



**Kern County Employees' Retirement Association**  
**REQUEST FOR PROPOSAL – AUDIT SERVICES**

Kern County Employees' Retirement Association  
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# KCERA REQUEST FOR PROPOSAL – AUDIT SERVICES

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**Exhibits**

- A.** “Minimum Audit Requirements and Reporting Guidelines for California Retirement Systems,” issued by the State Controller
- B.** Sample Agreement for Audit Services

**Attachments (forms to be completed)**

1. Qualifications and Experience Certification
2. Minimum and Desirable Qualifications Certification
3. Sealed Dollar Cost Bid
4. Background and Reference Checks

# KCERA REQUEST FOR PROPOSAL – AUDIT SERVICES

## SECTION I. INTRODUCTION

### A. General Information

The Kern County Employees' Retirement Association (KCERA) is requesting proposals from qualified firms of certified public accountants ("Auditor") to audit its financial statements for the fiscal year ending June 30, 2023, and for each of the two (2) subsequent fiscal years, as specifically described in Section I. B – Term of Engagement below.

These audits are to be performed in accordance with Government Auditing Standards issued by the Comptroller of the United States and the "Minimum Audit Requirements and Reporting Guidelines for California Public Retirement Systems" issued by the California State Controller. (See Exhibit A.)

Any inquiries concerning this request for proposal must be submitted via email to [matt.henry@kcera.org](mailto:matt.henry@kcera.org).

The deadline for submission of the proposal is **no later than March 3, 2023, at 2:00 p.m., PST**. KCERA reserves the right to reject any proposal submitted.

An evaluation committee consisting of key KCERA staff will review all proposals and provide its ratings and recommendations to the Finance Committee, which consists of four Board of Retirement trustees and an alternate. The Finance Committee will develop a hiring recommendation for the Board of Retirement's consideration.

KCERA will prepare the agreement that will result from this Request for Proposal (RFP). A sample Agreement for Audit Services is provided with this RFP as Exhibit B. Any objections to or concerns regarding the terms of the Agreement must be set forth in a separate letter to be included in the Respondent's proposal.

**B. Term of Engagement**

A three-year agreement is contemplated, subject to the annual review and recommendation of the Board of Retirement and the satisfactory negotiation of terms, including a price acceptable to both KCERA and the selected firm. The term of the original agreement may be extended for up to an additional three years upon the mutual agreement of KCERA and the selected firm.

**C. Qualification 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 an adequate knowledge of government accounting.
- Have sufficient knowledge of pension accounting and actuarial science.
- Have senior member of the engagement team licensed to practice as a certified public accountant in the State of California by the State Board of Accountancy. **OR** have a senior member of the engagement team who is registered and entitled to practice as a public accountant in the State of California by the State Board of Accountancy.

**SECTION II. DESCRIPTION OF ENTITY AND RECORDS TO BE AUDITED**

**A. General Background**

KCERA is a multiple-employer, cost-sharing, defined benefit pension plan established in 1945 to provide retirement benefits to the employees of Kern County (County) and other participating agencies pursuant to the County Employees Retirement Law (CERL) of 1937, California Government Code Section 31450, et seq.

KCERA 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 June 30, 2022, KCERA's membership included approximately 9,076 active vested and non-vested members and 13,030 retired and deferred vested members. KCERA acts as fiduciary agent for the accounting and control of member and employer contributions and investment income. The trust fund had assets of approximately \$5.1 billion as of June 30, 2022.

Management of the Association is vested in the Board of Retirement consisting of nine members and three alternates. The 1937 Act states one member shall be the County Treasurer; the second and third members shall be general members of the Association elected by their peers; the fourth, fifth, sixth and ninth

members shall be qualified electors of the County and shall be appointed by the Board of Supervisors; the seventh member shall be elected by and be a member of the Association's safety membership; the eighth member shall be a retired member elected from the retired membership.

The Board of Retirement and KCERA staff are responsible for daily operations involving the administration of retirement, disability and death benefits, member services, accounting functions, systems management, and portfolio administration. KCERA budgeted for thirty-five employee positions in FY 2021-22.

KCERA administers "the plan" for general and safety members employed by the County of Kern and the following participating agencies: (1) Berrenda Mesa Water District, (2) Buttonwillow Recreation and Park District, (3) East Kern Cemetery District, (4) Inyokern Community Service District, (5) Kern County Water Agency, (6) Kern Mosquito and Vector Control District, (7) North of the River Sanitation District, (8) San Joaquin Valley Unified Air Pollution Control District, (9) Shafter Recreation and Park District, (10) Kern County Superior Court, (11) West Side Cemetery District, (12) West Side Mosquito Abatement District, (13) West Side Recreation and Park District and (14) Kern County Hospital Authority.

## **B. Investments**

The Board of Retirement is responsible for all investments of KCERA and oversees the investments of external investment managers. The Board utilizes the services of investment consultants Verus, Cambridge and Albourne. KCERA's Chief Investment Officer oversees the investment program but does not internally manage its investments.

KCERA has an Investment Committee that develops investment strategies, policies and objectives and recommends their adoption by the Board of Retirement.

KCERA engages in a security lending program through Deutsche Bank.

## **C. Accounting and Reporting**

KCERA operates as an independent governmental entity and follows Governmental Accounting Standards Board (GASB) accounting principles and reporting guidelines.

The Annual Comprehensive Financial Report (ACFR) will be prepared by KCERA in accordance with the standards promulgated by the GASB and the format and content necessary to qualify for the Certificate of Achievement for

Excellence in Financial Reporting issued by the Government Finance Officers Association of the U.S. and Canada (GFOA).

**D. Systems Applications**

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

1. Local Area Network (LAN)

KCERA has implemented a Local Area Network (LAN) to support end-user computing and to serve as a communications network.

2. Accounting Applications

KCERA uses Microsoft Dynamics Great Plains software for its accounting functions, including general ledger, accounts payable and capital assets. All administrative, investment and retirement activities are posted to Great Plains and financial statements are generated from this system.

KCERA utilizes the County of Kern's Financial Management System (FMS) and Voucher Program as sub-systems for payment of administrative and investment expenses. KCERA's employee payroll is currently paid by the County of Kern.

CPAS is KCERA's pension administration system. Active members' biweekly payroll information is imported into CPAS. Benefit payments are processed in-house in CPAS and files are exported to the bank.

**E. Administrative Expenses**

KCERA's Board of Retirement annually adopts the operating budget for the administration of KCERA. The administrative expenses are charged against the earnings of the fund in accordance with the CERL and currently are limited to twenty-one hundredths of one percent of the actuarial accrued liability of KCERA.

The operating budget includes allocations for capital assets, which are capitalized upon purchase and expensed over their useful lives.

**F. Actuarial Services and Information**

KCERA engages an independent actuarial firm, Segal Consulting, to conduct annual actuarial valuations to monitor KCERA's funding status. On a triennial basis, these valuations are updated for economic and non-economic assumptions as required by the California Government Code. The triennial

valuation was performed as of June 30, 2019. The June 30, 2022 valuation determined KCERA's funded ratio to be 69.2%.

Both the triennial and annual valuations use the entry age normal method, and an actuarial 5-year smoothing of asset values. The current valuation uses a 7.25% interest assumption and a 3.25% salary assumption.

#### **G. Benefit Provisions**

The KCERA Plan provides for retirement, disability, death, beneficiary, cost-of-living, and supplemental retirement benefits.

All eligible employees must participate in KCERA. A member may retire after reaching age 50 with 10 years of service; or general members may retire with 30 years of service and safety members may retire with 20 years of service, regardless of age. The amount of such monthly benefit is determined as a percentage of their final monthly compensation and is based on age at retirement and the number of years of service. KCERA provides an annual cost-of-living adjustment (COLA) of up to 2.5 percent for all retirees and continuance beneficiaries.

A member who leaves County service may withdraw the contributions made by the member to the Association, plus accumulated interest.

Pension provisions include deferred allowances whereby a member may terminate his or her employment with the County after five or more years of service. If the member does not withdraw his or her accumulated contributions, the member is entitled to all pension benefits after being vested five years, and upon reaching the age of 50 with ten or more years of participation in the retirement system.

A member that terminates his or her employment with the County of Kern and within six months enters another retirement system that has a reciprocal agreement with KCERA, may elect to leave their contributions on deposit with KCERA and establish reciprocity, regardless of their length of service with KCERA. Reciprocal retirement systems include any other county under the County Employees' Retirement Law of 1937, the Public Employees' Retirement System (CalPERS), and any public agency within the State of California that has a reciprocal agreement with CalPERS.

#### **H. Reserves**

Effective July 1, 1984, the Kern County Board of Supervisors adopted by resolution BOS 84-297 CERL Article 5.5 Alternative Financial Provisions. Article 5.5 provides alternative financial provisions relating to the reserve against deficiencies, the disposition of earnings and surplus earnings, the charging of costs of various benefits and functions, a supplemental Retiree Benefits Reserve,

the payment of cost-of-living adjustments, a Contingency Reserve Account, related transfers, distribution and payments, definitions of the actuarial rate and net earnings, related crediting, and a standard for certain board of retirement recommendations.

In addition, the Kern County Board of Supervisors adopted on December 11, 2001, Section 31617, which states that a fixed part of the required cost-of-living contributions shall come from excess interest earnings.

### **SECTION III. NATURE OF SERVICES REQUIRED**

#### **A. General**

KCERA is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the period described in Section I.B. - Term of Engagement. These audits are to be performed in accordance with the provisions contained in this request for proposal.

#### **B. Scope of Work to be Performed**

KCERA requires the Auditor to 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 as mandated by generally accepted auditing standards.

The Auditor will review the basic requirement of internal controls for KCERA. The Auditor will advise KCERA about the appropriateness of accounting policies and their application. The Auditor will evaluate KCERA's compliance with accounting principles generally accepted in the United States of America.

The Auditor will review the Annual Comprehensive Financial Report (ACFR) that KCERA issues annually. The Auditor will not be required to audit the supporting schedules contained in the ACFR. However, the Auditor is to provide an "in-relation-to" opinion on the supporting schedules based on the auditing procedures applied during the audit of the general-purpose financial statements. The Auditor is not required to audit the introductory, investment, actuarial and statistical sections of the report but to review them for consistency. KCERA's ACFRs can be found online at [www.kcera.org](http://www.kcera.org).

The Auditor will review census data and member data found in KCERA's pension administration system when auditing samples of member records.

KCERA may ask the Auditor to perform other services not specifically provided for under this section. If such a request is made, the Auditor will submit a separate proposal for completing the engagement, along with a proposed fee schedule. KCERA reserves the right to contract for any additional audits or reviews with whomever it chooses.

1. Other Services Required – GASB Statement No. 68 Schedules

Prepare a separate bid to express opinions in accordance with AU-C 805, *Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts, or Items of a Financial Statement (AICPA, Professional Standards)* on any stand-alone schedules such as the Schedule of Employer Allocations, Schedule of Collective Pension Amounts or Schedule of Pension Amounts by Employer.

The auditor shall express an opinion about whether KCERA's Schedule of Employer Allocations, and the total for all entities of the columns entitled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense included in KCERA's Schedule of Pension Amounts by Employer are fairly presented, in all material respects, in conformity with auditing standards generally accepted in the United States.

The auditor shall also conduct any required communication with the auditors of KCERA's employers and perform any required testing in order to identify differences in the member census data provided by KCERA's employers.

**C. Auditing Standards to be Followed**

To meet the requirements of this RFP, the audit shall be performed in accordance with Government Auditing Standards, as set forth by the Comptroller General of the United States, and with the "Minimum Audit Requirements and Reporting Guidelines for California Public Retirement Systems" issued by the California State Controller. (See Exhibit A.)

**D. 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 KCERA of the need to extend the retention period or unless written permission is given by KCERA to dispose of any such materials prior to this time.

The Auditor will be required to make working papers available, upon request, to KCERA, 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 IV. REPORTS TO BE ISSUED**

### **A. Independent Auditor's Report**

1. Following the completion of the audit of each fiscal year's financial statements, the Auditor shall issue a report on the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States.
2. The audit report shall comment upon any occurrences of noncompliance with legal requirements and qualify or disclaim the audit opinion, if necessary.

### **B. Required Communication to the Board and Management**

The Auditor will ensure that the Board is informed of each of the following:

- The Auditor's responsibility under Generally Accepted Auditing Standards
- Significant accounting policies
- Management judgments and accounting estimates
- Significant audit adjustments
- Disagreements with management
- Major issues discussed with management prior to retention
- Difficulties encountered in performing the audit
- Significant audit findings identified during the audit

### **C. Irregularities and Illegal Acts**

The Auditor shall be required to make an immediate written report of all irregularities and illegal acts, or indications of illegal acts, of which they become aware, to the following parties: the Chairman of the Board of Retirement and the Chief Executive Officer of KCERA.

### **D. Compliance Report**

The Auditor shall prepare a written report on its tests of compliance and on internal control over financial reporting performed in accordance with Government Auditing Standards.

- The scope of the Auditor's work in obtaining an understanding of the internal control structure and in assessing the control risk.

- Report any significant deficiencies in the design or operation of the internal control structure that could adversely affect KCERA’s ability to record, process, summarize and report financial data in the financial statements.

## **SECTION V. TIME REQUIREMENTS**

### **A. RFP Timeline**

The following is a list of key events and dates in the Audit Services RFP process:

Request for Proposal issued	January 16, 2023
RFP Inquiries	February 10, 2023
Proposal due date	March 3, 2023
Finance Committee Recommendation to the Board	March 29, 2023
Board awards contract	April 12, 2023

### **B. Due Date for Final Report for Fiscal Year 2022-23 Audit**

A draft Auditor’s report shall be delivered to the Chief Executive Officer and Chief Financial Officer by the end of October 2023.

The Chief Executive Officer and Chief Financial Officer will complete their review of the draft report as expeditiously as possible. During that period, the Auditor should be available for any meetings with the Finance Committee in mid-November 2023 that may be necessary to discuss the audit reports. Once all issues for discussion are resolved, it is anticipated that the process will be completed and the final signed report delivered to the Board of Retirement by the first week of December 2023.

The final report shall be submitted electronically in addition to two signed originals. They are to be delivered to KCERA at 11125 River Run Boulevard, Bakersfield, CA 93311.

### **C. RFP Inquiries**

Any inquiries concerning the request for proposals must be submitted via email to [matt.henry@kcera.org](mailto:matt.henry@kcera.org). All questions must identify the RFP section and page number to which the question refers. Questions and responses thereto will be posted on the KCERA website. Written questions to the above e-mail address will be accepted until 2:00 p.m. on February 10, 2023. Responses to questions will be posted to the KCERA website at [www.kcera.org](http://www.kcera.org) on or before February 17, 2023.

**Waiver/Cure of Minor Informalities, Errors and Omissions:** KCERA reserves the right to waive or permit cure for minor informalities, errors or omissions prior to the selection of a proposal, and to conduct discussion with any qualified

proposers and to take any other measures with respect to this RFP in any manner necessary to serve the best interests of KCERA and its beneficiaries.

## **SECTION VI. ASSISTANCE TO BE PROVIDED TO THE AUDITOR**

### **A. Assistance during Engagement**

1. KCERA will prepare year-end closing entries, draft financial statements, footnotes and all required supplementary schedules. The Auditor will provide to the Chief Executive Officer all recommendations, revisions and suggestions for improvement to the financial statements by the end of October for each audit performed.
2. KCERA will arrange for reasonable office space, desks, tables and chairs to accommodate the on-site auditors.

## **SECTION VII. ENTRANCE AND EXIT CONFERENCES**

### **A. Entrance Conferences**

Prior to commencing fieldwork, the Auditor will meet with the Finance Committee to review the scope of work and to discuss any concerns. The Auditor will also attend an entrance conference with KCERA management to determine and discuss the following:

- The primary liaison for the audit
- Arrangements for workspace and other needs of the Auditor
- Prior audit and/or anticipated audit problems
- The timetable for year-end work to be performed
- KCERA responsibilities and schedules required
- Any special area of concern recommended by the Board or Management
- Auditor responsibilities

### **B. Progress Reports**

Routine progress reports shall be provided to the Chief Financial Officer and the Chief Executive Officer on a regular basis, but not less than weekly during the course of the work. Also, either KCERA management or the firm conducting the

audit may, with reasonable notice, request a meeting at any time during the course of the work.

**C. Exit Conference(s)**

The Auditor may attend an exit conference or conferences with the Finance Committee and KCERA Management to review the Independent Auditor's Report on the Financial Statements, the Required Communication to the Board, and the Independent Auditor's Report on Internal Control over Financial Reporting and Compliance. The Auditor will also discuss findings and recommendations from each report with the Board of Retirement.

## **SECTION VIII. BIDDING REQUIREMENTS**

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

**A. General**

The issuance of this solicitation does not constitute an award commitment on the part of KCERA. KCERA shall not pay for costs incurred in the preparation or submission of proposals. *KCERA reserves the right to reject any or all proposals or portions thereof if KCERA determines that it is in the best interests of KCERA to do so.* KCERA reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected.

**B. Preparation of Responses**

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 must be submitted prior to the proposal submission deadline. **RFP proposals are not publicly opened.**

**C. Submission and Withdrawal of Proposals**

The Respondent shall submit the proposal via email to [matt.henry@kcera.org](mailto:matt.henry@kcera.org) **no later than March 3, 2023, at 2:00 p.m., PST.** Proposals received after the submission deadline will *not* be considered.

All proposals shall be firm and may not be withdrawn for a period of 90 days following the date of submission of proposals. A proposer may withdraw a proposal at any time prior to the submission deadline by submitting an email to [matt.henry@kcera.org](mailto:matt.henry@kcera.org). Another proposal may be submitted prior to the deadline.

A proposal may not be changed after the designated deadline for submission of proposals.

**D. Communications with KCERA**

Firms intending to submit a proposal should not contact any member of the KCERA Board of Retirement or any KCERA employee other than Chief Operations Officer Matthew Henry until a contract has been awarded.

**E. Proposal Contents**

To be eligible for evaluation, a proposal must strictly adhere to the format set forth below. Each of the required sections identified must be addressed and 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	Sealed Dollar Cost Bid
6	Additional Data and Attachments

Below are brief descriptions of material and content that should be included in each section of a proposal.

**1. Cover Letter**

A maximum one-page cover letter must include the (a) name of the bidding firm; (b) the organizational structure of the firm (e.g., corporation, partnership, etc.); (c) the address, telephone number and facsimile number of the firm's office responsible for the audit; (d) the name, telephone number, e-mail address and facsimile number of the firm's representative who is designated as the primary liaison to KCERA; (e) the name, telephone number, e-mail address and facsimile number of the representative who is authorized to bind the firm in contract; and (f) the 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 proposal sections/subsections and corresponding page numbers.

## **3. Executive Summary**

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

## **4. Technical Proposal**

### **a. General requirements**

The technical proposal should provide concise descriptions of the Respondent's capabilities to satisfy all requirements outlined in the RFP. While additional data may be presented, the subjects described in subsections (b) – (i) below must be included. They represent the criteria by which the proposal will be evaluated.

### **b. Independence**

The Respondent should provide an affirmative statement regarding its independence of KCERA as defined by the U.S. General Accounting Office's Government Auditing Standards.

### **c. License to practice in California**

The Respondent should provide an affirmative statement indicating that the Respondent and all assigned professional staff are properly licensed to practice in California. The Respondent must complete and submit *Attachment 1 – Qualifications and Experience Certification*.

### **d. Respondent 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-time or part-time basis.

The Respondent 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.

The Respondent is required to provide information on the circumstances and status of any pending litigation or litigation that has taken place against the bidding firm during the past three years.

**e. Partner, supervisory and staff qualifications and experience**

The Respondent 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 Respondent 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 that is applicable to this engagement (i.e., pertaining to pension accounting and actuarial science, cash management, investments, etc.). Respondent must complete and submit *Attachment 2 – Minimum and Desirable Qualifications Certification*.

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 Respondent should identify the extent to which partners, managers, supervisory staff, specialists and other staff will maintain continuity on the KCERA audit for the period of the contract.

Engagement partners, managers, 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 KCERA. However, in either case, KCERA retains the right to approve or reject replacements.

**f. Similar engagements with other public retirement systems**

For the Respondent's firm that will be assigned responsibility for the audit, list the most significant engagements performed in the last four (4) years that are similar to the engagement described in this RFP. First list prior engagements auditing public retirement systems and then engagements with Kern County or other government agencies. Indicate the scope of the work, dates, engagement partners, total hours expended, and the name, e-mail address and telephone number of the clients' principal contacts.

**g. Liaison with other entities**

The Respondent should describe arrangements that it has with regard to liaison with or access to offices of the state and federal governments or other entities relevant to this engagement for the purpose of obtaining prompt responses to inquiries arising from technical or procedural questions developed in the course of the examination.

**h. Specific audit approach**

The proposal should set forth the Respondent's understanding of the engagement requirements and the proposed work plan. This should include an explanation of the audit methodology to be followed when performing the services required in Section III – Section V of the RFP. The Respondent should not necessarily limit the bid response to the performance of the services described in Section III – Section V, but should outline any additional services if the Respondent deems them necessary to accomplish the audit. Additional services should be clearly marked as such, with their costs separately stated in the sealed dollar cost bid (Attachment 3).

Respondents will be required to provide the following information concerning their audit approach:

- Proposed segmentation of the engagement
- Level of staff and estimated number of hours to be assigned to each proposed segment of the engagement

- Proposed compliance with timing requirements set forth in Section V above
- 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 KCERA's internal control structure
- Approach to be taken in determining laws and regulations that will be subject to audit test work

**i. Procedures for resolving potential audit problems**

The proposal should describe the Respondent'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 KCERA.

**5. Sealed Dollar Cost Bid**

**a. Total Not-to-Exceed Maximum Price**

The sealed dollar cost bid (Attachment 3) should contain all pricing information relative to performing the audit as described in this request for proposal. The first page of the sealed dollar cost bid 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 KCERA
3. Total not-to-exceed cost for an independent audit of KCERA's financial statements
4. Total not-to-exceed cost of GAS 68 schedules

The total not-to-exceed maximum price is to contain all direct and indirect costs, including all out-of-pocket expenses.

KCERA will not be responsible for expenses incurred in preparing and submitting the proposal or the sealed dollar cost bid. Such costs should not be included in the proposal.

**b. Rates by staff classification and anticipated hours**

The second page of the sealed dollar cost bid should include schedules of professional fees and expenses presented in a format that supports the total not-to-exceed maximum price. A separate schedule should be prepared for each year's audit. If needed, a separate schedule of additional services should be prepared for each year's audit.

**c. Out-of-pocket expenses included in the total not-to-exceed maximum price and reimbursement rates**

All estimated out-of-pocket expenses to be reimbursed, if any, should be presented in the sealed dollar cost bid and will be charged against the total not-to-exceed maximum price submitted by the Respondent.

**d. Rates for additional professional services**

If it becomes necessary for KCERA to request the Auditor to render additional services to either supplement the services requested in this RFP or to perform additional work as a result of the recommendations included in any report issued on this engagement, then such additional work shall be performed as set forth in an addendum to the agreement between KCERA and the Respondent. Any additional work agreed to between KCERA and the Respondent shall be performed at the same rates set forth in the schedule of fees and expenses included in the sealed dollar cost bid.

**e. 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. Ten percent (10%) will be withheld from each billing, pending delivery of the firm's final reports.

**6. Additional Data and Attachments**

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

- Sales brochures and promotional material with minimal technical content
- Pictorial material

## **SECTION IX. EVALUATION AND SELECTION PROCEDURES**

### **A. General**

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

### **B. Evaluation Committees**

An initial evaluation committee consisting of key KCERA staff will review all proposals and provide its recommendation to the Finance Committee, which consists of four Board of Retirement trustees (and one alternate trustee). The Finance Committee will develop a recommendation for the Board of Retirement.

KCERA employees will not participate in the selection process when those employees have a relationship with a person or business entity submitting a proposal which would subject those employees to the prohibition of Section 87100 of the Government Code. Any person or business entity submitting a proposal who has such a relationship with a KCERA employee who may be involved in the selection process shall advise KCERA of the name of the KCERA employee in the proposal.

### **C. Review of Proposals**

Proposals will be evaluated using a three-step process:

1. Proposals that meet all bidding requirements and evaluation criteria, including the scope of services listed in Section III.B and the mandatory elements listed below, will be considered and ranked by the staff evaluation committee.
2. The Finance Committee will evaluate the recommendation by the staff evaluation committee. The Finance Committee will convene to discuss the recommendation and make a recommendation to the Board of Retirement.
3. After the finalist candidate is approved by the Finance Committee, the recommendation will go to the Board of Retirement.

The evaluation criteria used in the selection process will include, but may not be limited to, the following:

#### **1. Mandatory Elements**

- a. The Respondent is independent and licensed to practice in California.

- b. The Respondent has no conflict of interest with regard to any other work performed.
- c. The Respondent 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 audit plan
- Completeness of deliverables
- Adequacy of proposed timetable
- Adequacy of proposed staffing plan
- Adequacy of supervisory review and direction
- Approach to be taken to gain and document an understanding of KCERA's internal control structure
- Approach to determine relevant laws and regulations

### **b. Respondent's Experience and Capabilities**

- Relevant experience and technical skills
- Quality of management support personnel available for technical consultation
- Financial stability

### **c. Assigned Professional Personnel**

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

**d. Audit Cost**

- Hours
- Hourly rate
- Total not-to-exceed maximum price
- Flat dollar amount to perform annual audit services

*Cost will not be the primary factor in the selection of an auditor.*

After the preferred Respondent is identified, KCERA will enter into fee negotiations or clarifications. If KCERA cannot reach a mutually agreed-upon fee with the preferred Respondent, KCERA may, at its sole discretion, proceed to negotiations with the next highest-ranked Respondent until an agreement is successfully completed.

KCERA reserves the right to conduct a background inquiry of each Respondent that may include collection of appropriate criminal history information, contractual and business associations and practices, employment histories, reputation in the business community, and financial condition (Attachment 4). By submitting a proposal to KCERA, the Respondent consents to such an inquiry and agrees to make available to KCERA any records KCERA deems necessary to conduct the review.

**e. Final Selection**

It is anticipated that the Finance Committee will make a selection recommendation to the Board of Retirement and that a contract with the selected firm will be awarded at the subsequent Board of Retirement meeting.

**f. Evaluation Criteria**

The process, procedures and evaluation criteria used by the KCERA Evaluation Committee in developing and issuing this RFP and evaluating the proposals received for purposes of making a recommendation to the Board of Retirement shall be determined in the sole discretion of KCERA. Potential proposers shall have no rights whatsoever regarding the processes and procedures used by KCERA relating to this RFP or the manner in which a proposer is selected by either the Evaluation Committee or the Board of Retirement, provided their decisions are not arbitrary and capricious, and there is some reasonable basis for the selection(s) made.

## **SECTION X. ADDITIONAL TERMS**

### **A. Right to Reject Proposals**

KCERA reserves the right to reject any and all proposals and to waive informalities and minor irregularities in any proposals received. Absence of required information may render a proposal non-responsive, resulting in rejection of the proposal by KCERA. An error in the proposal may cause rejection of that proposal. However, KCERA may, at its sole discretion, retain the proposal. KCERA may also request clarification from a Respondent of any item in a proposal that KCERA believes to be in error.

The following will lead to disqualification: misrepresentation or omission of facts in Respondent's proposal or in any other communication from Respondent in connection with this RFP, or seeking or causing intervention by third parties, where the purpose is to achieve special advantage in the award of any resulting contract.

### **B. Public Records and Disclosure of Proposal Content**

All proposals submitted in response to this RFP shall become the exclusive property of KCERA and shall be subject to public disclosure pursuant to the California Public Records Act (Cal Gov Code sections 6250 et seq, ("the "Act"). The Act provides generally that all records relating to a public agency's business are open to public inspection and copying, unless specifically exempted under one of several exemptions set forth in the Act. In addition, if a Respondent is recommended for consideration by KCERA's Finance Committee or its Board of Retirement, such recommendation and the relevant proposal(s) will appear on a publicly posted agenda, pursuant to the Ralph M. Brown Act which governs open meetings for local government bodies (Cal. Gov. Code section 54950 et seq.)

If a respondent believes that any portion of its proposal is exempt from public disclosure under the Act, such portion may be marked "CONFIDENTIAL." Proposals may not be marked "CONFIDENTIAL" in their entirety, and KCERA will not deny public disclosure of proposals so marked. KCERA will review the portions marked CONFIDENTIAL and determine whether the material is exempt from disclosure under the Act. By submitting a proposal with portions marked CONFIDENTIAL, respondent represents it has a good faith belief that such material is exempt from disclosure under the Act. If KCERA denies public disclosure of the portions marked CONFIDENTIAL, Respondent agrees to reimburse KCERA for, and to indemnify, defend and hold harmless KCERA, its officers, fiduciaries, employees and agents from and against: (a) any and all claims, damages, losses, liabilities, suits, judgments, fines, penalties, costs and expenses including, without limitation, attorneys' fees, expenses and court costs of any nature whatsoever (collectively, "Claims") arising from or relating to KCERA's non-disclosure of any such designated portions of a proposal; and (b)

any and all Claims arising from or relating to KCERA's public disclosure of any such designated portions of a proposal if disclosure is deemed required by law or by court order. If KCERA does not believe the portions marked CONFIDENTIAL are exempt from disclosure under the Act, KCERA will provide Respondent with notice so that Respondent can file any necessary motion for a protective order.

Respondents are advised that KCERA does not wish to receive confidential or proprietary information and that Respondents are not to supply such information except when it is absolutely necessary. If any information or materials in any proposal submitted is labeled confidential or proprietary, the proposal shall include the following clause:

\_\_\_\_\_ (legal name of Respondent) shall indemnify, defend and hold harmless the Kern County Employees' Retirement Association, its officers, agents and employees from and against any request, action or proceeding of any nature and any damages or liability of any nature, specifically including attorneys' fees awarded under the California Public Records Act (Government Code §6250 et seq.) arising out of, concerning or in any way involving any materials or information in this Proposal that \_\_\_\_\_ (legal name of Respondent) has labeled as confidential, proprietary or otherwise not subject to disclosure as a public record.

Submission by a Respondent constitutes a complete waiver of any claims whatsoever against the County of Kern, KCERA, and/or its agents, officers, or employees that KCERA has violated a Respondent's right to privacy, disclosed trade secrets or caused any damage by allowing the proposal to be inspected.

**C. Collusion Affidavit/Conflict of Interest**

By submitting a proposal, the Respondent certifies that the quoted prices are genuine and not the result of collusion or any other activity which would directly or indirectly influence the process.

The Respondent further certifies the Respondent has no real or potential conflicts of interest that would prevent the consultant from acting in the best interests of KCERA.

**SECTION XI. CONTRACT FORM**

A sample agreement of audit services ("Agreement") is attached as Exhibit B to this RFP. By submitting a proposal without comment on the Agreement, you will be deemed to have agreed to each term in the Agreement and you will not seek any modifications to the agreement. If you object to a term in the Agreement, or wish to modify or add

terms to the Agreement, your proposal must identify each objection and propose language for each modification and/or additional terms sought, including the reasons therefore. KCERA may take into consideration any Respondent-proposed changes to the sample agreement during the selection process. KCERA reserves the right to make changes to the contract prior to execution. Due to the schedule implications of potentially protracted negotiations, KCERA reserves the right to terminate any negotiations with the selected Respondent if subsequent requests for amendments to the Agreement are made after the finalist interview or during the negotiations.

**KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
REQUEST FOR PROPOSAL – AUDIT SERVICES**

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**QUALIFICATIONS AND EXPERIENCE CERTIFICATION**

The Bidder must submit a description of "Qualifications and Experience" that includes the following items:

- a. A description of the firm's qualifications and experience relevant to the minimum qualifications contained in this attachment and any necessary substantiating information.
- b. A copy of the firm's license from the California State Board of Accountancy.
- c. Resumes describing the professional qualifications and experience, including audit experience with retirement systems, of the engagement partner, engagement manager and engagement supervisor (senior) listed in the cover letter.

The selected firm shall not substitute members of the team without prior approval from KCERA. Resumes and required certifications of the proposed substitute personnel must be submitted to KCERA at the time the request to change team members is made.

- d. Copies of Engagement Partner, Manager and On-Site Supervisor Certified Public Accountant (CPA) licenses. A Senior member of the Engagement team must submit a CPA license from the California State Board of Accountancy. The Manager and the On-Site Supervisor must submit CPA licenses from a state of the United States.

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Signature of Individual Authorized by Firm to  
Submit Response to Request for Proposal

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Title

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Printed Name

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Date

**KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
REQUEST FOR PROPOSAL – AUDIT SERVICES**

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**MINIMUM AND DESIRABLE QUALIFICATIONS CERTIFICATION**

Minimum Qualifications	Yes	No
1. The firm must be a professional public accounting firm, organized at least on a regional basis that provides audit and other attest services. For purposes of responding to questions pertaining to activities of the “firm” during the past (5) years, the term “firm” includes any entities that became part of the firm by merger, acquisition, or otherwise.		
2. The firm must have conducted, within the last five (5) years, at least five (5) audits of defined benefit pension plans with assets that exceeded two billion dollars (\$2,000,000,000).		
3. The firm must have experience in auditing the following classes of investments: equity securities (domestic and foreign), fixed income securities, real estate, alternative investments, commodities, and securities lending.		
4. The firm must have an established office located within the United States.		
5. The firm must be independent, licensed by and in good standing with the State of California under the “Accountancy Act” (California Business and Professions Code, Division 3, Chapter 1, Article 4, Section 5072).		
6. The Principal/Partner (Engagement Partner) responsible for the KCERA account, and the partner who signs the audit opinion (if different), must be located in the United States and have at least ten (10) years of experience in public accounting. Such experience must include audits of defined benefit pension plans. This person shall be a Certified Public Accountant licensed by and in good standing with the State of California.		

**KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
REQUEST FOR PROPOSAL – AUDIT SERVICES**

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Minimum Qualifications (continued)	Yes	No
<p>7. The Audit Manager (Engagement Manager) responsible for the KCERA account must be located in the United States and have at least five (5) years of experience in public accounting. Such experience must include audits of defined benefit pension plans. This person shall be a Certified Public Accountant licensed by and in good standing with a state in the United States.</p>		
<p>8. The On-Site Audit Supervisor (Engagement Supervisor) directly overseeing the KCERA account must be located in the United States and have at least three (3) years of professional auditing experience. Such experience must include audits of defined benefit pension plans. This person shall be a Certified Public Accountant licensed by and in good standing with a state in the United States.</p>		
<p>9. The Engagement Manager and Engagement Supervisor shall be available for consultations and in-person meetings throughout the year.</p>		

**KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
REQUEST FOR PROPOSAL – AUDIT SERVICES**

Desirable Qualifications	Yes	No
<p>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 country 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 in 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.</p>		
<p>2. The Principal/Partner (Engagement Partner) and Audit Manager (Engagement Manager) must have conducted, within the last five (5) years, at least two (2) audits of defined benefit pension plans with assets that exceeded three billion dollars (\$3,000,000,000).</p>		
<p>3. The Audit Manager (Engagement Manager) responsible for the KCERA account shall be a Certified Public Accountant licensed by and in good standing with the State of California.</p>		
<p>4. The AUDITOR (firm) must not be the subject of any investigation, examination, complaint, disciplinary action, judicial, administrative, or other proceeding relating to or affecting AUDITOR's ability to perform its duties under contract with KCERA or involving any professional employed by AUDITOR who has performed any service with respect to this Agreement, by any of the following: (i) the Securities and Exchange Commission of the United States ("SEC"); (ii) the Public Company Accounting Oversight Board; (iii) any Attorney General or any regulatory agency of any state of the United States; (iv) any U.S. Government department or agency, or (v) any governmental agency regulating the accounting industry or accountants in any country in which AUDITOR is doing business. Except as otherwise required by law, KCERA shall maintain the confidentiality of all such information until the investigating entity makes the information public.</p>		

**KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
REQUEST FOR PROPOSAL – AUDIT SERVICES**

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**RE-CERTIFICATION CONCERNING MINIMUM QUALIFICATIONS**

AUDITOR certifies that each of the statements set forth in the Minimum Qualification Certification submitted by AUDITOR to KCERA as part of its proposal submitted in response to KCERA's Request for Proposal – Audit Services is true and accurate as of the date of this Agreement. AUDITOR will notify KCERA in writing within three (3) business days after any statement in this certification is no longer true or accurate.

I hereby certify that my firm meets all of the minimum qualifications listed above.

\_\_\_\_\_  
Signature of Individual Authorized by Firm to  
Submit Response to Request for Proposal

\_\_\_\_\_  
Title

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

**KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
REQUEST FOR PROPOSAL – AUDIT SERVICES**

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**DOLLAR COST BID  
(NOT-TO-EXCEED MAXIMUM PRICE)**

	<b>FY 2022-23</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>	<b>Total</b>
Independent audit of financial statements (not-to-exceed maximum price)	\$	\$	\$	\$

	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>	<b>Total</b>
GAS 68 Schedules (not-to-exceed maximum price)	\$	\$	\$	\$	\$

**KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
REQUEST FOR PROPOSAL – AUDIT SERVICES**

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**BACKGROUND AND REFERENCE CHECKS**

The Bidder (Auditor) shall provide at least three (3) business references, including clients or persons knowledgeable of the firm's work performed within the last five (5) years. References shall include the company name, address, contact person, telephone number, fax number and e-mail address.

At least two (2) of the references shall be defined benefit pension plans meeting the minimum requirements. References for two (2) years with the same defined benefit pension plan audit will meet this requirement.

Company Name \_\_\_\_\_

Street Address \_\_\_\_\_

Contact Person \_\_\_\_\_

Telephone Number \_\_\_\_\_

Fax Number \_\_\_\_\_

E-mail Address \_\_\_\_\_

Description of Services Provided:

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**STATE OF CALIFORNIA**  
**OFFICE OF THE CONTROLLER**



**MINIMUM AUDIT REQUIREMENTS**  
**AND REPORTING GUIDELINES**  
**FOR**  
**PUBLIC RETIREMENT SYSTEMS**

## **INTRODUCTION**

The following 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 Government Code.

The county auditor, certified public accountant or public accountant undertaking an audit of a public retirement system should:

1. Have sufficient knowledge and training to enable him to comply with generally accepted auditing standards.
2. Have an adequate knowledge of government accounting.
3. Have or acquire sufficient knowledge of pension accounting and actuarial science.

## **MINIMUM AUDIT REQUIREMENTS**

The audit shall be made in accordance with generally accepted auditing standards. In meeting these standards, the following standards and procedures, although not all inclusive, should be considered:

1. A proper study and evaluation of the existing internal control and the financial organizational structure should be made. The purpose of the study is to decide how much the auditor can rely on internal control. Furthermore, it is used as a basis for determining the nature, extent, and timing of the audit tests to be applied in the examination of the financial statements.
2. Sufficient competent evidential matter is to be obtained through inspection, observation, inquiries, and confirmations to afford a reasonable basis for an opinion regarding the financial statements under examination. If the internal control is so deficient that an auditor must qualify his opinion in this regard, the reason for this qualification must be set forth in the audit report.
3. The auditor should review the regulations applicable to the transactions of the retirement system. Should there be indications that the retirement system may have failed to comply with such legal requirements, the transactions should be referred to proper legal counsel for interpretation of applicable law. Noncompliance, if so determined, should be commented upon in the report and the auditor's opinion should be qualified or disclaimed if necessary.
4. A review should be made to see if the report of financial transactions to the State Controller as filed agrees with the official records of the system for the period covered by the audit.

**MINIMUM AUDIT REQUIREMENTS**  
**(Continued)**

5. A review should be made of the previous audit report workpapers and program if available.
6. The auditor should ascertain the basis of accounting, that is: cash, accrual or modified accrual. The accrual basis of accounting should be employed to provide a fair and fully disclosed financial position for the retirement system.
7. The auditor should obtain confirmations from depositories for (1) all bank accounts, time certificates or savings and loan accounts, and (2) collateral securing such accounts, if applicable. Collateral should also be examined or confirmed with the depository holding the collateral as trustee. The auditor should determine the adequacy and propriety of the collateral pledged.
8. The collections and recording of all ascertainable revenues, such as employee retirement contributions and dividends from investments, should be tested during the period under audit. The test should be sufficient to determine that receipts have been recorded properly for the period.
9. The auditor should determine that expenditures were properly authorized and supported by proper documents.
10. A review should be made of nonrevenue receipts and non-expense disbursements to determine if they were legal and properly recorded.
11. All other assets such as investments, prepaid expenses, fixed assets and similar items should be verified in accordance with generally accepted auditing standards.
12. All liabilities should be verified in accordance with generally accepted auditing standards. Proper authorities should be contacted to ascertain existence of any possible contingent liabilities.

## **AUDIT REPORT REQUIREMENTS**

1. The report shall state whether the financial statements are presented in accordance with generally accepted accounting principles.
2. The report shall state whether such principles have been observed in the current period in relation to the preceding period.
3. The audit report shall contain the footnote disclosures and supplementary information in accordance with Governmental Accounting Standards Board Statement 25.
4. The audit report shall contain an opinion regarding the fairness of the financial statements as enumerated by the State Board of Accountancy Rules 58.1 and 58.2<sup>1</sup>. The types of opinions that may be expressed are:
  - a. an unqualified opinion
  - b. a qualified opinion
  - c. an adverse opinion
  - d. a disclaimer of opinion
5. The report should be based on fair value as described in GASB Statement 25. The net appreciation (depreciation) in the fair value of investments, as defined in GASB Statement 25 must be disclosed separately in the financial statements.

## **AUDIT REPORT FORMAT**

It is suggested that the audit report be prepared in accordance with the following general format.

1. Title page
2. Table of contents
3. Scope, opinion and other necessary paragraphs

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<sup>1</sup> 16 Cal. Adm. Code 58.1 - 58.2.

**AUDIT REPORT FORMAT**  
**(Continued)**

4. Basic financial statements:
  - a. Statement of Plan Net Assets
  - b. Statement of Changes In Plan Net Assets
  - c. Notes to the Financial Statements
  - d. Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement 25.

Some of the supplementary information such as schedules, comments, and statistical tables are optional and often enhance the usefulness of a report. An agency-wide audit is acceptable if the audit report includes a pension fund Statement of Plan Net Assets, Statement of Changes In Plan Net Assets, and the required supplementary information in combining or individual fund financial statements. Appropriate footnotes are also required.

**MANAGEMENT LETTER**

Management of the retirement system has the responsibility for establishing and maintaining internal controls and checks. The auditor should issue a separate letter containing suggestions and recommendations relating to opportunities for improvement in the systems accounting and financial controls.

**EXCERPTS FROM THE CALIFORNIA GOVERNMENT CODE**  
**RELATING TO PUBLIC RETIREMENT SYSTEM REPORTS**  
**TO THE STATE CONTROLLER**

- § 7501            It is the intent and purpose of the Legislature, in enacting this chapter, to safeguard the solvency of all public retirement systems and funds. The Legislature finds and declares that public agencies maintaining retirement systems can benefit from periodic and independent analysis of their financial condition. It is the purpose of \* \* \* Sections 7502, 7503, and 7504 to enable the State Controller to gather information to compare and evaluate the financial condition of such systems and to make such comparisons and evaluations.
- § 7502            The State Controller shall review the annual financial report of each state and local public retirement system submitted pursuant to Section 7504 giving particular consideration to the adequacy of funding of each system. The State Controller shall also review the triennial valuation of each public retirement system submitted pursuant to Section 7504 and shall give particular consideration to the assumption concerning the inflation element in salary and wage increases, mortality, service retirement rates, withdrawal rates, disability retirement rates, and the rate of return on total assets.
- The State Controller shall establish an advisory committee which shall include enrolled actuaries, as defined in Section 7504, and state and local public retirement system administrators, to assist in carrying out the duties imposed by this section.
- § 7503            All state and local public retirement systems shall prepare an annual report in accordance with generally accepted accounting principles.

**EXCERPTS FROM THE CALIFORNIA GOVERNMENT CODE**  
**RELATING TO PUBLIC RETIREMENT SYSTEM REPORTS**  
**TO THE STATE CONTROLLER**  
**(Continued)**

§ 7504

(a) All state and local public retirement systems shall, not less than triennially, secure the services of an enrolled actuary. An enrolled actuary, for the purposes of this section, means an actuary enrolled under subtitle C of Title III of the Employee Retirement Income Security Act of 1974 and who has demonstrated experience in public retirement systems. The actuary shall perform a valuation of the system utilizing actuarial assumptions and techniques established by the agency which are, in the aggregate, reasonably related to the experience and the actuary's best estimate of anticipated experience under the system. Any differences between the actuarial assumptions and techniques used by the actuary which differ significantly from those established by the agency shall be disclosed in the actuary's report and the effect of such differences on the actuary's statement of costs and obligations shall be shown.

(b) All state and local public retirement systems shall secure the services of a qualified person to perform an attest audit of the system's financial statements. A qualified person means any of the following:

(1) A person who is licensed to practice as a certified public accountant in this state by the State Board of Accountancy.

(2) A person who is registered and entitled to practice as a public accountant in this state by the State Board of Accountancy.

(3) A county auditor in any county subject to the County Employees Retirement Law of 1937.

(4) A county auditor in any county having a pension trust and retirement plan established pursuant to Section 53216.

**EXCERPTS FROM THE CALIFORNIA GOVERNMENT CODE**  
**RELATING TO PUBLIC RETIREMENT SYSTEM REPORTS**  
**TO THE STATE CONTROLLER**  
**(Continued)**

§ 7504  
(Cont'd)

(c) All state and local public retirement systems shall submit audited financial statements to the State Controller at the earliest practicable opportunity within six months of the close of each fiscal year. However, the State Controller may delay the filing date for reports due in the first year until such time as report forms have been developed which, in his judgment, will satisfy the requirements of this section. The financial statements shall be prepared in accordance with generally accepted accounting principles in the form and manner prescribed by the State Controller. The penalty prescribed in Section 53895 shall be invoked for failure to comply with this section. Upon a satisfactory showing of good cause, the State Controller may waive the penalty for late filing provided by this subdivision.

(d) The State Controller shall compile and publish a report annually on the financial condition of all state and local public retirement systems containing, but not limited to, the data required in Section 7502.

§ 53216

The Legislative body of a local agency may establish a pension trust funded by individual life insurance contracts, individual annuities, group policies of life insurance, or group annuities, or any one or combination of them, or by any other investment authorized by this article for the benefit of its officers and employees.

The legislative body of a local agency may make participation in any plan under such pension trust optional with the officers and employees of the local agency or it may make participation in such pension trust plan compulsory for the officers and employees of such agency.

Officers and employees who participate in such pension trust plan, whether it is optional or compulsory, shall have their plan contributions deducted from their compensation.

**EXCERPTS FROM THE CALIFORNIA GOVERNMENT CODE**  
**RELATING TO PUBLIC RETIREMENT SYSTEM REPORTS**  
**TO THE STATE CONTROLLER**  
**(Continued)**

§ 53216           The legislative body of a local agency may establish a pension trust funded by individual life insurance contracts, individual annuities, group policies of life insurance, or group annuities, or any one or combination of them, or by any other investment authorized by this article for the benefit of its officers and employees.

The legislative body of a local agency may make participation in any plan under such pension trust optional with the officers and employees of the local agency or it may make participation in such pension trust plan compulsory for the officers and employees of such agency.

Officers and employees who participate in such pension trust plan, whether it is optional or compulsory, shall have their plan contributions deducted from their compensation.

§ 53895           (a) An officer of a local agency who fails or refuses to make and file his or her report within twenty days after receipt of a written notice of the failure from the Controller shall forfeit to the state \* \* \*

(1) One thousand dollars (\$1,000), in the case of a local agency with total revenue, in the prior year, of less than one hundred thousand dollars (\$100,000), as reported in the Controller's annual financial reports.

(2) Two thousand five hundred dollars (\$2,500) in the case of a local agency with total revenue, in the prior year, of at least one hundred thousand dollars (\$100,000) but less than two hundred fifty thousand dollars (\$250,000), as reported in the Controller's annual financial reports.

(3) Five thousand dollars (\$5,000) in the case of a local agency with total revenue, in the prior year, of at least two hundred fifty thousand dollars (\$250,000), as reported in the Controller's annual financial reports.

(b) Upon the request of the Controller, the Attorney General shall prosecute an action for the forfeiture in the name of the people of the State of California.

**AGREEMENT FOR AUDIT SERVICES**

**(KCERA – insert Auditor name)**

**THIS AGREEMENT** for audit services is made and entered into this \_\_\_ day of \_\_\_\_\_, 2023, by and between the Board of Retirement ("Board") of the Kern County Employees' Retirement Association ("KCERA") and "insert name", a [insert type of legal entity] formed under the laws of the State of \_\_\_\_\_, with its principal place of business located in \_\_\_\_\_ Street, Suite #, \_\_\_\_\_, CA ("Auditor").

**WITNESSETH:**

**WHEREAS:**

- (a) KCERA is obligated pursuant to Government Code section 7504(b) to secure the services of a qualified person or entity to perform an attest audit of the KCERA's financial statements and to submit audited financial statements to the State Controller each fiscal year; and
- (b) Government Code section 31593 of the California Employees' Retirement Law of 1937 requires KCERA to conduct an audit of the retirement system at least once every 12 months and report upon its financial condition; and
- (c) KCERA also wishes to engage the services of the Auditor to perform a compliance audit of the KCERA Administration's internal control structure and procedures to provide reasonable assurance that assets are safeguarded and that the KCERA is complying with applicable statutory requirements and policies set by the KCERA Board of Retirement ("KCERA Board"); and
- (d) KCERA has conducted a search for a qualified and competent auditing firm and, after due deliberation and consideration of the qualifications and abilities of Auditor, has selected Auditor to provide necessary auditing services to the KCERA as provided herein; and
- (e) Auditor holds itself out as specially trained, licensed, experienced and qualified to perform the required services.

**NOW, THEREFORE**, it is hereby agreed as follows:

1. Services of Auditor. Auditor agree to perform the following services:
  - A. As required by Government Code sections 7504 and 31593, Auditor shall annually perform an independent financial and compliance audit of the KCERA and prepare an audit report, expressing an opinion as to whether the KCERA's financial statements are fairly presented in all material respects, in conformity with Government Auditing Standards issued by the

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Comptroller of the United States and the "Minimum Audit Requirements and Reporting Guidelines for California Public Retirement Systems" issued by the California State Controller. The audit shall include tests of the accounting records of KCERA, as well as such other procedures considered necessary by the Auditor to express such an opinion, all as more fully described in the [insert reference to document title], Exhibit "\_\_\_", which is attached and incorporated herein by this reference.

- B. Auditor shall arrange for special meetings with KCERA staff and/or Finance Committee ("the Committee") of the KCERA Board whenever any problem is found during the field work which could materially affect the outcome of the audit.
- C. Auditor shall annually attend a minimum of one regular meeting of the KCERA Board to present the audit results and a minimum of two meetings of the Committee at the request of the KCERA Chief Executive Officer.
- D. Auditor shall immediately report in writing any and all instances of defalcation or misuse of funds, suspected or actual, or instances of serious noncompliance with applicable statutes or regulations that are encountered to the KCERA Board Chair and the Chief Executive Officer.
- E. Auditor shall review and test the KCERA's internal controls in as complete a manner as deemed necessary by the Auditor, in its professional discretion, to provide the KCERA with reasonable assurance that the assets of KCERA are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with the KCERA's authorizations and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles.
- F. Auditor shall review and provide comments on KCERA's Annual Comprehensive Financial Report ("ACFR") and provide an "in-relation-to" opinion on the supporting schedules based on auditing procedures applied during the audit of the general-purpose financial statements.
- G. Auditor shall advise KCERA regarding the appropriateness of accounting policies and their application.

2. KCERA Responsibilities.

- A. KCERA shall provide information about its requirements for each audit.
- B. KCERA shall provide all cash or other confirmations requested by the Auditor and will locate any invoices selected by the Auditor for testing.

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- C. KCERA staff shall meet with the Auditor upon reasonable notice to explain the design and operation of relevant internal controls.
  - D. KCERA staff and/or the Committee shall review draft reports prepared by Auditor and shall promptly render decisions pertaining thereto to avoid unreasonable delay in the progress of the annual audit.
  - E. KCERA shall furnish copies of existing information reasonably requested by the Auditor.
  - F. KCERA will provide assistance to Auditor during the term of the Agreement as described in Section VI. of the RFP.
3. Auditor's Compensation. Auditor agrees to perform the professional services required by this Agreement and KCERA agrees to pay Auditor, for such services as follows: [insert specific compensation schedule]. The total payments to Auditor for services required by this Agreement shall not exceed [insert amount].
- No additional compensation will be paid for secretarial, clerical support staff or overhead costs.
4. Payments to Auditor. Payments on account of Auditor's services rendered pursuant to Section I, herein, shall be made within thirty (30) days of receipt of an approved invoice. Auditor's written demand for payment shall include an itemized statement showing services to date. KCERA shall withhold ten percent (10%) from each payment, and the final payment shall be made after the Board approves the final audit report.
5. Term. This Agreement shall commence as of [Insert date] and shall terminate on [Insert date]; provided, however, that either party may terminate this Agreement without cause upon thirty (30) days prior written notice to the other.
6. Representations. Auditor make the following representations which are agreed to be material to and form a part of the inducement for this Agreement:
- A. Auditor has the expertise, support staff and facilities necessary to provide the services described in this Agreement and Attachment A; and
  - B. Auditor does not have any actual or potential interests adverse to KCERA nor does Auditor represent a person or firm with an interest adverse to KCERA with reference to the subject of this Agreement; and
  - C. Auditor shall diligently provide all required services in a timely and professional manner in accordance with the terms stated in this Agreement.

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7. Time Schedule. Time is of the essence with respect to all services required by this Agreement. Auditor shall comply with the following schedule for completion of the audit during each year of this Agreement:

Final field work	by end of September
Draft report by	mid-October (for presentation to staff)
Present draft report	by November 1 (for presentation to Committee)
Final report	by mid-November (for presentation to Board)

The time during which Auditor is delayed in Auditor's work by the neglect of KCERA, by other public agencies having jurisdiction, or by acts of God which Auditor could not reasonably have foreseen and provided for and which are not caused by, or the continuance of which is not due to any fault or neglect on the part of Auditor, shall be added to the time for completion of the respective items of work described in this Section. However, KCERA shall not be liable for any damages, and Auditor shall not be entitled to any additional compensation, on account of any such delay.

8. Assignment. Auditor shall not assign or transfer this Agreement or any part hereof without the prior express and written approval of KCERA.
9. Independent Contractor. In the performance of all services under this Agreement, Auditor shall be, and acknowledges that Auditor is, in fact and law, an independent contractor and not an agent or employee of KCERA. Auditor has and retains the right to exercise full supervision and control of the manner and methods of providing services to KCERA under this Agreement. Auditor retains full supervision and control over the employment, direction, compensation, and discharge of all persons assisting Auditor in the provision of services under this Agreement. With respect to Auditor employees, if any, Auditor shall be solely responsible for payment of wages, benefits and other compensation, compliance with all occupational safety, welfare and civil rights laws, tax withholding and payment of employee taxes, whether federal, state or local, and compliance with any and all other laws regulating employment.
10. Indemnification. Auditor agrees to indemnify, defend, and save harmless the KCERA, its officers, agents and employees, and each of them, from that portion of any and all actions, claims, costs, demands, liabilities, losses, damages and expenses, including reasonable attorney's fees, for injuries to persons, or damage to property, proximately caused by the negligence of Auditor or Auditors' officers, agents or employees.

Auditor further agree that they shall provide services under this Agreement in a skillful and competent manner in accordance with the acceptable standards of professional auditing standards. Auditor agrees to indemnify, defend and hold harmless the KCERA, its officers, agents and employees, and each of them, from that portion of any and all actions, claims, costs, demands, liabilities, losses,

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damages and expenses (including reasonable attorney's fees) arising out of any negligent errors or omissions by Auditor in the provision of services under this Agreement.

11. Insurance. At Auditors' sole cost and expense, Auditor shall obtain, and keep in force at all times during this Agreement, the following policies of insurance:

A. Workers' Compensation Insurance. Auditor shall submit written proof that Auditor is insured against liability for workers' compensation in accordance with the provisions of section 3700 of the California Labor Code.

B. Commercial General Liability Insurance, including, but not limited to, Contractual Liability Insurance (specifically concerning the indemnity provisions of this Agreement), Personal Injury (including bodily injury and death), and Property Damage for liability arising out of Auditors' performance of work under this Agreement. Such insurance coverage shall have minimum limits for bodily injury and property damage liability equal to the policy limits, which limits shall be no less than One Million Dollars (\$1,000,000) each occurrence and Five Million Dollars (\$5,000,000) in aggregate. The aggregate limit shall be met through a combination of commercial general liability and excess liability.

C. Automobile Liability Insurance against claims of Personal Injury (including bodily injury and death) and Property Damage covering all leased, hired and non-owned vehicles used in the performance of services pursuant to this Agreement with minimum limits for Bodily Injury and Property Damage liability equal to the policy limit, which limit shall be no less than One Million Dollars (\$1,000,000) per occurrence. Such insurance shall be provided by a business or commercial vehicle policy.

D. Professional Liability (Errors and Omissions) Insurance, for liability arising out of, or in connection with, the performance of all required services under this Agreement with limits equal to the policy limits, which shall be no less than Five Million Dollars (\$5,000,000) per claim.

If any of the insurance coverage required under this Agreement are written on a claims-made basis, the insurance policy and renewal or replacement policy shall provide for Full Prior Acts.

All insurance shall be issued by a company or companies listed in the current "Best's Key Rating Guide" publication with a minimum of a "A-,VII" rating. All insurance coverage required to be maintained by Auditor shall be maintained until the completion of all of Auditors' obligations under this Agreement, and shall not be reduced, modified in any material respect, or canceled without insurer endeavoring to provide thirty (30) days prior written notice to the KCERA. Failure by Auditor to maintain all such insurance in effect at times required by this Agreement shall be a material breach of this Agreement by Auditor.

Insurance coverage in the minimum amounts set forth herein shall not be construed to relieve Auditor for any liability, whether within, outside, or in excess of such coverage, and regardless of solvency or insolvency of the insurer that issues the coverage; nor shall it preclude the KCERA from taking such other actions as are available to it under any other provision of this Agreement or otherwise in law.

The insurances afforded by Auditor as required herein shall be primary and not contributing to any insurance or self-insurance maintained by the KCERA and/or the Board. Prior to commencing services, Auditor shall provide a copy of the Professional Liability insurance policy upon request and will provide annually a certificate of insurance to KCERA confirming that the required insurances are in effect and naming the KCERA as an additional insured with respect to the commercial general liability and automobile liability insurances. Auditor shall provide a certificate of insurance evidencing ongoing coverage in the amounts provided above no less often than annually and at such other times as requested by KCERA and shall provide updated copies of the policy in the event it is amended.

Auditor also agrees to provide KCERA with a copy of the insurer's audited financial statements, if requested.

12. General Provisions.

A. In providing services under this Agreement, Auditor shall exercise the degree of skill and care customarily exercised by similar professionals in the State of California when providing similar services. Auditor understands and acknowledges that the value of its services is in large part derived from the trust and reliance that the Board places in key personnel assigned to KCERA's audit by Auditor. Auditor agrees that [insert names and designations e.g., relationship partner, lead auditor, project manager, etc.] Auditor shall not make any change to the lead auditor or project manager except upon thirty (30) days' prior written notice to KCERA.

B. All working papers, reports and other documentation prepared in the performance of this Agreement are the property of the KCERA and will be provided by Auditor to this Board upon request or at termination of this Agreement.

C. Auditor, in the course of its duties, will handle investment, financial, accounting, member and statistical information pertaining to the KCERA. All such information is confidential and Auditor may not disclose such information, directly or indirectly, or use it in any way, either during the term of this Agreement or at any time thereafter, except as required to perform its duties under this Agreement or upon prior written consent of the Board of the KCERA or Chief Executive Officer. Any disclosure of information contrary to this provision shall be considered a

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material breach of this Agreement.

D. Auditor and Auditors' personnel are and shall be considered as independent contractors and shall not be considered to be employees of the KCERA.

13. Notices. All notices required or provided for in this Agreement shall be provided to the parties at the following addresses, by personal delivery or deposit in the U.S. Mail, postage prepaid, registered, certified mail or e-mail, addressed as specified below. Notices delivered personally shall be deemed received upon receipt; mailed or expressed notices shall be deemed received five (5) days after deposit. A party may change the address to which notice is to be given by giving notice as provided in this Section.

To KCERA: Chief Executive Officer  
Kern County Employees' Retirement Association  
11125 River Run Boulevard  
Bakersfield, CA 93311

To Auditor: "Audit Firm"  
Attn: "General Counsel"  
Address  
City, State 12345-1234  
Facsimile Number: 555-123-4567

With Copies to: "Audit Firm"  
"Engagement Partner"  
Address  
City, State 12345-1234  
Facsimile Number: 555-123-4567

14. Conflict of Interest. Auditor has read and are aware of the provisions of Section 1090 et seq. and Section 87100 et seq. of the Government Code relating to conflict of interest of public officers and employees. Auditor agrees that they are unaware of any financial or economic interest of any public officer or employee of the KCERA relating to this Agreement. It is further understood and agreed that if such a financial interest does exist at the inception of this Agreement, the KCERA may immediately terminate this Agreement by giving written notice thereof. Auditor shall comply with the requirements of Government Code section 87100 et seq. during the term of this Agreement.
15. Sole Agreement. This document and the exhibits attached hereto contain the entire agreement of the parties relating to the services, rights, obligations and covenants contained herein and assumed by the parties respectively. No inducements, representations or promises have been made, other than those

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- recited in this Agreement. No oral promise, modification, change or inducement shall be effective or given any force or effect.
16. Authority to Bind KCERA. It is understood that Auditor, in Auditor's performance of any and all duties under this Agreement, except as otherwise provided in this Agreement, has no authority to bind KCERA to any agreements or undertakings
  17. Modifications of Agreement. This Agreement may be modified in writing only, signed by the parties in interest at the time of the modification.
  18. Non-waiver. No covenant or condition of this Agreement can be waived except by the written consent of KCERA. Forbearance or indulgence by KCERA in any regard whatsoever shall not constitute a waiver of the covenant or condition to be performed by [Auditor]. KCERA shall be entitled to invoke any remedy available to KCERA under this Agreement or by law or in equity despite said forbearance or indulgence.
  19. Choice of Law/Venue. The parties hereto agree that the provisions of this Agreement will be construed pursuant to the laws of the State of California. This Agreement has been entered into and is to be performed in the County of Kern. Accordingly, the parties agree that the venue of any action relating to this Agreement shall be in the County of Kern.
  20. Confidentiality.
    - A. [Auditor] acknowledges and agrees that KCERA is a public agency subject to state laws, including, without limitation, (A) the Ralph M. Brown Act (California Government Code Sections 54950 et seq.), which governs meetings for local legislative bodies; and (B) the California Public Records Act (California Government Code Sections 6250 et seq.) (the "Act"), which provides generally that all records relating to a public agency's business, including reports of transactions and proceedings, constitute "public records or files," and are open to public inspection, disclosure, and copying in the manner provided in the Act, unless specifically exempted under the Act;
    - B. [Auditor] will not make any claim against KCERA if the KCERA makes available to the public any report, notice or other information it receives from [Auditor], which KCERA, in good faith, determines is not exempt from public disclosure under applicable law, including, without limitation, the Act.
    - C. Upon expiration or termination of this Agreement, the provisions of this Section 22 shall continue to survive.
    - D. For purposes of this Agreement, "Confidential Information" shall mean any and all information (whether a trade secret or not; whether proprietary or not) disclosed by either party to the other that relates to the parties' proprietary

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information, technology, know-how, research and development, or business which is of value to such disclosing party, including, without limitation, processes, know-how, designs, software, flow charts, logic diagrams, business plans, negotiations and contracts with other companies, financial statements, cost and expense data, marketing strategies, KCERA lists, pricing, terms, personnel matters, licenses, licensees, and licensors; provided, however, that Confidential Information shall not include information which is (A) rightfully in possession of the receiving party prior to disclosure by the disclosing party provided that the source of such information was not known by the receiving party to be bound by a confidentiality agreement or other contractual, legal or fiduciary obligation of confidentiality to the disclosing party or any other party with respect to such information, (B) rightfully obtained from a third party authorized to make such disclosure, without breach of the terms and conditions of this Agreement, or otherwise, (C) independently developed by the receiving party as conclusively demonstrated by contemporaneous documents, (D) available to the public without restrictions, (E) approved for disclosure with the prior written approval of the disclosing party, or (F) disclosed by court order or as otherwise required by law, provided that the party required to disclose such information provides prompt advance notice to enable the other party to seek a protective order or otherwise prevent such disclosure. Furthermore, any contemplated transactions are considered ongoing, and the terms and substance of any related discussions, negotiations or investigations between the parties are deemed to be Confidential Information.

21. Enforcement of Remedies. No right or remedy herein conferred on or reserved to KCERA is exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy given hereunder or now or hereafter existing by law or in equity or by statute or otherwise, and may be enforced concurrently or from time to time.
22. Severability. Should any part, term, portion or provision of this Agreement be decided finally to be in conflict with any law of the United States or the State of California, or otherwise be unenforceable or ineffectual, the validity of the remaining parts, terms, portions, or provisions shall be deemed severable and shall not be affected thereby, provided such remaining portions or provisions can be construed in substance to constitute the agreement which the parties intended to enter into in the first instance.
23. Compliance with Law. [Auditor] shall observe and comply with all applicable state and federal laws, ordinances, rules and regulations now in effect or hereafter enacted, each of which are hereby made a part hereof and incorporated herein by reference.
24. Captions and Interpretation. Paragraph headings in this Agreement are used solely for convenience, and shall be wholly disregarded in the construction of this Agreement. No provision of this Agreement shall be interpreted for or against a

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party because that party or its legal representative drafted such provision, and this Agreement shall be construed as if jointly prepared by the parties.

25. Time of Essence. Time is hereby expressly declared to be of the essence of this Agreement and of each and every provision hereof, and each such provision is hereby made and declared to be a material, necessary, and essential part of this Agreement. It is agreed by and between the parties, however, that neither party shall be liable to the other for delays in performance that are caused in whole or in part by the other party, by third parties over which the parties hereto do not have the legal right to control, or by forces de majeure.
26. Counterparts. This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.
27. Non-discrimination. Neither [Auditor], nor any officer, agent, employee, servant or subcontractor of [Auditor] shall discriminate in the treatment or employment of any individual or groups of individuals on the grounds of race, color, religion, national origin, age, or sex, either directly, indirectly or through contractual or other arrangements.
28. Audit, Inspection and Retention of Records. [Auditor] agrees to maintain and make available to KCERA accurate books and records relative to all its activities under this Agreement. [Auditor] shall permit KCERA to audit, examine, and make excerpts and transcripts from such records, and to conduct audits of all invoices, materials, records of personnel, or other data related to all other matters covered by this Agreement. [Auditor] shall maintain such data and records in an accessible location and condition for a period of not less than three (3) years from the date of final payment under this Agreement, or until after the conclusion of any audit, whichever occurs last. The State of California and/or any federal agency having an interest in the subject of this Agreement shall have the same rights conferred upon KCERA herein.
29. Non-Collusion Covenant. [Auditor] represents and agrees that it has in no way entered into any contingent fee arrangement with any firm or person concerning the obtaining of this Agreement with KCERA. [Auditor] has received from KCERA no incentive or special payments, nor considerations not related to the provision of services under this Agreement.
30. Signature Authority. Each party has full power and authority to enter into and perform this Agreement, and the person signing this Agreement on behalf of each party has been properly authorized and empowered to enter into this Agreement.
31. Third Parties. The KCERA and [Auditor] are the only parties to this Agreement and are the only parties to enforce its terms. Nothing in this Agreement gives, is

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intended to give, or shall be construed to give or provide, any right or benefit, whether directly or indirectly or otherwise, to third persons.

[The remainder of this page was intentionally left blank.]

Sample Agreement

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**IN WITNESS WHEREOF**, the parties have executed this Agreement on the day and year first written above

APPROVED AS TO CONTENT:

Kern County Employees'  
Retirement Association

BOARD OF RETIREMENT OF  
KERN COUNTY EMPLOYEES'  
RETIREMENT ASSOCIATION

By \_\_\_\_\_  
Dominic D. Brown  
Chief Executive Officer

By \_\_\_\_\_  
KCERA, Chair

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Segal

By \_\_\_\_\_  
Engagement Partner, Auditor

Date: \_\_\_\_\_

APPROVED AS TO FORM:

By \_\_\_\_\_  
Jennifer Esquivel Zahry  
KCERA Chief Legal Officer

Date: \_\_\_\_\_

Sample Agreement