



# Audit Committee Meeting

## Sacramento County Employees' Retirement System

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### Agenda Item 3

**MEETING DATE:** June 13, 2024

**SUBJECT:** Annual Independent Financial Statement Audit Timeline

**SUBMITTED FOR:** ☐ Consent ☐ **Deliberation**  
and Action ☒ **Receive**  
and File

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### DISCUSSION

This item provides the timeline and scope of services for the June 30, 2024 audit, as presented by Brown Armstrong Accountancy Corporation.

Prepared by:

/s/

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Margo Allen  
Chief Operations Officer

Reviewed by:

/s/

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Eric Stern  
Chief Executive Officer

### ATTACHMENT

- Brown Armstrong Presentation



# Sacramento County Employees Retirement System

## SCOPE OF SERVICES PRESENTATION

### PROPOSED AUDIT PLAN FOR THE June 30, 2024 FISCAL YEAR END

BROWN ARMSTRONG ACCOUNTANCY CORPORATION  
2423 W. March Lane, Suite 202, Stockton, California 95207  
T: (661) 324-4971 | F: (661) 324-4997 | [www.ba.cpa](http://www.ba.cpa)

Contact: Ashley Green, CPA | [agreen@ba.cpa](mailto:agreen@ba.cpa)



June 13, 2024

The Audit Committee of the  
Sacramento County Employees' Retirement System  
980 9th 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, 2024.

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, CPA  
Audit Engagement Partner

*Brown Armstrong Accountancy Corporation*

# AGENDA

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# AUDIT OBJECTIVES

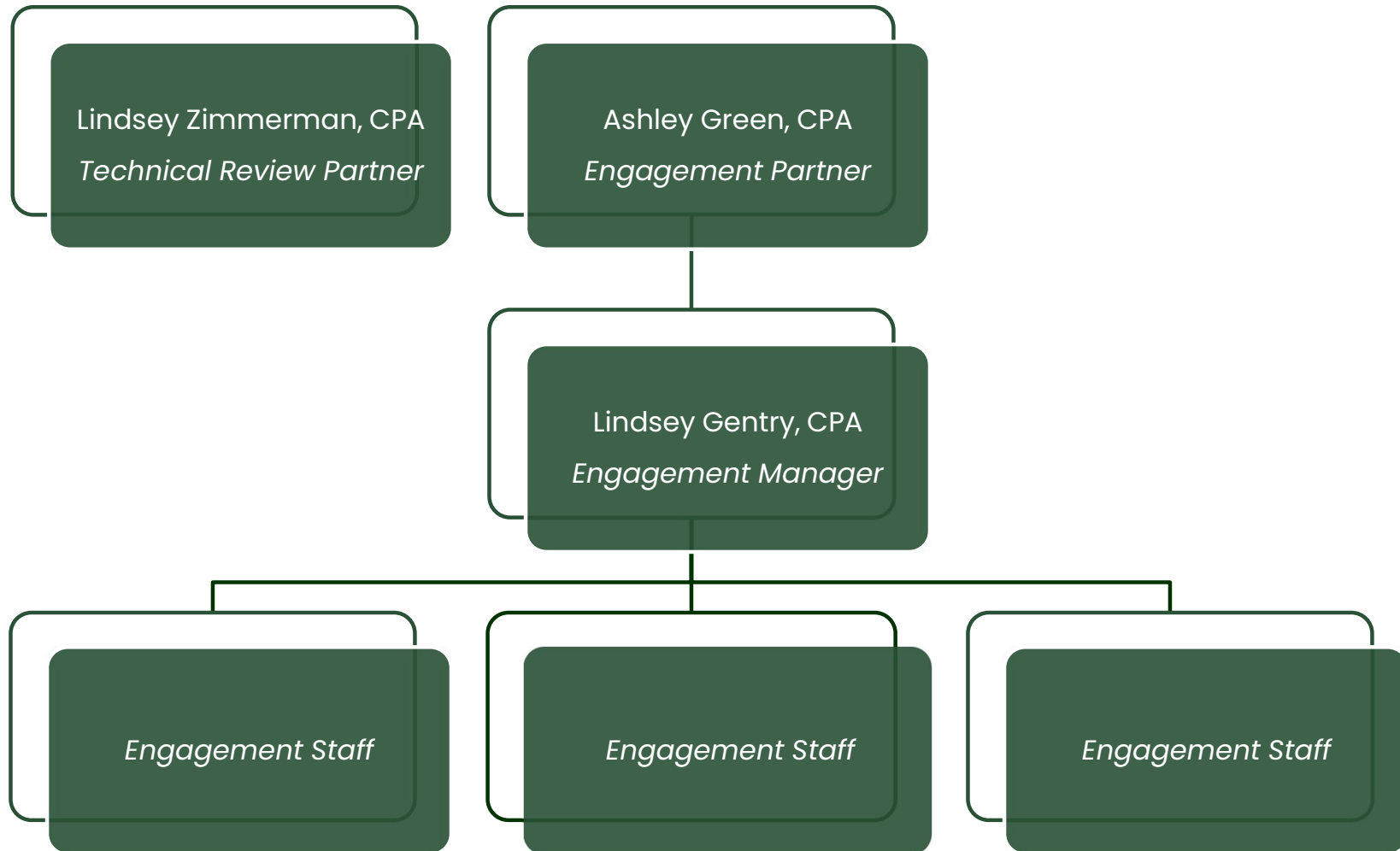
As the auditor for SCERS, we are responsible for reporting on the financial statements of SCERS for the fiscal year ended June 30, 2024. Our engagement is focused on delivering our services at three levels:

|   |   |
|---|---|
| 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's 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's 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's internal control.

# THE ENGAGEMENT TEAM



# AUDIT TIMELINE AND STRATEGY

| Phase I   | Phase II   | Phase III  | Phase IV   |
|---|--|--|--|
| May – June  | July   | October  | October – November   |
| <i>Planning</i>   | <i>Interim Fieldwork</i>   | <i>Final Fieldwork</i>   | <i>Completion</i>  |
| 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 ACFR 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;<br>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;<br>Presentation of Audit and Compliance Reports         |

# PROPOSED CHANGES IN AUDIT PLAN FROM PRIOR YEAR

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- New Statement on Auditing Standards (SAS)
  - SAS No. 143, *Auditing Accounting Estimates and Related Disclosures*.
  - SAS No. 144, *Amendments to AU-C Sections 501, 540, and 620 Related to the Use of Specialist and Use of Pricing Information Obtained from External Information Sources*.
  - SAS No. 145, *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement*



# REPORTS EXPECTED TO BE ISSUED

| Government Auditing Standards                                  |  |  |  |
|--|--|--|--|
| Generally Accepted Auditing Standards                          |  |  |  |
| Independent Auditor's Report (Opinion) on Financial Statements | Required Communication to the Members of the Audit Committee and Board of Retirement in Accordance with Professional Standards (SAS 114) | Independent Auditor's 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) | Agreed Upon Conditions Report Designed to Increase Efficiency, Internal Controls, and/or Financial Reporting (Management Letter) |

# CURRENT ACCOUNTING PRONOUNCEMENTS

| Standard               | Title  | Effective Date                             | Year End Effective Date      | Effect on SCERS?  |
|------------------------|--|--|------------------------------|---|
| GASB Statement No. 100 | Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62 | Fiscal years beginning after June 15, 2024 | 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. |

# FUTURE ACCOUNTING PRONOUNCEMENTS

| Standard               | Title                    | Effective Date                                 | Year End Effective Date      | Effect on SCERS?  |
|------------------------|--------------------------|--|------------------------------|---|
| GASB Statement No. 101 | Compensated Absences     | Fiscal years beginning after December 15, 2023 | July 1, 2024 – June 30, 2025 | 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. SCERS's potential impact upon implementation has not been determined. |
| GASB Statement No. 102 | Certain Risk Disclosures | Fiscal years beginning after June 15, 2024     | July 1, 2024 – June 30, 2025 | The objective of this Statement is to better meet the information needs of financial statement users by improving disclosures related to concentrations or constraints. SCERS's potential impact upon implementation has not been determined.             |



## QUESTIONS?

We are looking forward to working closely with you and the management team during the June 30, 2024 audit.  
Thank you!



**Ashley Green, CPA**  
Audit Engagement Partner



**Lindsey Gentry, CPA**  
Audit Engagement Manager