



# Sacramento County Employees' Retirement System

Scope of Services Presentation –  
Proposed Audit Plan to the Audit Committee  
for the June 30, 2023 Fiscal Year Ended

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June 15, 2023

The Audit Committee  
Sacramento County Employees' Retirement System  
980 9<sup>th</sup> Street, Suite 1900, Sacramento, CA 95814

We are pleased to have the opportunity to present to you our plan for the audit of Sacramento County Employees' Retirement System (SCERS) for the fiscal year ended June 30, 2023.

This presentation has been prepared to discuss the scope of the audit of SCERS and gives the Audit Committee the opportunity to review, discuss, and comment on our plan. Some modifications of the scope of our plan may be required as we execute our audit. We will advise the Audit Committee of any significant changes.

We look forward to presenting this information, addressing your questions, and discussing any other matters of interest to the management of SCERS and the Audit Committee.

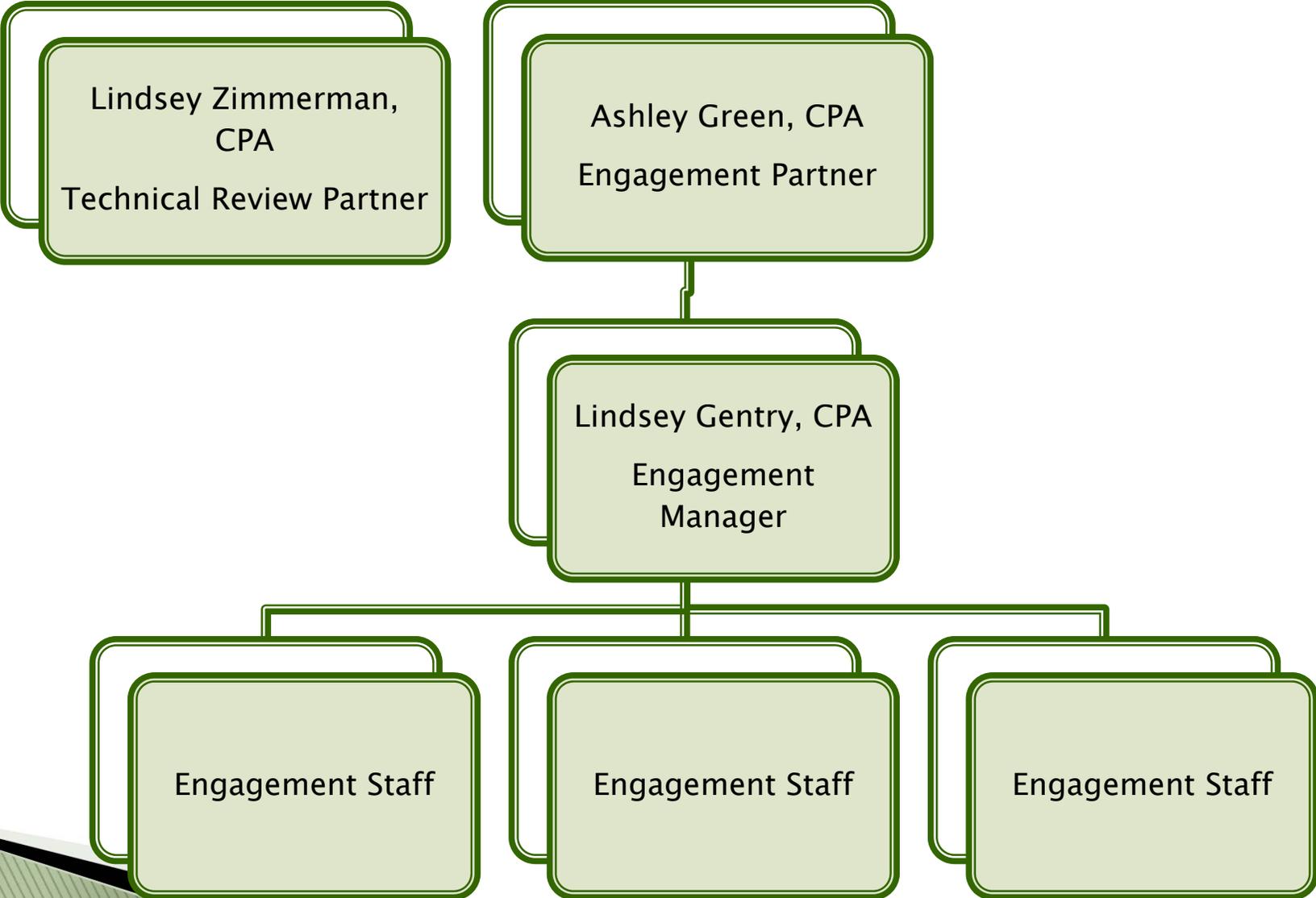
Sincerely,

Ashley Green, Partner

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# The Engagement Team



# Our Audit Objectives

As the auditors for SCERS, we are responsible for reporting on the financial statements of SCERS for the fiscal year ended June 30, 2023. Our engagement is focused on delivering our services at three levels.

For the public and SCERS	Independent opinions and reports that provide assurance on the financial information released by SCERS.
For the Audit Committee/Board of Retirement	Assistance in discharging their fiduciary responsibilities.
For management	Observations and advice on financial reporting, accounting, and internal control issues from our professionals.

Our primary objective is the expression of an opinion on SCERS' financial statements and internal control over financial reporting in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, which includes:

- Obtaining reasonable assurance as to whether the financial statements are prepared in accordance with accounting principles generally accepted in the United States of America and are free of material misstatements, whether caused by error or fraud; and
- Considering SCERS' internal control over financial reporting as a basis for designing audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SCERS' internal control.

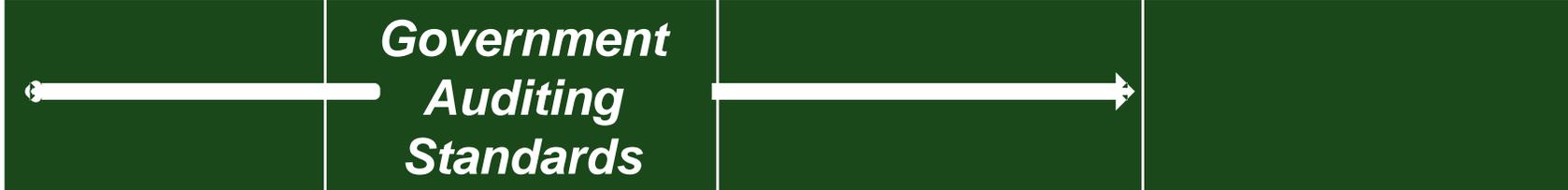
# Audit Strategy and Timeline

Phase I	Phase II	Phase III	Phase IV
May - July	August	September - October	October - November
Planning	Interim Field Work	Final Field Work	Completion
Familiarize ourselves with operating environment	Assess internal control environment and identify strengths and weaknesses	Continually educate staff about upcoming GASB standards/audit regulations that will need to be implemented	Perform completion procedures, including manager, partner, and technical reviews
Perform risk assessment procedures	Perform SAS 99 (fraud evaluation) procedures	Plan and perform substantive audit procedures substantiating all amounts and disclosures in the financial statements	Obtain GASB Statement No. 67 valuation performing completion procedures
Determine planning materiality	Perform walkthroughs of significant audit areas	Review and test valuations of fair value investments	Perform review of CAFR and related disclosure checklists
Perform preliminary analytical review	Evaluate design and implementation of selected controls	Consider audit evidence sufficiency	Obtain legal confirmations
Develop the audit plan	Test controls over financial reporting and participant data	Conclude on critical accounting matters	Draft reports to be issued
Identify significant audit areas and confirmation procedures	Understand accounting and reporting activities	Conduct final analytical review	Draft and obtain signed management representation letter
Determine nature and extent of audit procedures	Conduct exit conference with management to discuss preliminary results based on the test of controls performed	Conduct Exit Conference with management, including a discussion of proposed audit adjustments, internal control and compliance findings, and management letter	Issue auditor's reports and management letter
Audit Committee meeting; Presentation of Scope of Services	Reevaluate the progress of the audit and make any changes on audit approach and procedures, if necessary		Audit Committee meeting; Presentation of Audit and Compliance Reports

# Proposed Changes in Audit Plan Procedures from Prior Year

- ▶ Follow up on SCERS reconciliation and open account clearing process for GL account used in Compass
- ▶ Wire transfer testing
- ▶ Management fee expense testing

# Reports Expected to be Issued

			
Generally Accepted Auditing Standards			
Independent Auditor's Report (Opinion) on Financial Statements	Required Communication to the Board of Retirement and Audit Committee in Accordance with Professional Standards (SAS 114)	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> (Yellow Book Report)	Report on Agreed Upon Conditions Designed to Increase Efficiency, Internal Controls, and/or Financial Reporting (Management Letter)

# Current Accounting Pronouncements (continued)

Standard	Title	Effective Date	Year End Effective Date	Effect on SCERS?
GASB Statement No. 91	<i>Conduit Debt Obligations</i>	Fiscal years beginning after December 15, 2022	July 1, 2022 – June 30, 2023	This statement does not apply as SCERS does not have conduit debt obligations.
GASB Statement No. 94	<i>Public-Private and Public-Public Partnerships and Availability Payment Arrangements</i>	Fiscal years beginning after June 15, 2022	July 1, 2022 – June 30, 2023	The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This statement will need to be evaluated to see if it is applicable to SCERS.
GASB Statement No. 96	<i>Subscription-Based Information Technology Arrangements</i>	Fiscal years beginning after June 15, 2022	July 1, 2022 – June 30, 2023	This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement will need to be evaluated to see if there will be a potential impact on implementation to SCERS.

# Current Accounting Pronouncements

Standard	Title	Effective Date	Year End Effective Date	Effect on SCERS?
GASB Statement No. 99	Omnibus 2022	Multiple dates, but majority are for Fiscal years beginning after June 15, 2022	July 1, 2022 – June 30, 2023	The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Related to GASB Statement No. 34, 53, 63, 87, 94, and 96. This statement will need to be evaluated along with implementation of 94 and 96.

# Future Accounting Pronouncements (continued)

Standard	Title	Effective Date	Year End Effective Date	Effect on SCERS?
GASB Statement 100 No.	Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62	Fiscal years beginning after June 15, 2023	July 1, 2023 – June 30, 2024	The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement will need to be evaluated to see if it is applicable to SCERS.
GASB Statement 101 No.	Compensated Absences	Fiscal years beginning after December 15, 2022	July 1, 2023 – June 30, 2024	The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This statement will need to be evaluated to see if there will be a potential impact on implementation to SCERS.

# Questions?

We are looking forward to working closely with you and the management team during the June 30, 2023 audit.

Thank you!



Ashley Green, CPA

