proposals submitted in response to this RFP shall become the exclusive property of SCERA and shall be subject to public disclosure pursuant to the California Public Records Act (Cal. Govt. Code Section 6250 et. seq.). SCERA reserves the right to use any ideas in a proposal regardless of whether that proposal is selected. (Submissions will remain confidential until the selection process is completed and a contract is awarded.) Should a bidder wish to cancel, a written letter so stating must be received by SCERA prior to September 18, 2023.
2. Costs for developing and submitting proposals are entirely the responsibility of the bidder and will not be chargeable to or reimbursable by SCERA.
3. A response to this RFP must be prepared and submitted according to the specifications set forth in this section, both for content and sequence. Failure to adhere to these specifications may be cause for rejection of the proposal. Any correction and/or resubmission of a proposal

shall be submitted prior to the bid/submission deadline.

4. Submission of a proposal constitutes a complete waiver of any claims whatsoever against SCERA, and/or its agents, trustees, officers, fiduciaries, or employees, that SCERA has violated a bidder's right to privacy, disclosed trade secrets or caused any damage by allowing the proposal to be disclosed.
5. All proposals shall be firm and may not be withdrawn for a period of 90 days following the date of submission of proposals. This includes pricing as well as nominated engagement staff.
6. Bidders will direct all communications to:

Cristina Hess
Sonoma County Employees' Retirement Association
433 Aviation Blvd, Suite 100
Santa Rosa, CA 94503

On the outside of the sealed response package, clearly mark: "RESPONSE TO REQUEST FOR PROPOSAL – FINANCIAL AUDITS."

7. SCERA reserves the right to contact current and former clients of the bidder for information at any time during the proposal process.
8. SCERA reserves the right to accept or reject any or all proposals and may waive any requirements of this Request for Proposal if it deems this action is in the best interests of SCERA.
9. SCERA reserves the right to contact individual bidders for clarifying information at any time during the proposal or review process.
10. The bidders will submit one original, one electronic version and five hard copies of the proposal and any related information to **be received at SCERA's office by 5:00 PM on September 29, 2023**. The original response and five hard copies shall be mailed to the address listed in number 6 above. The electronic version shall be emailed to cristina.hess@sonoma-county.org. Proposals received after the submission deadline will not be accepted.

SECTION X. PROPOSAL CONTENTS

To be eligible for evaluation, a proposal must adhere strictly to the format set forth below. Each of the required sections identified must be addressed and must be specifically labeled. The content and sequence of the proposal will be as follows:

<u>Section</u>	<u>Title</u>
1	Cover Letter
2	Table of Contents
3	Executive Summary
4	Technical Proposal
5	Fee Proposal
6	Additional Data and Attachments

Items 1 through 6 below contain brief descriptions of material that must be included in the proposal.

1. Cover Letter

A one-page cover letter must be included. This page must include the (a) name of the bidder firm, (b) organizational structure of the firm (e.g., corporation, partnership, etc.), (c) address, telephone number, web site address, and facsimile number of the firm's home office and, if different, office nearest Santa Rosa, California, (d) name, telephone number, e-mail address and facsimile number of the firm's representative who is designated as primary liaison to SCERA, (e) name, telephone number, e-mail address and facsimile number of the representative who is authorized to bind the firm in contract, and (f) date of the proposal.

2. Table of Contents

Immediately following the cover letter, there should be a comprehensive Table of Contents of the material included in the proposal. The Table of Contents must clearly identify the proposal section/subsection and the applicable page numbers.

3. Executive Summary

This section should briefly state the bidder's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement, and a statement that the proposal is a firm and irrevocable offer for 90 days following the date for submission of proposals.

4. Technical Proposal

a. General Requirements

The technical proposal should address all the points outlined in the RFP. The proposal should be prepared by providing a straightforward, concise description of the bidder's capabilities to satisfy the requirements of the RFP. While additional data may be presented, the following subjects, Items (b) through (h) must be included. They represent the criteria for evaluating and analyzing material included in the proposal.

b. Independence

The bidder should provide an affirmative statement regarding its independence of SCERA as defined by the U.S. Government Accountability Office's Government Auditing Standards.

c. License to practice in California

An affirmative statement should be included indicating that the bidder and all assigned key professional staff are properly licensed to practice in California.

d. Litigation or Disciplinary Actions

The bidder is required to provide information on the circumstances and status of any investigation, examination, complaint, disciplinary action or other proceeding commenced by any state or federal regulatory body or professional organization during the past three (3) years against the bidding firm or any assigned professional staff.

The bidder is required to provide information on the circumstances and status of any pending litigation or litigation that has taken place against the bidding firm or any assigned professional staff during the past three (3) years.

e. Partner, supervisory, and staff qualifications and experience

The proposal should state the size of the firm, the size of the firm's governmental audit staff, the location and telephone number of the office from which the work on this engagement is to be performed, and the number and nature of the professional staff to be employed in this engagement on a full or part-time basis.

The bidder should identify the principal supervisory and management staff, including engagement partners, managers, supervisory seniors and specialists, who would be assigned to the engagement and indicate whether each person, as applicable, is licensed to practice as a Certified Public Accountant in California.

The bidder should provide a statement of the qualifications of the key individuals so identified, including their experience in the auditing of public retirement systems, other employee benefit plans, systems applications, governmental units, auditing in general, and any specialized expertise such individuals may have which

is applicable to this engagement (i.e., that pertaining to pension accounting and actuarial science, cash management, investments, etc.).

Information should be included on total continuing professional education hours (divided into governmental and non-governmental) for the firm for the past two (2) years, and on membership in professional organizations relevant to the performance of this audit.

The bidder should identify the extent to which partners, managers, supervisory staff, specialists and other staff will have continuity in their audits with SCERA for the period of the contract.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may be changed for other reasons with the express prior written permission of SCERA. However, in either case, SCERA retains the right to approve or reject replacements.

f. Similar engagements with other public retirement systems

For the bidder's office that will be assigned responsibility for the audit, list the most significant engagements (maximum of three) performed in the last four years that are similar to the engagement described in this RFP. List prior engagements auditing public retirement systems first and then experience with Sonoma County or other government units. Indicate the scope of the work, date, engagement partners, total hours and the name, e-mail address and telephone number of the principal client contact. These references may be verified.

g. Specific audit approach

The proposal should set forth the bidder's understanding of the engagement requirements, and a work plan, including an explanation of the audit methodology to be followed. The bidder should not necessarily limit the bid response to the performance of the services but should outline any additional services if the bidder deems them necessary to accomplish the audits.

Bidders will be required to provide the following information on their audit approach:

- ❖ Proposed timetable of the engagement
- ❖ Level of staff and estimated number of hours to be assigned to each proposed time segment of the engagement
- ❖ Proposed compliance with timing requirements set forth in **Section V.E – Report Due Dates**.
- ❖ Type and extent of analytical procedures to be used in the engagement
- ❖ Proposed supervisory review and direction

- ❖ Approach to be taken to gain and document an understanding of SCERA's internal control structure
- ❖ Approach to be taken in determining laws and regulations that will be subject to audit test work

NO FEES SHOULD BE DISCUSSED OR INCLUDED IN THE TECHNICAL PROPOSAL

h. Procedures for resolving potential audit problems

The proposal should describe the bidder's approach to resolving potential problems that may be encountered during the performance of the audit, and any special assistance that may be requested from SCERA.

5. Fee Proposal

a. Total not-to-exceed Maximum Price

SCERA will not be responsible for expenses incurred in preparing and submitting the proposal. Such costs should not be included in the proposal.

The first page of the Fee Proposal should include the following information:

1. Name of the firm
2. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with SCERA.
3. A Total Not-to-Exceed Maximum Price for each of three years during the audit engagement (separately stated for each year).

b. Rates for additional professional services

If it should become necessary for SCERA to request the Auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work will be performed pursuant to a separate agreement.

c. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's cost bid proposal. Interim billings shall cover a period of no less than a calendar month. Final payment will be made after completion of the audit and audit report has been issued.

6. Additional Data and Attachments

- ❖ Please include a copy of your standard contract.

Material and data not specifically requested for evaluation, but which the bidder wishes to submit may be included, but only in the “Additional Data” section. The following are examples of the type of data that may be included in this section:

- ❖ Standard sales brochures and promotional material with minimal technical content
- ❖ Pictorial material i.e. examples of work product

SECTION XI – EVALUATION AND SELECTION PROCEDURES

A. General

This section describes the guidelines to be used for analyzing and evaluating proposals. SCERA reserves the right to evaluate all factors deemed appropriate, whether or not such factors have been stated in this section.

B. Evaluation Committee

SCERA management staff will consider proposals submitted and make recommendations to the Audit Committee, which will make a final recommendation to the Board of Retirement for decision.

C. Review of Proposals

Proposals will be evaluated using a two-step process. Bidders must meet the mandatory criteria listed below; their proposals will then be evaluated and scored for technical qualifications and price.

The Evaluation Committee will evaluate the individual proposals using a scoring system. The evaluation criteria to be used in the selection process will include, but may not be limited to, the following:

1. Mandatory Elements

- a. The bidder meets the “Minimum Qualifications for Auditors” as stated in **Section III – Qualifications Required of Auditors**.
- b. The bidder has no conflict of interest with regard to any other work performed by the bidder.
- c. The bidder adheres to the instructions in this RFP.

2. Technical Qualifications and Price

a. Audit Planning/Approach

- Comprehensiveness of financial audit work plan
- Comprehensiveness of agreed-upon procedures work plan
- Completeness of deliverables
- Adequacy of proposed timetable
- Adequacy of proposed staffing plan
- Adequacy of supervisory review & direction
- Planned approach to gain and document an understanding of the internal control structure.
- Approach to determine relevant laws and regulations

b. Bidder's Experience and Capabilities

- Independence and ethics
- Relevant experience and technical skills
- Quality of bidder's management support personnel to be available for technical consultation
- Financial stability
- References

c. Assigned Professional Personnel

- General experience and ethics
- Experience relevant to this engagement
- Professional and academic qualifications
- Adequate continuing professional education within the last two years

d. **Audit Cost**

- Total not-to-exceed maximum price

COST WILL NOT BE THE PRIMARY FACTOR IN THE SELECTION OF AN AUDIT FIRM.

D. **Oral Presentations**

SCERA management may request a firm or firms to make oral presentations. Such presentations will provide the firm(s) with an opportunity to answer any questions SCERA may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

E. **Final Selection**

SCERA's selection of one or more successful bidder(s) shall not be binding until it has been approved by the Board of Retirement. The Board will select a firm from recommendations by the Audit Committee. Firms will be notified of acceptance or rejection of their proposal by mail on or about October 27, 2023. Following notification of the firm selected and negotiation of engagement terms, it is expected a contract will be executed between both parties during mid-November 2323.

F. **Right to Reject Proposals**

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal unless clearly and specifically noted in the proposal submitted and confirmed in the contract between SCERA and the firm selected.

SCERA reserves the right to reject any or all proposals.

EXHIBIT A

SONOMA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

REQUEST FOR PROPOSAL FOR AUDITING SERVICES

FEE PROPOSAL

NAME OF BIDDER

Fees must be submitted in U.S. dollars in the format prescribed below. The proposed fee must include all costs and expenses related to providing full-service auditing services as described in this RFP to SCERA, including travel. Other unusual or extraordinary expenses may be allowed, but only if requested by the Auditor and authorized by SCERA in advance. The proposed fee must be guaranteed for the initial three-year term of the contract.

Annual Contract Term	Proposed Fee
Year 1	\$ _____
Year 2	\$ _____
Year 3	\$ _____
TOTAL	\$ _____

Signature

Date

Printed Name

Title