

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

**BOARD OF RETIREMENT**

**FINANCE COMMITTEE MEETING**

**JULY 13, 2021**

**AGENDA**

**PLACE:** *In Accordance with the Governor's Executive Order N-29-20 (3) The Members of the Committee will be participating via teleconference. Pursuant to Government Code §54954.3, members of the public, to the extent required by law, will have the opportunity to directly address the Committee concerning the below mentioned business.*

*The public may listen to the Public Session only and offer comments by calling: +1 213-338-8477, using Conference Number: 812-6284-6614. Persons may also submit written comments to [publiccomment@vcera.org](mailto:publiccomment@vcera.org) prior to and during the Committee meeting. Please include your name, agenda item, the last 4 numbers of the telephone number that will be used to call in, and your comment. Public comment emails will be read into the record or summarized if lengthy.*

**TIME:** 2:00 p.m.

**ITEM:**

- |   |                 |
|---|-----------------|
| <b>I. <u>CALL TO ORDER</u></b>                                    | Master Page No. |
| <b>II. <u>APPROVAL OF AGENDA</u></b>                              | 1 – 2           |
| <b>III. <u>APPROVAL OF MINUTES</u></b>                            |                 |
| A. None.  |                 |
| <b>IV. <u>OLD BUSINESS</u></b>                                    |                 |
| A. None.  |                 |
| <b>V. <u>NEW BUSINESS</u></b>                                     |                 |
| A. Review of Engagement Letter for June 30, 2021 Financial Audit. |                 |
| 1. Staff Letter.  | 3               |
| 2. Brown Armstrong Engagement Letter.                             | 4 – 13          |
| B. Professional Services for Annual External Financial Audit.     |                 |
| 1. Staff Letter.  | 14              |
| C. Internal Audit Services.                                       |                 |
| 1. Staff Letter.  | 15              |

**BOARD OF RETIREMENT  
FINANCE COMMITTEE MEETING**

**JULY 13, 2021**

**AGENDA  
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**V. NEW BUSINESS (continued)**

D. Annual Budget Format.

1. Staff Letter.

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**VI. PUBLIC COMMENT**

**VII. ADJOURNMENT**



July 13, 2021

Finance Committee  
Ventura County Employees' Retirement Association  
1190 South Victoria Avenue, Suite 200  
Ventura, CA 93003

**SUBJECT: REVIEW OF ENGAGEMENT LETTER FOR JUNE 30, 2021 FINANCIAL AUDIT**

Dear Board Members,

Brown Armstrong CPA's (Auditor) will be performing the financial audit for the fiscal year ended June 30, 2021. Each year the Auditor requires VCERA to execute an Engagement Letter (attached) which outlines the scope and responsibilities for both the Auditor and VCERA Management. In the past, the Engagement Letter was reviewed by the Chief Financial Officer (CFO) and executed by the Retirement Administrator or CFO. In addition, the Chair or another trustee of the Board of Retirement is required to sign from a governance perspective. With the creation of the Finance Committee (Committee), one of the responsibilities of the Committee is to manage the annual financial audit.

Staff is requesting that the Committee review the engagement letter and approve in form so the Board Chair may execute on behalf of VCERA.

**RECOMMENDATION: REVIEW ENGAGEMENT LETTER WITH BROWN ARMSTRONG CPA'S FOR GOVERNANCE AND RECOMMEND THAT BOARD CHAIR EXECUTE ON BEHALF OF VCERA**

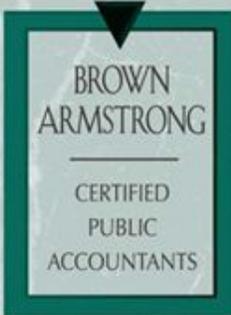
Staff will be pleased to answer any questions at the July 13, 2021, finance committee meeting.

Sincerely,

Linda Webb  
Retirement Administrator

Henry C. Solis, CPA  
Chief Financial Officer

Attached – Engagement Letter



**BROWN ARMSTRONG**  
*Certified Public Accountants*

June 22, 2021

Mr. Mike Sedell, Board of Retirement Chair  
Ms. Linda Webb, Retirement Administrator  
Ventura County Employees' Retirement Association  
1190 South Victoria Avenue, Suite 200  
Ventura, California 93003

Dear Mr. Sedell and Ms. Webb:

We are pleased to confirm our understanding of the services we are to provide the Ventura County Employees' Retirement Association (VCERA) for the year ended June 30, 2021. We will audit the financial statements, including the related notes to the financial statements, which collectively comprise the basic financial statements of VCERA as of and for the year ended June 30, 2021. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement VCERA's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to VCERA's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by accounting principles generally accepted in the United States of America and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Schedule of Changes in Net Pension Liability of Participating Employers
- 3) Schedule of Employer Contributions
- 4) Schedule of Investments Returns
- 5) Latest Actuarial Valuation of Plan Assets and Liabilities

We have also been engaged to report on supplementary information other than RSI that accompanies VCERA's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and

**BAKERSFIELD OFFICE**  
**(MAIN OFFICE)**

4200 TRUXTUN AVENUE  
SUITE 300  
BAKERSFIELD, CA 93309  
TEL 661.324.4971  
FAX 661.324.4997  
EMAIL info@bacpas.com

**FRESNO OFFICE**

10 RIVER PARK PLACE EAST  
SUITE 208  
FRESNO, CA 93720  
TEL 559.476.3592

**STOCKTON OFFICE**

1919 GRAND CANAL BLVD  
SUITE C6  
STOCKTON, CA 95207  
TEL 888.565.1040

WWW.BACPAS.COM

Mr. Mike Sedell, Board of Retirement Chair  
Ms. Linda Webb, Retirement Administrator  
Ventura County Employees' Retirement Association  
June 22, 2021  
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other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements:

- 1) Schedule of Administrative Expenses
- 2) Schedule of Investment Expenses
- 3) Schedule of Payments to Consultant

We have also been engaged to report on the following other information accompanying the financial statements as required by GASB Statement No. 68 and will be subjected to the auditing procedures applied in our audit of the financial statements. Our auditor's report will provide an opinion on the:

- 1) Schedule of Employer Pension Amounts Allocated by Cost Sharing Plan
- 2) Schedule of Cost Sharing Employer Allocations

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

- 1) Introductory Section
- 2) Investment Section
- 3) Actuarial Section
- 4) Statistical Section

### **Audit Objectives**

The objective of our audit is the expression of opinions as to whether VCERA's financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of VCERA and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of VCERA's financial statements. Our report will be addressed to the Board of Retirement of VCERA. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add an emphasis-of-matter or other-matter paragraph(s). If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

Mr. Mike Sedell, Board of Retirement Chair  
Ms. Linda Webb, Retirement Administrator  
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We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of VCERA's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering VCERA's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that VCERA is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

#### **Audit Procedures—General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to VCERA or to acts by management or employees acting on behalf of VCERA. Because the determination of waste or abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, an unavoidable risk exists that some material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as

Mr. Mike Sedell, Board of Retirement Chair  
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part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by auditing standards generally accepted in the United States of America.

#### **Audit Procedures—Internal Control**

Our audit will include obtaining an understanding of VCERA and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under American Institute of Certified Public Accountants (AICPA) professional standards and *Government Auditing Standards*.

#### **Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of VCERA's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

#### **Management Responsibilities**

Management is responsible for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations and the provisions of contracts and agreements.

Mr. Mike Sedell, Board of Retirement Chair  
Ms. Linda Webb, Retirement Administrator  
Ventura County Employees' Retirement Association  
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Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within VCERA from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting VCERA involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting VCERA received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that VCERA complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with accounting principles generally accepted in the United States of America. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon and make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with accounting principles generally accepted in the United States of America; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Mr. Mike Sedell, Board of Retirement Chair  
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With regard to using the auditor's report you understand that you must obtain our prior written consent to reproduce or use our report in bond offering official statements or other documents.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

You are required to disclose the date through which subsequent events have been evaluated and whether that date is the date the financial statements were issued or were available to be issued. You agree that you will not date the subsequent event note earlier than the date of your management representation letter.

You agree to assume all management responsibilities relating to any nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the Buenaventures Two, LLC tax return and that you have reviewed and approved the tax return prior to the issuance and have accepted responsibility for it. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

#### **Engagement Administration, Fees, and Other**

We may from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

Mr. Mike Sedell, Board of Retirement Chair  
Ms. Linda Webb, Retirement Administrator  
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We will provide copies of our reports to VCERA; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Brown Armstrong Accountancy Corporation and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Brown Armstrong Accountancy Corporation personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies. The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the U.S. Accountability Office.

We expect to begin our audit on approximately September 20, 2021, and to issue our reports no later than December 31, 2021. Rosalva Flores is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

In accordance with our agreement, our gross fee, including expenses, will not exceed \$51,380 (\$46,450 for the Financial Statements Audit and \$4,930 for the GASB 68 Audit). Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 90 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

All disputes under this agreement shall be submitted to mediation. Each party shall designate an executive officer empowered to attempt to resolve the dispute. Should the designated representatives be unable to agree on a resolution, a competent and impartial third party acceptable to both parties shall be appointed to mediate. Each disputing party shall pay an equal percentage of the mediator's fees and expenses. No suit or arbitration proceedings shall be commenced under this agreement until at least 60 days after the mediator's first meeting with the involved parties. In the event that the dispute is required to be litigated, the court shall be authorized to assess litigation costs against any party found not to have participated in the mediation process in good faith.

Our relationship with you is limited to that described in this letter. As such, you understand and agree that we are acting solely as independent accountants. We are not acting in any way as a fiduciary or assuming any fiduciary responsibilities for you. We are not responsible for the preparation of any report to any governmental agency, or any other form, return, or report or for providing advice or any other service not specifically recited in this letter.

Mr. Mike Sedell, Board of Retirement Chair  
Ms. Linda Webb, Retirement Administrator  
Ventura County Employees' Retirement Association  
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Our audit engagement ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

*Government Auditing Standards* require that we provide you with a copy of our most recent external peer review report and any subsequent reports received during the contract period. Our most recent peer review report accompanies this letter.

We appreciate the opportunity to be of service to Ventura County Employees' Retirement Association and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION



By: Rosalva Flores

RAF:acv:jav

Enclosure

Pfx: Engagement\82790 6\30\21 Audit\PSR-02-2 VCERA Engagement Letter draft

**RESPONSE:**

This letter correctly sets forth the understanding of Ventura County Employees' Retirement Association.

Management signature: \_\_\_\_\_

Title: \_\_\_\_\_

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

Governance signature: \_\_\_\_\_

Title: \_\_\_\_\_

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



9250 EAST COSTILLA AVENUE, SUITE 450  
GREENWOOD VILLAGE, COLORADO 80112  
303-792-3020 (O) | 303-792-5153 (F)  
WWW.WCRCPA.COM

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## REPORT ON FIRM'S SYSTEM OF QUALITY CONTROL

June 27, 2019

To the Shareholders of  
Brown Armstrong Accountancy Corporation  
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Brown Armstrong Accountancy Corporation (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended October 31, 2018. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

### **Firm's Responsibility**

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

### **Peer Reviewer's Responsibility**

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

### **Required Selections and Considerations**

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act and audits of employee benefit plans.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

### **Opinion**

In our opinion, the system of quality control for the accounting and auditing practice of Brown Armstrong Accountancy Corporation applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended October 31, 2018, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Brown Armstrong Accountancy Corporation has received a peer review rating of *pass*.

*Watson Coon Ryan, LLC*

Watson Coon Ryan, LLC



July 13, 2021

Finance Committee  
Ventura County Employees' Retirement Association  
1190 South Victoria Avenue, Suite 200  
Ventura, CA 93003

**SUBJECT: PROFESSIONAL SERVICES FOR ANNUAL EXTERNAL FINANCIAL AUDIT**

Dear Board Members,

Currently VCERA contracts with Brown Armstrong CPA's (Auditor) to perform the annual financial audit and issue an opinion on VCERA's financial statements (Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position) as well as review components of the Comprehensive Annual Financial Report (now referred to Annual Comprehensive Financial Report with the June 30, 2021 issued report). The existing agreement expired with the June 30, 2020 financial audit. However, the Board of Retirement extended the agreement for one additional year.

Brown Armstrong CPA's has providing auditing services for at least the last 20 years. In 2017 a request for proposal (RFP) was issued and Brown Armstrong was awarded the contract for the 2018-2020 financial audits, with an additional extension for the current 2021 audit in progress.

Per the Finance Committee Charter, the next awarded contract will be for five years instead of three. Also, previously board members have commented that they would like to see a rotation in auditors. Staff would appreciate the committee's direction with respect to consideration of Brown Armstrong CPA's in the next RFP. In addition, Staff will return at a future Finance Committee meeting with a draft RFP and timeline for review.

Staff will be pleased to answer any questions at the July 13, 2021, finance committee meeting.

Sincerely,

Linda Webb  
Retirement Administrator

Henry C. Solis, CPA  
Chief Financial Officer



July 13, 2021

Finance Committee  
Ventura County Employees' Retirement Association  
1190 South Victoria Avenue, Suite 200  
Ventura, CA 93003

**SUBJECT: INTERNAL AUDITING SERVICES**

Dear Board Members,

Included in the current year adopted budget was \$60,000 for internal audit services. In the past board member have suggested having an internal audit performed of VCERA. Unlike financial audits, in which the scope is standardized, internal audits have a much broader scope and can be more specific. In addition, there are several different types of internal audits, such as: compliance, agreed upon procedures, economy and efficiency, internal controls, to name a few. Staff is requesting the committee's direction on the internal audit services to pursue. Based on the committee's suggestions staff can return with options, including issuance of a request for proposal, to procure a professional services contract for performance of an internal audit.

Staff will be pleased to answer any questions at the July 13, 2021, finance committee meeting.

Sincerely,

Linda Webb  
Retirement Administrator

Henry C. Solis, CPA  
Chief Financial Officer



July 13, 2021

Finance Committee  
Ventura County Employees' Retirement Association  
1190 South Victoria Avenue, Suite 200  
Ventura, CA 93003

**SUBJECT: ANNUAL BUDGET FORMAT**

Dear Board Members,

In June 2020, the Board of Retirement (Board) requested the formation of a committee to review the annual budget format and recommended changes. As you are aware, the Board subsequently created the Finance Committee (Committee) and approved a charter outlining its duties. One of the responsibilities was to review the budget format for the annual budget. Due to timing the opportunity to review the FY 2021-22 budget format had to be delayed until next year. Staff would like to begin discussions on changes to the budget format to allow sufficient time for incorporating suggested changes and returning to the Committee with updates until a final budget format is adopted.

Staff looks forward to discussing this topic with the Committee and answer any questions at the July 13, 2021, finance committee meeting.

Sincerely,

Linda Webb  
Retirement Administrator

Henry C. Solis, CPA  
Chief Financial Officer