

Financial Auditor Services

Request for Proposal – Questions & Answers

August, 2021



Orange County Employees Retirement System (OCERS)

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<http://www.ocers.org>

Question	Response
1. What do you like about the service provided by your current auditing firm? What don't you like?	We like the service provided by our current auditing firm and they have the qualities described in #3.; however, they have been our auditors since 2010 and we are interested in hearing from other firms what services or special qualities they could provide.
2. Are your prior year auditors included or excluded from the current RFP process?	Our prior year auditors are not excluded from the current RFP process; however, they have been our auditors since 2010 and OCERS encourages other firms to submit a proposal for consideration.
3. Are there any special qualities you are looking for in the firm you select?	Responsiveness, experience with pensions systems and/or governmental entities, up-to-date technology, access to resources, efficient audit plan, and excellent communication
4. How many auditors and how many weeks were the prior auditors on site (or off site), for interim and year-end field work?	Interim fieldwork is combined with final fieldwork. We had approximately 3 auditors (Manager, Senior, Staff) in the field working primarily full-time for 6-8 weeks from early April until the end of May. Director and Partner would make periodic visits.
5. What were the prior year fees for all the services provided broken down by service?	See #30
6. How many journal entries were proposed by the prior auditor, if any?	None
7. Were any reportable conditions found during the 2020 audit? Please provide details, if any.	No
8. Do you anticipate any management turnover over the course of contract?	No
9. Do you have any planned changes in your systems over the course of the contract?	Yes. We anticipate to go live with a new ERP system on January 1, 2022. We will also be issuing an RFP to start the process of exploring a new Pension Administration System in mid-2022 and estimate the project to start sometime in 2023 and take 3 years to complete. We also anticipate issuing an RFP for our custodial bank in 2022 and a new custodian is possible in 2023.
10. Is the incumbent auditor allowed to bid?	See question #2 above.
11. In Exhibit B – Minimum Qualifications, the engagement partner must be licensed to practice in the State of CA. Would a proposed engagement partner who does not have a California CPA license but is allowed to practice in California	Yes, if Engagement Partner is allowed to practice in California under the CPA mobility law, we will consider that to meet the Engagement Partner minimum qualifications.

under CPA mobility law meet the Engagement Partner minimum qualification “must be licensed to practice in the State of California?”	
12. Were there any adjustments proposed by the auditors for 2019 or 2020?	No.
13. When did the interim fieldwork occur? How many auditors were out in the field during interim? For how many days?	See #4
14. When did final fieldwork occur? How many auditors were out in the field during final fieldwork? For how many days?	See #4
15. Were there any major audit issues identified for 2019 and 2020? Any anticipated ones for 2021 or 2022? This may include, but not be limited to, changes in systems, consultants (beyond audit) and senior management personnel.	There were no major audit issues identified in 2019 and 2020. We anticipate that our new ERP system will go live on 1/1/2022.
16. What part of the audit process would OCERS like to improve over the past audits?	Alternatives to keeping our books open for true-up adjustments of fair values of investment managers that report on a lag basis.
17. If OCERS changed to new auditors, what transition issues would be a concern to OCERS?	Completing the audit in time to allow timely filing of regulatory reports and distribution of GASB 68 allocations to our employers.
18. What is OCERS’ expectation of the audit process, such as length of time the audit team would spend on site for interim and final fieldwork?	We would expect the audit to follow the current length of time as described in #4, but anticipate additional time may be needed for a first year audit if a new audit firm is engaged.
19. Is OCERS currently open to auditors being onsite?	OCERS can accommodate onsite requests; however, auditors would be required to follow OCERS’ COVID protocols while onsite.
20. What controls are in place to monitor and record calls and distributions for real estate and private equity investments?	We utilize our custodial bank’s electronic cash flow module to manage our investment cash transactions and perform a monthly reconciliation of this activity. Capital call transactions require dual approval – one from investment staff and one from finance staff.
21. What reconciliation procedures are performed between the different investment managers and custodian and how often?	We perform a quarterly reconciliation between investment manager statements and our custodian bank, which takes into account the various monthly reporting lags, and ensure any differences are within our tolerance level.
22. Are there going to be any significant changes to the system that would significantly change its	No.

investment vehicles or benefits provided? If so, what are they?	
23. How long does OCERS keep their books open for any true up of fair value of the alternative investments?	We keep our books open until the end of March to try and capture the majority of true-up values for investment managers that report on a lag basis.
24. Does OCERS receive payments made by employers to satisfy contribution requirements that are identified by the plan terms as plan member contributions (pickups)?	Yes, employee contributions elected to be paid for by the employer under Section 31581.2 are treated and reported as employee contributions as these payments are credited to the employee account and become a part of their accumulated contributions. The amounts are immaterial.
26. How many employers were selected for census testing in the prior two (2) years?	One in 2020; two in 2019 (our largest employer was selected both years)
27. When are the employers' reports available from the actuaries?	We receive a draft of the employer allocations report from our actuary by April 30
28. Were there any errors noted in the census testing performed in the prior two (2) years?	There were no reportable errors noted in the census testing in the prior two years.
29. Does OCERS wish to have the 805 employer allocation reports issued in tandem with the financial statements?	Yes.
30. What were the audit fees for 2019 and 2020 for the ACFR audit and GASB 68 allocation reports?	2019: ACFR = \$108,894; GASB 68 = \$17,858; Total \$126,752 2020: ACFR: \$109,980; GASB 68 = \$18,031; Total \$128,011
31. How much work has been performed by internal audit that has been relied upon by the external auditors? Is there a set number of hours available to assist with the audit or other measure that could be provided to gauge the level of involvement?	Internal Audit provides the annual audit plan to the external auditors. The external auditors then request additional information for select audits from the annual plan. The requests tend to focus on the Employer Payroll audits. Internal Audit has not set aside a set number of hours to assist with the audit, but are available to assist as needed during their audit.