



Santa Barbara County Employees' Retirement System

DATE: February 22, 2023

Agenda Item # 9

TO: SBCERS BOARD OF RETIREMENT

FROM: Gregory Levin, CPA 

RE: Request for Proposal: Independent Audit Firm

Recommended Action:

That the Board receive and accept the report and authorize the CEO to enter into a written contract with Brown Armstrong Accountancy Corporation to perform the independent auditing services for the fiscal years ending June 30, 2023 through June 30, 2025; 3 year contract.

Executive Summary and Analysis:

The Santa Barbara County Employees' Retirement System ("the System") is required to issue an audited Annual Comprehensive Financial Report (ACFR) on a fiscal year basis pursuant to Government Code Sections 7501-7504.

The System's current independent auditor, Brown Armstrong Accountancy Corporation, has been the System's auditor since the June 30, 2012. For the fiscal year ending June 30, 2018, the engagement was conducted by a new Audit partner in keeping with professional best practices for partner rotation. A partner rotation again occurred for the audit of the fiscal year ending June 30, 2022.

In preparation for the Request for Proposal (RFP), System staff surveyed other SACRS retirement systems and reviewed recent RFP documents issued for best practices. The System issued an RFP on November 1, 2022 which was noticed on the System's website and was also sent directly to eleven individual audit firms.

The System received four responses to the RFP. The following table compares the demographics of the four responsive firms.

- Brown Armstrong Accountancy Corporation
- MGO – Macias Gini & O'Connell, LLP
- CLA – Clifton Larson Allen
- UHY, LLP

	BA	MGO	CLA	UHY
1st year cost	69,525	72,540	72,660	58,320
Total cost over 5 years	347,625	371,003	378,746	309,600
Average annual cost	69,525	74,201	75,749	61,920
Headquarters	Bakersfield, CA	Sacramento, CA	Los Angeles, CA	Orange, CA
Additional offices	3 in CA	8 in CA	125	32
Total employees	71	600	7,500	1,450
Number of CERL Clients Currently	14	0	0	0
Number of CERL Clients Past	20	6	2*	2*
Other Pension Systems out of State	none reported	17	24	29
<i>* - Same clients being claimed.</i>				

The RFP requested a 5-year contract proposal. Based on the responses received, the length of time the System will be with Brown Armstrong, and the various projects and activities the accounting staff are currently involved in, staff is recommending a 3-year contract with Brown Armstrong. If the Board approves the recommendation Brown Armstrong will have been the System's auditors for a period of 14 years upon conclusion of this cycle. Staff are involved in the County of Santa Barbara implementation of Workday ERP systems that encompasses a new financial system, and payroll/human resources system. Both of these systems are integral to the daily operations of the System and will consume significant staff time to provide detailed requirements, perform testing and implementation, and learning of these systems over the next 2-3 years. After stabilization of these system implementations in our operations in 2-3 years, staff believes that this will be the best time to perform another RFP for Audit Services.

Attachments:

- **Additional RFP Information**
- **Brown Armstrong Accountancy Corporation – Technical Proposal**
- **Brown Armstrong Accountancy Corporation – Cost Proposal**

Additional RFP Information

Critical Dates in the RFP Process:

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

November 1, 2022	Request for Proposal issued
November 15, 2022	Date for submission of clarification questions
November 18, 2022	Date for response to clarification questions
December 5, 2022	Due Date for Proposal
January 11, 2023	Interviewed Brown Armstrong
January 12, 2023	Interviewed MGO, CLA, UHY
February 22, 2023	Board of Retirement presentation
June 30, 2023	Contract Performance Begins (On or about)

RFP was directly sent to the following firms:

1. Brown Armstrong Accountancy Corporation
2. CLA - Clifton Larson Allen
3. Crowe, LLP
4. Glenn Burdette
5. Grant Thornton, LLP
6. KPMG
7. MGO – Macias Gini & O’Connell, LLP
8. Morris Davis Chan & Tan
9. Moss Levy
10. Williams Adley
11. Eide Bailly – formally Vavrinek, Trine, Day & Co

Auditing Firms that Responded to the RFP:

- Brown Armstrong Accountancy Corporation
- CLA – Clifton Larson Allen
- MGO – Macias Gini & O’Connell, LLP
- UHY, LLP

Survey of Current Other Retirement Systems Auditors

Retirement System	Auditor
Alameda County Employees' Retirement Association	Williams, Adley & Company-CA, LLP
City of Fresno Retirement Association**	Brown Armstrong Accountancy Corporation
Contra Costa County Employees' Retirement Association	Brown Armstrong Accountancy Corporation
Fresno County Employees' Retirement Association	Clifton Larson Allen, LLP
Imperial County Employees' Retirement System	Brown Armstrong Accountancy Corporation
Kern County Employees' Retirement Association	Clifton Larson Allen, LLP
Los Angeles County Employees' Retirement Association	Plante & Moran, PLLC
Los Angeles City Employees' Retirement System **	Moss Adams, LLP
Marin County Employees' Retirement Association	Brown Armstrong Accountancy Corporation
Mendocino County Employees' Retirement Association	Brown Armstrong Accountancy Corporation
Merced County Employees' Retirement Association	Brown Armstrong Accountancy Corporation
Orange County Employees' Retirement System	Moss Adams, LLP
Pasadena Fire and Police Retirement System **	MGO - Macias Gini O'Connell, LLP
Sacramento County Employees' Retirement System	Brown Armstrong Accountancy Corporation
San Bernardino County Employees' Retirement Association	Brown Armstrong Accountancy Corporation
San Diego City Employees' Retirement System	MGO - Macias Gini O'Connell, LLP
San Diego County Employees' Retirement Association	Brown Armstrong Accountancy Corporation
San Joaquin County Employees' Retirement Association	Brown Armstrong Accountancy Corporation
San José Police and Fire Department Retirement Plan **	Grant Thornton, LLP
San Luis Obispo County Pension Trust **	Brown Armstrong Accountancy Corporation
San Mateo County Employees' Retirement Association	Brown Armstrong Accountancy Corporation
Santa Barbara County Employees' Retirement System	Brown Armstrong Accountancy Corporation
Sonoma County Employees' Retirement Association	Brown Armstrong Accountancy Corporation
Stanislaus County Employees' Retirement Association	Brown Armstrong Accountancy Corporation
Tulare County Employees' Retirement Association	Brown Armstrong Accountancy Corporation
Ventura County Employees' Retirement Association	Brown Armstrong Accountancy Corporation

** - not a CERL system