

MEMO

Date: December 14, 2011
To: CCCERA Board of Retirement
From: External Auditor RFP Ad Hoc Committee
Subject: Recommendation For External Auditor for CCCERA

MEETING DATE

DEC 14 2011

AGENDA ITEM

#10

This is a follow-up to our memo dated November 9, 2011 (see attached), regarding the Auditor RFP Ad Hoc Committee's recommendation for an external auditor for CCCERA.

As part of the review process, CCCERA Accounting Manager Vickie Kaplan discussed with Brown Armstrong CPA's Managing Partner, Andrew Paulden, an issue that came to staff's attention regarding the firm's audit and discrepancy reconciliation process and requested additional information regarding the firm's audit procedures. Further discussion ensued between the Board's Auditor RFP Ad Hoc Committee, CCCERA staff and Mr. Paulden on November 30, 2011, at which time Mr. Paulden provided detailed information and responded to questions regarding Brown Armstrong's audit process to the committee's satisfaction. (See attached Armstrong letter dated 12/7/11).

The Auditor RFP Ad Hoc Committee's recommendation remains the same in that Brown Armstrong CPA's be retained as the Auditor for CCERA for the 2011 Financial Audit, and enter into a three (3) year contract with an option to renew for another three (3) years, subject to legal contract review.



MEMO

Date: November 9, 2011
To: CCCERA Board of Retirement
From: Auditor RFP Ad Hoc Committee
Subject: Recommendation of External Auditor for CCCERA

MEETING DATE

NOV 09 2011

AGENDA ITEM

7

The Auditor RFP Ad Hoc Committee, comprised of Board members Debora Allen, Brian Hast, John Phillips, and Russell Watts, and staff members Vickie Kaplan, Rick Koehler, and Marilyn Leedom issued an RFP for Professional Auditing Services on September 30, 2011 to five interested firms as well as posted the RFP on CCCERA's Website. The deadline for responding to the RFP was October 28, 2011.

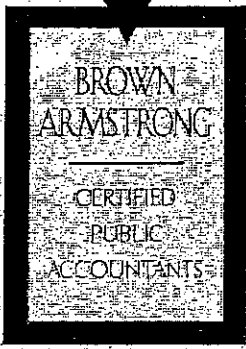
CCCERA received four completed RFP responses that were evaluated by the Committee to determine the responding firms' abilities to meet the mandatory criteria and their response to the technical proposal. The technical proposal consisted of (1) the audit planning and approach, (2) the bidding firm's experience and capabilities and (3) the assigned professional personnel's experience and qualifications. After the mandatory and technical aspects were evaluated, each Sealed Bid Cost Proposal was opened, reviewed and compiled with the overall evaluation. The Committee met on November 2, 2011 to compare evaluations, rate and rank the respondents and after discussion, select the most qualified firm to recommend to the full Board.

Brown Armstrong CPA's, from Bakersfield, California, was the top choice of the Committee and is contingent upon contract negotiation. The Committee was impressed with the thorough and professional response made by Brown Armstrong CPA's, their extensive experience in auditing 1937 Act Retirement Systems (currently audit 11 of the 20 "37 Act" systems) as well as the comprehensive work plan provided to meet CCCERA's required deadlines. It should also be noted that only one of the 11 audits is for a '37 Act system with the same December 31 year-end as CCCERA.

After the presentations and discussion, it is the recommendation of the Auditor RFP Ad Hoc Committee that Brown Armstrong CPA's be retained as the Auditor for CCCERA for the 2011 Financial Audit and enter into a three (3) year contract with an option to renew for another three (3) years, subject to legal contract review.

CCCERA

CONTRA COSTA COUNTY
EMPLOYEES RETIREMENT ASSOCIATION
1355 Willow Way, Suite 221, Concord, CA 94520-5728
Telephone: (925) 521-3960, Fax: (925) 646-5747



BROWN ARMSTRONG
Certified Public Accountants

November 3, 2011

Vickie Kaplan
Retirement Accounting Manager
Contra Costa County Employees' Retirement Association
1355 Willow Way, Suite 221
Concord, CA 94520-5728

Dear Ms. Kaplan;

This letter is in response to your request to provide an alternate to the engagement partner included in our proposal. Our proposal submitted on or about October 28, 2011, identified Andrew J. Paulden as the lead partner.

We are providing an alternative to replace Mr. Paulden with Ms. Rosalva Flores, CPA. Ms. Flores' qualifications and experience are included as attachment 1 to this letter and her resume is included as attachment 2 to this letter.

Please contact me if I can clarify or expand on any item contained in this letter. We appreciate the opportunity to provide you with the outstanding service you expect.

Sincerely,

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

By: Andrew J. Paulden, CPA
Managing Partner

AJP:klm

Enclosures

K:\PROPOSAL\2011\Retirements\Contra Costa County Employees Retirement Association\Rotation Letter.docx

MAIN OFFICE
4200 TRUXTON AVENUE
SUITE 300
BAYERSFIELD, CA 93309
TEL: 661.324.4974
FAX: 661.324.4997
EMAIL: info@bacpas.com

560 CENTRAL AVENUE
EMERYVILLE, CALIFORNIA 94607
TEL: 661.746.2143
FAX: 661.746.1218

8050 N. PALM AVENUE
SUITE 300
FRESNO, CALIFORNIA 93711
TEL: 559.476.3592
FAX: 559.476.3593

790 E. COLORADO BLVD.
SUITE 808B
PASADENA, CALIFORNIA 91101
TEL: 626.240.0920
FAX: 626.240.0922



REGISTERED with the Public Company
Accounting Oversight Board and
MEMBER of the American Institute of
Certified Public Accountants

ATTACHMENT 1

Engagement Partner: Ms. Rosalva Flores will be the engagement partner and manage the audit services provided to you as specified in the request for proposal. Ms. Flores has over twelve years of government audit experience and specializes in the audits of employee retirement systems, 1937 Act and pension plans. She currently is in charge of our audits of the City of Fresno Retirement Systems, Los Angeles City Employees' Retirement Association, and Sonoma County Employees' Retirement Association, as well as numerous other governmental audits. She actively participates in various professional organizations such as the State Association of County Retirement Systems, the California Association of Public Retirement Systems and the American Institute of Certified Public Accountants.

Ms. Flores enjoys working one-on-one with his clients and will be a "hands-on" partner with CCCERA.



ATTACHMENT 2

Resume of Rosalva A. Flores, CPA



Partner
Brown Armstrong
Accountancy Corporation

Academic Background:

California State University, Bakersfield, 1998
Bachelor of Science Degree in Business Administration
Concentration in Accounting

Summary of Experience:

Retirement Systems:

Fresno City Employees' Retirement
Kern Schools Federal Credit Union Pension Plan
Los Angeles City Employees' Retirement Association
Kern County Employees' Retirement Association
Stanislaus County Employees' Retirement Association
Sonoma County Employees' Retirement Association
Ventura County Employees' Retirement System

401(k) Plans:

Derrell's Mini Storage - 401 (k) Plan
MBIA MuniServices - 401 (k) Plan
C-Martin - 401(k) Plan
Physician's Automated Laboratory - 401(K) Plan
Kern Schools Federal Credit Union 401 (k)
Community Medical Education & Research
Foundation Pension Plan
M. Caratan 401(k) Plan

Non-Profits:

Community Medical Education & Research
Foundation
Greater Bakersfield legal Assistance
Bakersfield Museum of Art
Rotary Club of Bakersfield
Rotary Westman Foundation
Center for the Blind & Visually Impaired
First 5 Kern

Transit Districts:

Omnitrans
Central Contra Costa Transit Authority
Santa Cruz Metropolitan Transit
San Joaquin Regional Transit District
Kern Council of Governments

Health Care:

Kern Health Systems
Kern Medical Center
Heritage New York Medical Group
Heritage California Medical Group
Heritage Provider Network

Oil and Gas:

Marina RL, LLC
Pacific Process Systems

Agriculture:

A&P Growers, Inc.

Real Estate:

All American Mortgage

Professional Associations:

American Institute of Certified Public Accountants
California Society of Certified Public Accountants, Bakersfield Chapter
Hispanic Chamber of Commerce

Continuing Education:

GASB Updates, 2010-2011
Finding and Evaluating Fraud, 2010
Advanced Workshop for Implementation of New Audit Standards - 2008-2010
Accounting and Auditing Update - 2004, 2007-2010
Fraud Detection Seminar, 2010
Derivatives Seminar - 2007
Using Software to Uncover Fraud in an Audit - 2006
Governmental Accounting & Auditing Updates, 2005-2010
School District Conference - 2004-2010
Governmental Accounting & Auditing, Changes in Audit Standards, 2004-2010
Audits of Employee Benefit Plans - 2010
Audit Planning - Integrating Fraud - 2010
Governmental Accounting & Auditing - GASB 34, 2010
Deferred Compensation Update, 2010

Cities:

City of Bakersfield
City of Delano
City of Fresno
City of Madera
City of Indio
City of Visalia
City of Burtinburg

Counties:

County of Kern
County of Kings

Special Districts:

Westside Mosquito & Vector Control District
Westside Cemetery District
Minter Field Airport District
Belridge Water Storage District
Kern Water Bank Authority
Rag Gulch Water District
Kern Tulare Water District
Mojave Public Utility District
Casitas Municipal Water District
Rosamond Community Services District

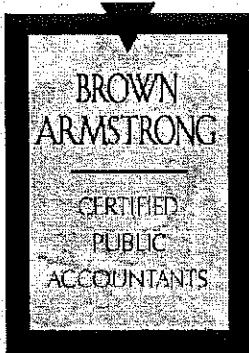
School Districts:

Kern High School District
Taft Unified School District
Richgrove Elementary School
Inyo County Office of Education
Death Valley School District
Owens Valley School District
Big Pine School District
Round Valley School District
Richland Union School District
Bakersfield City School District
Lamont School District
Altamash Elementary School District
Dinuba School District
Maricopa School District
Fruitvale School District
Chowchilla Unified School District
Delano Union School District
California State University, Bakersfield
North Kern Vocational Training Center

University & Community College

Foundation & Auxiliary Organizations:
Kern Community College District





BROWN ARMSTRONG
Certified Public Accountants

December 7, 2011

Ms. Vickie Kaplan
Contra Costa County Employees'
Retirement Association
1355 Willow Way, Suite 221
Concord, California 94250

Dear Ms. Kaplan:

During our presentation to the ad-hoc Audit Committee on November 30, 2011, we discussed in detail the procedures we would perform on participant data, and on our use of your actuary as a specialist. If selected as your auditor, those procedures would focus on verifying that participant data used by the actuary agrees with the data maintained by the Association.

We will first verify that the participant data maintained by the Association agrees with the source data maintained by plan sponsors. We will then confirm such data with the actuary for a sample of participants. All confirmation exceptions will then be reconciled by us. We will then conclude if the actuary's study included correct information. Finally, we will verify that total pensionable compensation per the Association's records agrees with that used by the actuary.

Please contact me if you have any questions or require additional information.

Sincerely,

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

By: Andrew J. Paulden

MAIN OFFICE
4200 TRUXTON AVENUE

SUITE 300
BAKERSFIELD, CA 93309
TEL 661.324.4971
FAX 661.324.4997
EMAIL info@pacpas.com

566 CENTRAL AVENUE

SHAFTER, CALIFORNIA 93263
TEL 661.746.2145
FAX 661.746.1218

8050 N. PALM AVENUE

SUITE 300
FRESNO, CALIFORNIA 93711
TEL 559.476.3592
FAX 559.476.3593

790 E. COLORADO BLVD.

SUITE 908B
PASADENA, CALIFORNIA 91101
TEL 626.240.0920
FAX 626.240.0922

AJP:jam
Enclosures
I:\...18650\Audit 2011\CCCERA Memo of Changes.doc



REGISTERED with the Public Company
Accounting Oversight Board and
MEMBER of the American Institute of
Certified Public Accountants