

A photograph of an older couple walking away from the camera on a sandy beach. The man is on the left, wearing a white short-sleeved shirt and khaki shorts, holding a white towel. The woman is on the right, wearing a white backless dress with a pink flower in her hair. They are walking through shallow water. In the background, several sailboats are visible on the water under a clear sky. A large blue diagonal graphic element is on the right side of the page.

**REQUEST FOR PROPOSALS FOR AGREED UPON
PROCEDURES REPORTS FOR**

**San Bernardino County
Employees' Retirement
Association**

Submitted by

Macias Gini & O'Connell LLP

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August 1, 2025

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State and Local
Governments

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San Bernardino County Employees' Retirement Association

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Cover Letter

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COVER LETTER



August 1, 2025

Amy McInerny, Chief Financial Officer
San Bernardino Employees' Retirement Association
348 W. Hospitality Lane, Suite 100
San Bernardino, CA 92408

Dear Amy McInerny:

Macias Gini & O'Connell LLP (MGO) is pleased to present our proposal to serve the San Bernardino County Employees' Retirement Association (SBCERA) to perform agreed-upon procedures reports to be completed by January 31, 2026. With nearly 40 years of service to state and local governments, we are dedicated to supporting your mission with unwavering commitment.

This proposal outlines our comprehensive approach, tailored solutions, and dedication to exceeding your expectations. In the following pages, we have meticulously addressed every requirement outlined in SBCERA's RFP. By carefully demonstrating that our experience and capabilities are well aligned with SBCERA's needs, we illustrate our commitment to delivering exceptional results. The sections followed by this cover letter demonstrate our capabilities and how our proposal meets each requirement and highlights our firm-wide focus on collaborative problem solving, ongoing communication, innovative solutions, and dedication to service excellence.

Our government experience and knowledge

MGO was built on serving state and local government entities. SBCERA requires a firm with trained governmental resources who proactively identify issues, solutions, and best practices in governmental accounting and financial reporting. By leveraging our in-depth knowledge of government accounting and regulatory requirements, we help state and local governments navigate financial complexities, enhance their internal controls, and provide transparent, reliable financial reporting to their constituents.

Our pension plan experience

MGO has extensive experience in performing assurance and attestation services for pension plans, including agreed upon procedures. Our firm has served some of the largest and most complex pension plans in the U.S. Our experience also includes a demonstrated track record of effectively creating a collaborative work environment that will provide a clear understanding of mutual expectations, the minimization of work performed, and timely communications.

MGO has conducted numerous AUP engagements for a variety of subject matters and management and contractor assertions. We assist clients in drafting the procedures to confirm the procedures are feasible, will answer the objectives, and will provide results that allow management to appropriately address findings through the development and/or monitoring of corrective action plans.

COVER LETTER

Knowing you and building trust

MGO is a firm believer in going above and beyond to support the success of our clients. In addition to providing the services and supporting our clients' request, we routinely offer value-added services at no additional cost, assisting with the implementation of new accounting standards, developing technical inquiries, and offering technical training on a variety of topics. Our clients choose us for our hands-on, service-oriented business philosophy, coupled with our commitment to quality and reliability.

Our clients choose us for our hands-on, service-oriented business philosophy, coupled with our commitment to quality and reliability. SBCERA will be invited to our client training courses that are vital to keeping our clients informed on the critical matters impacting governmental accounting and financial reporting.

Our commitment to deadlines

We are committed to meeting or exceeding your deadlines and are confident, as you plan for future needs, you will be convinced that MGO is among one of the leading choices. At the core of our success is our focus on year-round communication, proactive advice, guidance on new pronouncements, and working closely with management and staff to meet the deadlines. We will work side by side with SBCERA to complete the agreed upon procedures in a timely manner. We confirm our understanding of the scope of services we are to provide for SBCERA and are committed to performing the services as requested within the prescribed time period.

Representative authorization

Thank you for your time reviewing our proposal. Our proposal demonstrates our service capabilities, governmental and technical knowledge, qualifications, and most of all, our desire to exceed your expectations.

As Partner and the designated representative of MGO, I, Craig Harner, have the authority to act, contractually obligate, and negotiate on behalf of the firm.

Please give me a call at +1 (916) 642-7090 or email at CHarner@mgocpa.com with any comments or questions.

Sincerely yours,



Craig Harner, CPA, CFE
Partner

1.

Firm Qualifications

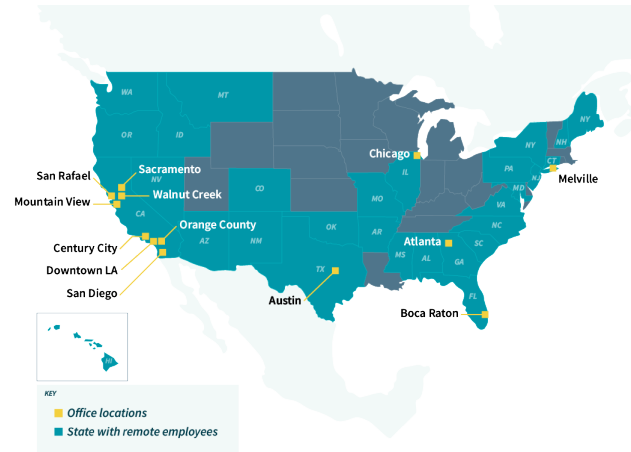
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1.FIRM QUALIFICATIONS

The firm shall state its qualifications to perform the Agreed Upon Procedures reports approved by the SBCERA Board, including biographies/experience summaries for each of the professionals proposed to be staffed on the engagement.

Brief organizational overview

Founded in 1987, in Sacramento, California, Macias Gini & O'Connell LLP (MGO) is one of the fastest growing certified public accounting firms in the United States. We combine deep industry experience with well-established accounting and advisory solutions to deliver tangible results. Our clients range from global aerospace and technology leaders to innovative startups and nonprofit organizations — from the largest government entities in the country, to the biggest names in entertainment. MGO is a nationwide public accounting firm. We have a staff of more than 500 professionals. Our people are here to serve you, in real-time, around the clock, with 13 offices throughout the United States.



Our state and local government industry practice is one of the largest in the country, offering significant resources to serve this highly complex sector. As the professional service provider for numerous public agencies throughout the country, we take our commitment to “good government” seriously and work hard to establish collaborative relationships with our clients, deliver valuable insights and outcomes in every engagement, and implement innovative practices to improve service delivery. Our experience encompasses working with cities, counties, state agencies, special districts, private firms, and the world’s largest public pension system. In addition to general-purpose units of government, we serve districts, authorities, boards, and finance divisions.

At MGO, we’re committed to serving our clients and the profession through active engagement with national standards setters. Our participation in these groups helps us stay ahead of regulatory changes, keep our clients informed, and provide critical guidance and counsel on technical matters and other emerging issues.

MGO today

35+
years of
experience

500+
professionals
ready to serve

36+
languages
spoken
natively

13
U.S. cities with
offices

55+
Partners

Assurance professionals represent one-third of our talent. Our State and Local Government practice includes more than 100 governmental audit staff, supported by 40 supervisory personnel (supervisors through partners), with an average tenure of 25 years for partners, 11 years for management personnel, and five years for supervisors. Approximately 90 associates and senior associates comprise our staffing pool, wherein practitioners rotate through the various industries MGO serves. We believe exposure to a variety of industries and diverse experiences early in our team members’ public accounting careers will enable them to choose the career path that best aligns with their interests and become adept in helping our clients succeed. Our long-tenured team is a testament to this philosophy and strengthens MGO’s ability to maintain project continuity. The members of your engagement team have been selected based on their experience in pension plans.

1. FIRM QUALIFICATIONS

Our qualifications to perform the Agreed Upon Procedures

Under an agreed-upon procedures (AUP) engagement, an auditor performs specific procedures on a subject matter or an assertion and reports the findings without providing an opinion or a conclusion on it. The specified parties to the engagement agree upon and are responsible for the sufficiency of the procedures for their purposes. The specified parties are the intended users to whom use of the report is limited. AUPs are performed under the AICPA's Statement on Standards for Attestation Engagements and can be performed under GAGAS.

MGO has conducted numerous AUP engagements for a variety of subject matters and management and contractor assertions. We assist clients in drafting the procedures to confirm the procedures are feasible, will answer the objectives, and will provide results that allow management to appropriately address findings through the development and/or monitoring of corrective action plans.

Some of the largest governments, agencies, and pension funds in the nation trust our leading state and local government practice to provide assurance, advisory, and accounting support.

How can we serve you?

In a global marketplace, your business doesn't sleep. Because MGO operates worldwide, we don't either. Our people are here to serve you — where you need us, when you need us. We focus on our clients in real-time, around the clock across the United States, and around the globe. We scale to meet you where you are, with skilled professionals who bring significant experience to multistate and multinational enterprises — including those planning to expand.

We're committed to service excellence

At MGO, our core values are central to everything we do, and chief among them is the simple mandate to Go Beyond. But what does that mean for you?

It means that our commitment to your success goes far beyond fulfilling our responsibilities as an independent auditor. When you work with MGO, you'll enjoy a collaborative relationship with highly skilled professionals who focus on exceeding your expectations through straight talk (another of our values), proactive problem solving, flexibility, and an unwavering dedication to meeting your deadlines — no excuses.

Where you need us, when you need us

As a global team of more than 500 financial service professionals, we stand ready to serve you through a wide range of professional services tailored to meet the diverse needs of our clients*. These include:

Assurance and Attestation	Governance, Risk, and Compliance	Management Consulting	Forensic Accounting and Litigation Support
- Audits and examinations - Performance audits - Agreed-upon procedures - Cost allocation	- Internal audit - Anti-money laundering - Entity-wide risk assessment - Construction audit	- Revenue optimization - Marketing assessment - Operational alignment analysis - Policies and procedures	- Fraud investigations - Vendor audits - Litigation support - Employee investigations

FAST FACTS

#53

Top 100 Firms
Accounting Today | 2025

#7

Firm in the West
Accounting Today | 2025

#50

Top 100 Firms
Inside Public Accounting | 2025

1. | FIRM QUALIFICATIONS

Advanced experience in Pensions

Our firm has extensive experience in providing audit and attestation services to a diverse range of pension plans. We understand the complexities inherent in these plans, which often include service, disability, death and survivor benefits provided to retired employees (and their beneficiaries). Our audit approach is tailored to address the unique challenges of pension plans, including the significant impact of actuarial valuations and the long-term nature of the obligations. We work closely with our clients and their actuaries to determine that the financial reporting accurately reflects the plan's obligations and any related assets, adhering to all relevant accounting standards, particularly those set forth by GASB for public sector entities.

Our team is well-versed in the intricacies of pension plan provisions, including eligibility requirements, benefit formulas, and funding policies. We focus on verifying the accuracy and completeness of the data used in actuarial valuations, assessing the reasonableness of actuarial assumptions, and evaluating the consistency of their application. We also examine the plan's financial statements, ensuring that they are presented fairly in accordance with the applicable reporting framework. Our experience includes auditing pension plans with various funding arrangements, from those that are fully funded to those that are pay-as-you-go, and we are adept at identifying and addressing the specific risks associated with each.

Furthermore, we recognize the increasing importance of pension liabilities in the overall financial health of our clients, particularly in the public sector. Our audits provide valuable insights into the financial condition of these plans, helping our clients understand the long-term implications of their pension obligations and making informed decisions regarding funding and plan management. We are committed to staying at the forefront of pension accounting and reporting developments, ensuring that our audit services are always of the highest quality and provide maximum value to our clients.

Below is a representative list of our experience providing services to pension plans like those requested by SBCERA:

PENSION PLANS

- California Public Employees' Retirement System
- California State Teachers' Retirement System
- CalSavers Retirement Savings Program
- Merced County Employees' Retirement Association
- Oakland Police and Fire Retirement System
- Orange County Employees' Retirement System
- Oregon Public Employees Retirement System
- Pasadena Fire and Police Retirement System
- Public Employees Retirement System of Nevada
- Sacramento City Employees' Retirement System
- Sacramento County Employees' Retirement System
- San Bernardino County Employees' Retirement Association
- San Diego County Employees' Retirement Association
- San Diego City Employees' Retirement System
- San Francisco Employees' Retirement System
- San Jose Federated City Employees' Retirement System
- San Jose Police and Fire Department Retirement Plan
- Stanislaus County Employees' Retirement Association

1. | FIRM QUALIFICATIONS

Quality work and PERS experience

MGO's state and local government practice has a long-standing commitment and history of service to public employees' retirement systems. We have significant experience in providing assurance and advisory services to the largest and most complex public employees' retirement systems in the country, including the California Public Employees' Retirement System (CalPERS), the California State Teachers' Retirement System (CalSTRS), the Oregon Public Employees Retirement System (Oregon PERS), and the Public Employees Retirement System of Nevada (NVPERS). Our capabilities and experience in this arena are backed by our broad and deep bench of professionals in data science, actuarial science, investment valuations, and IT assessments.

In a complex climate, you're working hard to represent and further the interests of your constituents. As demand for transparency and results evolves, we'll help you exceed expectations with innovative strategies that ease compliance and win hearts and minds.

Some of the largest governments, agencies, and pension funds in the nation trust our leading state and local government practice to provide assurance, advisory, and accounting support.

Below is a representative list of MGO's experience with retiree benefit payments and refunds:

Retiree Benefit Payments and Refunds Experience					
Entity	Type of Plan(s)	Scope of Work	Most Recent Audit Year	Members Receiving Benefits	Benefits and Refunds (in thousands)
California Public Employees' Retirement System	A, C, S	Financial Statement and GASB 68/75 audits	June 30, 2017	670,347	\$ 21,668,259
Oregon Public Employees Retirement System	C, S	Financial Statement and GASB 68/75 audits	June 30, 2024	166,136	\$6,796,294
Public Employees' Retirement System of Nevada	A, C, S	Financial Statement and GASB 68/75 audits	June 30, 2021	75,955	\$ 3,038,840
San Francisco Employees' Retirement System	C	Financial Statement and GASB 68/75 audits	June 30, 2024	32,654	\$ 1,932,046
Orange County Employees' Retirement System	C	Financial Statement and GASB 68 audits	December 31, 2020	19,419	\$ 1,015,648
San Bernardino County Employees' Retirement Association	C	Financial Statement and GASB 68 audits	June 30, 2018	12,716	\$ 539,297
San Diego City Employees' Retirement System	S	Financial Statement and GASB 68 audits	June 30, 2024	12,146	\$ 716,974
A – Agent Multiple-Employer C – Cost-Sharing Multiple-Employer S – Single Employer					

1. | FIRM QUALIFICATIONS

Further, our pension plan professionals are experienced with the complexities and risks of diverse investment portfolios, including assessing internal controls, compliance, accounting and reporting requirements. To illustrate our experience with public pension plan investments, including those with investments like those of SBCERA, we have prepared the following summary of a representative example of our investment experience.

Investment Experience (dollars in thousands)				
Entity	Equity ⁽¹⁾	Fixed Income ⁽²⁾	Alternative Investments ⁽³⁾	Securities Lending
California Public Employees' Retirement System	\$ 203,028,047	\$ 133,821,284	\$ 126,911,911	\$ 14,303,670
California State Teachers' Retirement System**	\$ 113,182,592	\$ 59,189,753	\$ 133,999,403	\$ 25,301,600
Oregon Public Employees Retirement System	\$ 23,715,061	\$ 19,201,300	\$ 53,007,777	\$ 458,657
Public Employees' Retirement System of Nevada	\$ 30,752,796	\$ 14,521,166	\$ 8,427,253	\$ -
San Francisco Employees' Retirement System	\$ 9,579,651	\$ 2,107,047	\$ 21,133,939	\$ 541,413
Orange County Employees' Retirement System	\$10,708,968	\$ 4,083,923	\$ 7,745,195	\$ 195,239
San Bernardino County Employees' Retirement Association	\$ 2,300,460	\$ 3,695,584	\$ 7,360,806	\$ 29,919
San Diego City Employees' Retirement System	\$ 4,308,125	\$ 2,744,425	\$ 2,982,175	\$ 134,472
(1) Includes domestic, international, and global equity securities and commingled funds. (2) Includes fixed income securities and commingled funds such as U.S. treasuries and agencies, asset and mortgage-backed securities, bank loans and high yield bonds. (3) Includes real estate funds private equity funds, private credit funds, commodity pool funds, and diversifying strategy/absolute return funds (hedge funds). **In addition to the financial audits we perform, we are retained by and currently perform internal audit services for the California State Teachers' Retirement System (CalSTRS) in the areas of operational risk assessments and consulting on investment portfolio risks.				

Additional relevant experience aligned with SBCERA's requested scope of services is detailed on the following page.

1. | FIRM QUALIFICATIONS

Brief bio of the engagement team

The staff members of your engagement team have been selected based on their extensive background in conducting governmental audits, specifically those of governmental pension plans. Our proposed team is structured to provide clear lines of authority, responsibility, and communication. This fosters the highest level of audit quality, communication, and delivery of client service. All audit team members are full-time staff, allowing them to remain fully available, responsive, and committed to putting our clients first.

Each of our key engagement team members possesses:

- Broad public sector industry experience
- Understanding of the major issues facing public employee retirement systems
- Demonstrated technical proficiency
- Generally Accepted Auditing Standards (AICPA)
- Generally Accepted Government Auditing Standards (GAGAS)

KEY TEAM MEMBERS

Craig Harner, CPA, CFE
ENGAGEMENT PARTNER

Linda Hurley, CPA
TECHNICAL REVIEW PARTNER

Chai Saechao, CPA
SENIOR MANAGER

Engagement team and their experience

Engagement Partner – Craig Harner will oversee SBCERS’s agreed-upon procedures and will supervise MGO’s services and sign the independent accountant’s reports.

Craig has more than 18 years of experience in performing various audit and attestation, accounting, financial, and operational assignments for retirement systems, governmental, nonprofit, and special district clients. He is MGO’s leader in serving public employee retirement systems and for the past 12 years, Craig has served public pension funds almost exclusively.

Throughout his professional relationships with public employee retirement systems, Craig has responded to the needs of boards and management by providing added value beyond basic financial auditor services. During the past several years he has assisted clients to navigate the implementation challenges of the Governmental Accounting Standards Board (GASB)’s most significant rules ever approved for pension and OPEB plans: GASB 67, Financial Reporting for Pension Plans; GASB 68, Accounting and Financial Reporting for Pensions; GASB 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans; and GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This includes producing reports on GASB 68/75 Schedules of Employer Allocations and Schedules of Collective Pension/OPEB Amounts, and related notes, as well as developing templates for clients to use for their GASB 68/75 reporting.

1. | FIRM QUALIFICATIONS

Technical Review Partner – Linda Hurley will serve as the technical review partner, consulting with management on key reporting and engagement matters, and performing concurring reviews of the independent accountant's reports.

Senior Manager and Primary Point of Contact – Chai Saechao will be the primary day-to-day liaison in keeping SBCERA management informed of issues and engagement progress. He will work closely with the MGO team to provide effective communication and coordination and review the work.

Availability and consistency of the engagement team

We have a track record with our clients, demonstrating significant MGO partner participation to facilitate seamless transitions. As a matter of firm policy, our leadership team and subject matter professionals are deeply involved throughout your audits. This high level of engagement ensures you have continuous access to individuals who are highly knowledgeable about your operations. Our consistent track record with clients reflects significant MGO partner participation, which facilitates seamless transitions and supports the delivery of timely, thorough, and accurate services. This approach is designed to provide a valuable and responsive engagement experience from start to finish.

Resumes of the engagement team are presented on the following pages, highlighting their extensive pension experience, credentials, and additional relevant qualifications that align closely with the scope of services requested.

1. | FIRM QUALIFICATIONS



Craig Harner, CPA, CFE

Engagement Partner

Education and certifications

- Sonoma State University, B.S., Business Administration, concentration in Accounting
- Sonoma State University, B.A., Spanish
- Certified Public Accountant, CA
- Certified Fraud Examiner

Associations

- American Institute of Certified Public Accountants
- California Society of CPAs
- Association of Certified Fraud Examiners

Proposed role and responsibilities

- Lead and coordinate the overall delivery of the engagement and technical assistance
- Lead project strategy and planning efforts
- Work closely with management team
- Available throughout the year to proactively identify issues

How I deliver value to you

Understanding that informed decisions require objective assurance solutions to validate the quality of your transactions and reports, I bring a dedicated focus to employee retirement plan systems and pension funds. With this passion, I'm well-prepared to demonstrate that your personnel are contributing optimally to your organization's health and value.

My experience

Leveraging approximately 18 years of experience, I plan, control, review, and evaluate fieldwork, resolving any related accounting and control issues. By reviewing and analyzing my clients' internal controls, I help reduce risk in your organization.

In addition to my knowledge of employee benefit plans and pensions, I have cultivated a special interest in investments, fair value and valuation and actuarial topics and issues. I also create and lead firm training on pensions, GASB 67/68, GASB 74/75, CaseWare Working Papers implementation, and IDEA. I have served multiple public pension plans throughout the nation and spend approximately 90% of my client service hours on these entities.

1. | FIRM QUALIFICATIONS

Representative client experience:

Pension and OPEB Plans

- CalSavers Retirement Savings Program
- California Public Employees' Retirement System
- California State Teachers' Retirement System**
- City and County of San Francisco Retiree Health Care Trust Fund
- Mendocino County Employees Retirement Association**
- Merced County Employees' Retirement Association**
- Oakland Police and Fire Retirement System
- Orange County Employees' Retirement System*
- Oregon Public Employees Retirement System*
- Pasadena Fire & Police Retirement System
- Public Employees' Retirement System of Nevada*
- Sacramento City Employees' Retirement System
- Sacramento County Employees' Retirement System*
- San Diego City Employees' Retirement System*
- San Francisco Employees' Retirement System
- San Francisco Health Service System
- San Jose Federated City Employees' Retirement System*
- San Jose Police and Fire Department Retirement Plan*
- Stanislaus County Employees' Retirement Association*

*GFOA Award | **Consulting

1. | FIRM QUALIFICATIONS



Linda C. Hurley, CPA

Technical Review Partner

Education and certifications

- St. Mary's College of California, B.S., Economics and Business Administration, Accounting
- Certified Public Accountant, California

Associations

- American Institute of Certified Public Accountants
- California Society of CPAs
- California Municipal Finance Officers Association
- Government Finance Officers Association
- GFOA Special Review Committee (former member)
- BDO Alliance Governmental Roundtable (Group Leader Team)

Proposed role and responsibilities

- Consult with the engagement partner on technical accounting and auditing issues, including audit risk assessments
- Responsible for staying current on the engagement process
- Participate in client discussions about complex technical issues
- Review selected engagement workpapers and reports for compliance with financial reporting, compliance, and attestation standards
- Available throughout the year to consult with MCERA on technical accounting and reporting

How I deliver value to you

I take pride in offering financial and risk management advice to some of the largest and most complex cities, counties, and state agencies in the nation. My focus is on delivering peace of mind to my clients, whether it's through financial and compliance audit services or providing internal audit support to identify and address operational and fraud risks.

My experience

For more than 28 years, I have provided auditing, accounting, and consulting services to the public and private sectors. I have served as the audit partner for the cities, counties, special districts, and special purpose governments including housing authorities and general government housing programs including low and moderate income housing funds and voter approved housing initiatives.

1. | FIRM QUALIFICATIONS

Representative client experience:

City governments and related entities

- Antioch
- Encinitas
- Foster City
- Fresno
- Huntington Beach
- La Habra
- Los Angeles
- Pleasanton
- Riverside
- Rohnert Park
- San Diego
- San Francisco
- San Jose
- Santa Ana
- Santa Rosa

County governments and related entities

- Alameda
- Contra Costa
- Orange
- Fresno
- Los Angeles
- San Mateo
- Santa Clara
- Solano
- Yolo

Representative client experience including Pension and OPEB Plans:

- California Public Employees' Retirement System (CalPERS)
- California State Teachers' Retirement System (CalSTRS)
- Home Forward (formerly Portland Housing Authority)
- Housing Authority of the City of Los Angeles
- Orange County Housing Authority
- Orange County Employees Retirement System
- San Bernardino County Employees' Retirement Association
- San Diego City Employees' Retirement System
- State of Oregon, Department of Forestry

1. | FIRM QUALIFICATIONS



Chai Saechao, CPA

Senior Manager

Education and certifications

- California State University, Sacramento B.S., Accounting and Financial Planning
- Certified Public Accountant, CA

Associations

- American Institute of Certified Public Accountants
- California Society of CPAs

Proposed role and responsibilities

- Assist engagement partner in planning, controlling, reviewing, and evaluating fieldwork
- Consult with engagement team on issues and progress of fieldwork
- Discuss accounting and control issues and assists in resolving those issues
- Manage the day-to-day execution of the agreed-upon services and direct task accomplishments, and monitor progress
- Report to the partners regarding technical and operational matters
- Review engagement documentation for significant audit areas
- Communicate with executive management regarding planning, execution, and reporting

How I deliver value to you

I strive to help you delve deeper and gain insight into your tribal gaming entity in order to make sound decisions that help shape your future goals. Utilizing the most recent auditing techniques and institutional knowledge gained from various audits of tribal gaming clients, I hope to work alongside you towards reaching your goals.

My experience

I am an assurance and government consulting services manager. I have approximately ten years of professional experience providing auditing, accounting, and consulting services to the private and public sectors. Over the past year, I served as the audit manager for the financial statements and GASB 68 audits for the Public Employees' Retirement System of Nevada, City of Sacramento Employees' Retirement System, and the City of Sacramento. My experience includes planning, designing, and executing audit procedures over employer and member contributions and accounts, benefit payments, and investments.

1. | FIRM QUALIFICATIONS

Prior to becoming a manager, I served as the supervising senior leading the fieldwork on various pension plan audits, such as CalPERS, Nevada PERS, and MercedCERA, as well as auditing various investment portfolios, and contribution and benefit payments transaction cycles.

Representative client experience:

Pension and OPEB plans

- California Public Employees' Retirement System*
- California State Teachers' Retirement System**
- CalSavers Retirement Savings Program
- City and County of San Francisco Retiree Health Care Trust Fund
- Mendocino County Employees' Retirement Association**
- Merced County Employees' Retirement Association**
- Oregon Public Employees Retirement System*
- Public Employees' Retirement System of Nevada*
- Sacramento City Employees' Retirement System
- Sacramento County Employees' Retirement System*
- San Francisco Employees' Retirement System
- San Jose Deferred Compensation Plan
- San Jose 401(a) Defined Contribution Plan
- San Jose Voluntary Employees' Beneficiary Association Plan

*GFOA Award | **Consulting

1. | FIRM QUALIFICATIONS

Management supervision of the audit team

Our firm places a strong emphasis on effective supervision of the audit team by our management. This includes a detailed oversight plan that provides thorough and consistent guidance throughout the engagement:

Personnel – All personnel will be evaluated prior to assignment to determine whether they have the proper skills, knowledge, training, and capacity to serve the client. Personnel are assigned and reserved through a central scheduling platform, and engagement budgets are compared to scheduling to confirm proper resources have been identified.

Timelines – In conjunction with personnel scheduling, we'll develop engagement timelines and milestones and set calendar reminders and appointments to mark critical dates such as weekly client status meetings, draft and deliverable due dates, expected review dates, and client meetings/presentations. The engagement manager has oversight for timelines and milestones.

Monthly billing – Contract terms and status will be monitored by MGO leadership, to include the CEO, CFO, service line leaders, and the engagement partner as part of the month-end billing, closing, and financial reporting process. For fixed fee contracts, the percentage of completion will be compared to the amount billed to verify that appropriate progress is being made on engagements and that timelines are not in jeopardy. If concerns are identified, an internal team meeting will be scheduled immediately, and solutions will be discussed, identified and implemented.

Weekly internal management meetings – Engagement managers will review employee time reports, compare results to the budget, and adjust scheduling as needed to keep the project on track.

Daily status checks – Supervisors will communicate regularly with staff to confirm that assigned tasks are being completed and questions are being answered in a timely manner. Status will be measured against the project plan and budget, and issues will be escalated to engagement leadership as necessary.

Work product and deliverables – The engagement team will be layered with experience to provide quality technical knowledge in a cost-effective manner. All work will be prepared and reviewed by qualified personnel. Technical issues requiring consultation will be reviewed by the engagement quality control partner and MGO's chief quality officer (CQO). All deliverables will be reviewed by an assigned quality control partner to verify that they conform with financial reporting and professional standards.

Office of quality control – The CQO leads independent post-inspection reviews quarterly, sampling engagements for inspection and evaluating compliance with professional standards and firm policies. Results are published internally and made available firmwide. At least annually, the CQO conducts mandatory training for all audit personnel to discuss the results of inspections and address necessary remediation steps.

On-site presence – Partners and managers will dedicate a portion of their time to staff supervision, including providing appropriate on-site guidance during the assurance project. Our hands-on approach facilitates immediate decision-making, fosters direct communication, and addresses any issues promptly.

1. | FIRM QUALIFICATIONS

Thought leadership

MGO is proud to be listed as a top accounting firm by *Accounting Today*, *Inside Public Accounting*, and several other notable industry publications. Because of our long-term involvement and national and state liaisons, we are the firm positioned to keep you up to date on changing accounting and auditing standards — and we will.

As a thought leader in the government industry, MGO regularly speaks at and attends various professional associations and governmental agencies, including:

- **Government Financial Officers Association of Texas**
 - 2024 Fall Conference
 - *Tales from the Crypt: Lessons Learned from the Haunting of Leases and SBITA*
 - 2024 Spring Conference
 - 2023 Fall Conference
- **California Society of Certified Public Accountants (CalCPA)**
 - 2024 Annual Government & Accounting Conference
 - *Leases and SBITA*
- **California Society of Municipal Finance Officers (CSMFO)**
 - 2025 Conference in San Jose
 - *Single Audit Update*
 - 2024 Conference in Disneyland
 - *There's a Storm Brewin' in the Financial Reporting Landscape*
- **California State Association of County Auditors**
 - 2024 Fall Conference
 - 2024 Spring Conference
 - *GASB 100, 101, and 102 Practical Applications*
- **MGO's Annual Client Training**
 - Approximately 800-1,000 attendees each year
- **Specific Client Trainings**
 - Texas: City of Houston
 - California: City and County of San Francisco; City of San José; County of Santa Clara; Metropolitan Water District; Port of San Diego

Articles

- [Preparing Your Government for GASB 103 Compliance](#)
- [Revolutionizing Your Risk Strategy: ERM for Modern Government](#)
- [How Your Government Internal Audit Team Can Prepare to Meet New Global Standards](#)
- [How Your Government Finance Team Can Navigate Staffing Shortages](#)
- [Treasury, IRS Release Final Regulations on Elective Pay Election for Energy Tax Credits](#)

NATIONAL AUDIT AND ACCOUNTING STANDARDS AND EMERGING ISSUES

MGO thought leaders who are helping shape national professional standards will lead your proposed engagement.



GASB

GASB 101 and Compensated Absences: What Your Government Needs to Know



COMPLIANCE

How Prioritizing Governance, Risk, and Compliance Builds Trust in Your Government



CASH MANAGEMENT

OMB's Temporary Pause on Federal Financial Assistance: Detailed Implications for CFOs

2.

Scope of Work

'mgo.

2. | SCOPE OF WORK

The firm shall provide a scope of work, and schedule of rates and expenses for each of the three Agreed Upon Procedures reports identified in the Scope of Work section above. The firm may propose on one, two, or all Agreed Upon Procedures reports.

Understanding SBCERA's scope of services

Our philosophy for a successful engagement is based on planning, organization, communication, and coordination between the two parties responsible for the completion of the audit: MGO and SBCERA. We will meet with the appropriate management personnel on a regular basis to report on the progress of our audit and on any preliminary findings. We ask that SBCERA communicate any foreseeable delays in the delivery of accounting records, draft financial statements, or other documents needed to complete the audit as soon as possible. Our engagement management is driven by the development of our audit work plan and timeline, which establishes critical audit objectives and completion dates. Our management team guides the execution of our audits, providing accountability against key milestones established based on the audit work plan and timeline.

After carefully reading the RFP, we understand that SBCERA needs a qualified CPA firm to perform agreed-upon procedures (AUP) attestation engagements to accomplish the following objectives:

- Validate SBCERA's conformance with the California County Employees Retirement Law of 1937 ("CERL" or the "1937 Act"), the Public Employees' Pension Reform Act ("PEPRA"), the SBCERA Board of Retirement policies, and other applicable requirements.
- Verify the adequacy of and effectiveness of SBCERA's control environment to promote efficient use of resources, protection of assets, and its design to deter and detect errors or misappropriation of assets.
- Enhance governance by providing insights into risk management and control mechanisms.

Under an agreed-upon procedures (AUP) engagement, an auditor performs specific procedures on a subject matter or an assertion and reports the findings without providing an opinion or a conclusion on it. The specified parties to the engagement agree upon and are responsible for the sufficiency of the procedures for their purposes. The specified parties are the intended users to whom use of the report is limited. AUPs are performed under the AICPA's Statement on Standards for Attestation Engagements and can be performed under GAGAS.

MGO has conducted numerous AUP engagements for a variety of subject matters and management and contractor assertions. We assist clients in drafting the procedures to confirm the procedures are feasible, will answer the objectives, and will provide results that allow management to appropriately address findings through the development and/or monitoring of corrective action plans.

The selected auditor will perform four specific AUP attestation engagements, to be completed by January 31, 2026:

- Retiree Benefit Payments (and Refunds)
- Investment Program

2. | SCOPE OF WORK

Understanding of engagement requirements and deliverables

This section further discusses our approach to the services that we will provide to SBCERA, details our framework for planning and performing the audits, and sets forth our audit scope and timing.

The following is an overview of our understanding of the scope of services to be performed pursuant to the request for proposal (RFP). As noted in the RFP, we have included descriptions of the core requirements and deliverables.

AUP 1: Retiree Benefit Payments (and Refunds)

Perform agreed-upon procedures over:

- The process for Retiree Benefit Payments (and Refunds), specifically, that entries are made timely, accurately, and proper procedures are followed
- Make recommendations for internal control and process improvements

AUP 2: Investment Programs

Perform agreed-upon procedures over:

- The process for the investment program and ensure proper procedures are in place and followed to ensure that the program is followed. This may include, but not be limited to, ensuring that contracts are properly executed, and capital calls are addressed timely
- The process to ensure that the assets are safeguarded
- Make recommendations for internal control and process improvements

2. | SCOPE OF WORK

Each agreed-upon service will be conducted in the following three phases:

01

Planning and Information gathering

The key element in effective planning is a thorough understanding of SBCERA's operations. This includes the operating environment, internal accounting control structure, organizational structure, and governing legislation. Our experience in serving governmental pension plans provides us with the knowledge to develop a detailed understanding of these elements. Therefore, we can effectively identify the nature of significant account balances/transaction classes, assess risk, and design procedures responsive to those risks.

02

Execution

Based on the information gathered during our planning phase, we will perform the agreed-upon procedures as listed in the following sections.

03

Reporting

The key element in this phase is to receive timely and accurate information. This eliminates unnecessary work for all parties involved. This phase includes our independent accountant's report on applying agreed-upon procedures, as well as our comments and recommendations for inefficiencies and areas for improvement we identified during our engagement.

Effective communication

At MGO, we believe that frequent communication is paramount to the success of the audit engagement. We frequently communicate with key management personnel through our long-standing practice of weekly status meetings in which we report on the progress of our audit and any preliminary findings. Our status meetings have set agendas focusing on accountability to timelines, open audit issues/questions, potential audit adjustments, and preliminary findings and observations. Furthermore, we view auditing as a continuous process and are available year-round to provide feedback and assist management with any questions and concerns. We have a structured approach, which prioritizes procedures in the most effective and efficient manner, focusing on predictability of the timing of completion. In the event of any changes in the overall work plan or timeline, we will openly communicate with SBCERA management throughout the course of our engagements.

Proactive involvement

You will benefit from a planned, proactive service approach. By providing a detailed plan before the audit begins, you will have a road map, which outlines the steps in the process with a corresponding timeline, including the delivery of client-prepared schedules. Your senior engagement team members are closely involved in every aspect of the engagement, from the planning process through the issuance of financial statements to help further efficiencies in the engagement.

2. | SCOPE OF WORK

Our audit tools and resources

Automated e-audit and workpaper management software

Engagement resource tools, utilized to document work results and facilitate our in-depth quality control review, are integral to a successful audit. MGO uses an automated electronic audit (e-audit) tool specifically designed for government financial statement and federal compliance audits, in conjunction with our secure document management system. It's a powerful trial balance and engagement workflow tool that not only automates assessment of financial statements and workpapers but also provides a means of managing and performing audit engagements in a completely paperless environment, while maintaining the highest levels of quality. It automates the dissemination of data from trial balance to workpapers, confirming accuracy throughout each engagement, and facilitates trend and ratio analyses to focus audit efforts.

Benefits include:

- **Efficient and effective workflow** — With powerful document management, real-time collaboration, direct scanning, online review, efficient clean-up, sophisticated lockdown, and advanced roll-forward, our e-audit tools enable us to work smarter and faster.
- **Engagement standardization** — Integrated knowledge coach modules and tools provide built-in industry-specific checklists, audit programs, and practice aids. These tools tailor workpapers based on gathered information, accumulate identified risks, and automatically flow information between workpapers.
- **Enhanced review and audit processes** — With history tracking, milestone creation, issue/review notes, diagnostics, a full annotation system, and online signoffs, the review and audit process are achieved entirely on-screen, with little need for paper.



Data collection and workflow management

To provide the most cost effective and efficient audit for our clients, MGO has made a significant commitment to utilizing leading-edge technology in the audit process, including in-house cloud servers which allow our teams and our clients to access shared documents in real-time throughout the engagement. We will work together using a Citrix ShareFile® portal that permits secure content collaboration and file sharing to support all document-centric tasks and workflow needs.

Citrix ShareFile is SSAE 16 certified and utilizes SSL/TLS 256-bit encryption, so data is maintained with a very high level of security. In accordance with our data retention policy, ShareFile information will be retained for 60 days after the engagement is completed. Upon reaching the time limit, the data is removed, and information is not recoverable.

2. | SCOPE OF WORK

Quality control process

MGO's mission is to enable us to provide outstanding service to our clients, be responsive to our community, and succeed on our pillar of quality and integrity. Our professionals are the most important component of the quality service we provide, and it is essential that we support them with a system of quality controls to help foster their success.

MGO's quality control requires a systematic review of all work, with increasing levels of scrutiny based on our assessment of risk. Our quality control system also mandates a concurring review of the reports prior to issuance. As indicated in our proposal, our firm specializes in auditing and providing advisory services to state and local government agencies. Only qualified, experienced professionals will be assigned to SBCERA's engagement. They will provide you with personalized, professional, and timely service. Our firm's policy is to have our management personnel very involved during SBCERA's agreed-upon audit services. This policy will provide you with a professional team experienced in government operations throughout the duration of our professional contracts with SBCERA.

Our internal quality control system involves ongoing review throughout the engagement to determine conceptual soundness and the technical accuracy of working papers. This continuous quality control system helps confirm that deliverables are provided to the client as scheduled. Additionally, we participate in an external quality control review program by an unaffiliated firm at least once every three years.

Resolution of potential issues

Collaborative planning and ongoing communication are central to our audit approach, and we'll seek SBCERA's input on relevant business risks, service expectations, timing, and communication preferences early in the audit effort. SBCERA will receive periodic status reports and timely updates on audit progress, including any potential issues.

Our approach to resolving issues begins with verifying that all facts and circumstances are thoroughly considered by involving management from the finance department (audit liaison) and other relevant departments. Our partners and directors will be actively engaged, providing direct access to decision-makers, and working with you to resolve any issues. Additionally, as we identify opportunities for SBCERA to improve controls, operational, or reporting, we will bring them to your attention with meaningful observations and recommendations.

Further, our relationships with government agencies like SBCERA and standards setting bodies such as GASB and the AICPA provide your MGO team members with direct access to decisions makers that can and will provide perspective to SBCERA as management navigates paths to resolution. We believe these relationships will benefit SBCERA as another resource to support timely financial reporting.

Throughout the audit and especially during the effort to resolve any issues, we will work closely with you and your team, placing special emphasis on staying actively involved in understanding all significant financial and reporting matters.

2. | SCOPE OF WORK

Protecting client data

MGO will abide by all of SBCERA's policies and expectations with respect to protecting the SBCERA's information. Our teams follow the provisions of the AICPA Code of Professional Conduct, SOC2, ISO 27001, and applicable privacy regulations such as the General Data Protection Regulation (GDPR), the California Consumer Privacy Act (CCPA), and the New York SHIELD Act to protect the confidentiality of client information throughout the performance of our audit work. Further, we have adopted appropriate internal policy documents and implemented security and privacy safeguards to protect any personal health information we gather and use in the performance of compliance audits, such as those involving covered entities as defined by the United States Department of Health and Human Services (HHS) under the Health Insurance Portability and Accountability Act of 2006 (HIPAA).

Whenever possible, we avoid obtaining and retaining personal identifiable information, or PII, such as social security numbers, birth dates and home addresses. During the planning stage of each engagement, we work with our clients and/or audit subjects to determine whether unique identifiers related to employees and program participants will be involved, and we take great care in protecting that information using a secure file share system and access controls. Further, MGO identifies and applies specific security requirements for protecting data backups based on different types of data: sensitive, confidential, and public. We also use secure transfer methods for off-site backup media and perform data backups at a defined frequency consistent with our recovery time objectives.

ISO 27001 certification

The ISO 27001 standard defines an information security management system (ISMS). It is the only auditable standard that addresses not just technical controls, but also the management of information security as a whole. The management framework for implementing an ISMS is designed to protect all corporate data, including financial information, intellectual properties, employee details, and third-party information.



The ISO 27001 framework is part of the ISO 27000 family. This code of practice for information security management is based on 114 controls included in Annex A and expanded in ISO 27001. These controls serve as a guide for identifying, treating, and managing information security risks. Below is a summary of the ISO/IEC 27001 controls:

- A.5 Information security policies
- A.6 Organization of information security
- A.7 Human resources security
- A.8 Asset management
- A.9 Access control
- A.10 Cryptography
- A.11 Physical and environmental security
- A.12 Operational security
- A.13 Communications security
- A.14 System acquisition, development, and maintenance
- A.15 Supplier relationships
- A.16 Information security incident management
- A.17 Information security aspects of business continuity management
- A.18 Compliance

All MGO systems, including network traffic, access control, and regulated change management, are monitored 24x7. In addition, periodic risk analysis, access review, and penetration testing are required to be conducted at least once a year. MGO staff are also required to attend security awareness training each quarter.

3.

Proposed Timeline

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3. | PROPOSED TIMELINE

The firm shall provide a proposed timeline for delivering the reports, which may have staggered delivery dates, as long as completed by January 31, 2026.

Our proposed engagement timeline

At MGO, we recognize how critically important it is to honor our commitments and complete all audit tasks and deliverables correctly and on time. Toward that end, we will coordinate the timing of our audit procedures with management to minimize disruption to your operations and meet our agreed-upon reporting deadlines. We strive to exceed your expectations for timely communications. When we say we're always available to clients, we mean it.

Below is the timeline for the agreed-upon services:

AUDIT TIMELINE							
GROUP	JUL	AUG	SEPT	OCT	NOV	DEC	JAN
AUP 1: Benefit Payments							
AUP 2: Investment Program							
Legend:	Planning	Interim	Final	Completion			

Communication plan

Through collaborative planning, we will seek SBCERA's perspective on service expectations, timing, and communication preferences. Each engagement includes scheduled status meetings with client management. These meetings are established at the start of the engagement with set days and times, and calendared for all expected participants, including the engagement partner. A formal agenda is prepared and typically covers:

- Timeline
- Prepared By Client (PBC) items not yet received
- Unresolved audit issues (e.g., questions, accounting research, incomplete requests, unresponsive client personnel)
- Potential or actual audit adjustments identified (both material and immaterial)
- Potential findings
- Other issues not covered in the categories above

These meetings are designed to be interactive, informative, and keep both the auditor and the client accountable. They serve as a critical punch list for escalating issues to stay on track. If problems arise, we will not wait for the meeting to address them; instead, we will recap the issues or resolutions during the meeting. It is recommended that these meetings be held weekly, even after fieldwork ends and through report issuance, to confirm that both client management and the audit team remain informed on any matters that could affect the target report issuance dates.

3. | PROPOSED TIMELINE

Our proposed work plan

The following proposed procedures were developed in response to the services requested within the RFP. The actual procedures performed may be different and must be approved by management and comply with the requirements set forth by SSAE No. 19, *Agreed-Upon Procedures Engagement*.

AUP 1: Retiree Benefit Payments (and Refunds)	
Risks	• Service retirement benefits and refund payments (benefit payments) are incorrectly calculated, leading to underpayment or overpayment, causing financial issues for both SBCERA and the retirees. • Benefit payment calculations are incorrect due to inaccurate or incomplete census data. • Benefit payments are not in accordance with the member's benefit election(s). • Benefit payments are made to ineligible members. • Inaccurate payments create an increased administrative burden for correcting errors and addressing disputes. • Inaccurate payments can lead to noncompliance with applicable laws and regulations. • Internal controls are not effectively designed to prevent or detect and correct errors or fraud from occurring. • Internal controls are not efficiently designed leading to delays in the processing and recording of payments.
Proposed Procedures	• Obtain an understanding of the process for processing service retirement benefits and contribution refund payments. At a minimum, review the plan provisions (CERL, PEPRA etc.), member handbook, service retirement policy, benefit payment policy, service retirement application packet and forms, retirement benefit calculation workbooks and templates, retirement allowance charts, terminating employment before retirement policy, refund of contribution policy, and internal control process memos. • Perform inquiries with key personnel to understand the process and internal controls over service retirement and contribution refunds. • Select a sample of service retirement benefits and perform the following steps: ○ Verify that the retiree submitted a complete service retirement application with the required documents and confirmed the retiree's eligibility to retire. ○ Verify that SBCERA reviewed the service retirement application for accuracy and completeness and validated the information against information in the pension administration system. ○ Verify that benefits were calculated in accordance with applicable requirements, the calculation included all relevant information, and inputs used in the calculation were validated against information within the pension administration system or other documents submitted by the retiree/employer. ○ Verify that benefits were paid in accordance with applicable sections of the Internal Revenue Code, and other laws and regulations (CERL, PEPRA etc.). ○ Verify that SBCERA reviewed the benefit calculation for accuracy and completeness.

3. | PROPOSED TIMELINE

	○ Verify that the retirement application was approved by SBCERA Board of Retirement prior to payment of benefits. ○ Verify that payments agree to the calculated amounts, and payments were accurately recorded in the accounting records. • If SBCERA policy requires a review or recalculation of the original benefit amounts to adjust benefit payments as needed, verify that the subsequent review or recalculation was performed within a reasonable amount of time and benefit payments were adjusted, as applicable. • Verify that the cost-of-living adjustments were correctly applied based on their retirement date. • Determine whether SBCERA processed service retirements in accordance with established policies and processes. • Perform the following for a selection of members that requested a withdrawal of funds: ○ Determine whether member is eligible to withdraw funds. ○ Verify that member submitted the required documents, including the Disposition of Retirement Distribution form. ○ Verify that SBCERA reviewed the required documents and validated the information against information within the pension administration system and that the applicable documents were submitted by the member/employer. ○ Verify that the distribution amounts were calculated accurately and made in accordance with the method selected by the member. ○ Verify that the applicable taxes and penalties were withheld. ○ Verify that the distributions were accurately recorded in the accounting records. • Determine whether SBCERA processed withdrawal of funds in accordance with established policies and procedures. • Evaluate and discuss potential findings and recommendations with SBCERA.
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AUP 2: Investment Program	
Risks	• Policies, guidelines, and/or procedures have not been established, reviewed or approved as related to permissible investments, asset allocation, monitoring etc. • Investment portfolio risk concentrations/diversification targets have not been identified or are not monitored • New allocations or asset classes are added without proper approval • SBCERA enters investment contracts that do not meet investment criteria or are inconsistent with program objectives • Processes for evaluating new investment opportunities, monitoring investment managers, and defunding managers have not been defined or implemented • Relationships are established without proper due diligence and/or authorization • Capital calls are not properly authorized, executed in excess of committed amounts, not remitted timely, and/or captured in the accounting records

3. | PROPOSED TIMELINE

Proposed Procedures	• Obtain written procedures and perform inquiries with key personnel as related to the design of internal controls over the investment program • Obtain investment policies and determine whether policies are current and have been approved by the Board • Select a sample of new investments entered into during the period and perform the following steps: ○ Verify due diligence was performed ○ Verify investment was properly approved in accordance with SBCERA policies • Determine that the investment program was managed and monitored in accordance with SBCERA investment policies • Select a sample of capital calls made during the period and perform the following steps: ○ Verify capital call was properly authorized ○ Verify capital call was made timely in accordance with policies and/or LPA • Obtain a listing of investment managers for the period under review. Select a sample of managers and perform the following steps: ○ Verify most recent audited financial statements were received within designated timeframes, received unmodified opinions, and were audited by reputable independent certified public accountants ○ Verify quarterly capital account statements were received within designated timeframes ○ Verify ongoing due diligence and monitoring was performed • Obtain a listing of managers that were terminated or defunded for the period under review. Select a sample and perform the following steps: ○ Verify the notice of defunding was completed and properly authorized and approved ○ Verify the redemption request was properly executed • Obtain a listing of service organization control (SOC) reports for the period under review. Select a sample of organizations and perform the following steps: ○ Verify most recent SOC reports were received within designated timeframes, received unmodified opinions, and were audited by reputable independent certified public accountants ○ Verify user entity control considerations are properly documented
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3. | PROPOSED TIMELINE

Continuity of the project

MGO is dedicated to maintaining seamless continuity of the project from initiation to completion. We achieve this through:

- **Strong organizational structure** — Our well-defined organizational framework supports consistent and efficient project management.
- **Experienced team** — Our engagement team is composed of seasoned professionals with extensive experience in auditing and accounting, providing continuity and reliability throughout the project. Experienced leaders are heavily involved in the audits to provide quality and timely service delivery.
- **Comprehensive planning** — We implement detailed planning processes to anticipate potential challenges and develop strategies to address them proactively.
- **Effective communication** — We maintain clear and continuous communication with all stakeholders to enhance alignment and address issues promptly.
- **Resource allocation** — We allocate appropriate resources to key areas of the engagement to cover all critical aspects adequately and without interruption.
- **Robust risk management** — Our risk management practices are designed to identify and mitigate risks early, preventing disruptions and maintaining project momentum.
- **Possible disruptions** — There may be occasional disruptions (travel restrictions, actual or suspected infections, work from home requirements) in your or our ability to send or receive the necessary engagement files on a timely basis or at all. MGO has embraced remote work flexibility (WFA) and virtual collaboration tools, as these have become part of the new normal. Through this shift, we provide operational continuity throughout the engagement.

4.

Hourly Rates

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4. | HOURLY RATES

The firm shall provide a schedule of its hourly rates and expenses for those professionals proposed to be staffed on the engagement.

Proposed staffing & effort levels

MGO's risk-based audit approach provides significant flexibility in our audit plans. We understand the resources required to perform SBCERA's engagement and have estimated the hours of participation for each project task within the scope of services requested.

Professional staff assigned to SBCERA's engagement are employed full-time. Please refer to the table below **Error! Bookmark not defined.** for staff levels and hours assigned to these engagements.

AUP 1: Retiree Benefit Payments (and Refunds)				
Person Name	Title and Role	Hourly Rate	Number of Hours	Cost (Rate x Hours)
Craig Harner	Partner	\$378	14	\$5,292
Linda Hurley	Partner	\$378	2	\$756
Chai Saechao	Senior Manager	\$280	78	\$22,960
Total Cost Not to Exceed:				\$29,008

AUP 2: Investment Program				
Person Name	Title and Role	Hourly Rate	Number of Hours	Cost (Rate x Hours)
Craig Harner	Partner	\$378	15	\$5,670
Linda Hurley	Partner	\$378	2	\$756
Chai Saechao	Senior Manager	\$280	60	\$16,800
Total Cost Not to Exceed:				\$23,226

5.

Cost Proposal

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5. | COST PROPOSAL

The firm shall provide a fee estimate for each report, which shall not be exceeded unless agreed upon with SBCERA in writing. Professional Services Agreement

Professional fee philosophy

At MGO, we foster long-term client relationships by offering quality service at fair and competitive rates. Our not-to-exceed fee proposal is based on our understanding of SBCERA's business, its operations, and its challenges. We based our estimate on the assumptions detailed below. Should any of these change during the engagement, we will meet with the responsible officials to discuss a potential fee adjustment and address problems encountered before any additional work is undertaken. Assumptions include:

- No significant change in the scope of work from legal, regulatory, attestation, and accounting standards. Our fees include the effort necessary to implement all issued but not yet effective attestation standards.
- No significant changes in key finance and/or the management personnel.
- All out-of-pocket expenses, including parking, telephone, fee, copying and reproduction, are included in the all-inclusive maximum price. You will not be billed separately for these costs.
- Our rates are inclusive of direct labor and overhead costs

While we used the assumptions above to develop an estimate, we look forward to discussing alternative approaches that may better fit your intended scope and priorities.

MGO may, in its discretion, draw on resources of its subsidiaries, in each case within or outside the United States, in connection with the provision of its services. MGO has internal policies, procedures, and safeguards to protect the security and confidentiality of the client's information. MGO will be solely responsible for the provision of the services.

Total all-inclusive maximum price

1: Retiree Benefit Payments (and Refunds)	\$29,008
2: Investment Program	\$23,226
Total All-Inclusive Maximum Price	\$52,234

All-inclusive fees

To demonstrate our strong commitment to supporting your reporting objectives, we have included significant discounts in this proposal. These reductions reflect our dedication to building a long-term partnership and ensuring that our solutions remain both impactful and accessible as you work toward achieving your goal of timely financial reporting.

Final word on fees

At MGO, we genuinely care about serving our clients and delivering an extraordinary experience. If you're currently weighing your options and have concerns about fees, we are happy to discuss the scope of our services with you. Our team goes above and beyond to achieve exceptional results, believing that success is about more than just completing a job. Let's talk about how we can work together to reach your financial goals.

Exceptions to the Contract

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EXCEPTIONS TO THE CONTRACT

We have read the San Bernardino County Employees' Retirement Association RFP for Professional Services – Exhibit A: "Sample Agreement for Services" and the Exhibit B: "Data Confidentiality Agreement" and respectfully request the following changes:

San Bernardino County Employees' Retirement Association RFP for Professional Services – Exhibit A: "Sample Agreement for Services"

Exhibit A: "Sample Agreement for Services" Section 8.1., "Indemnification"; page 6 of 10 of the reviewed document (internally in the Sample Agreement on page 11)

ARTICLE 8 GOVERNMENTAL PROVISIONS

8.1 Indemnification. SERVICE PROVIDER will indemnify, ~~defend~~, and hold harmless SBCERA and the trustees, officers, contractors, agents and employees of SBCERA with respect to any and all costs, claims, demands, actions, liabilities, losses, damages, injuries, and expenses ~~(including, without limitation, reasonable attorneys' fees and defense costs)~~ (collectively, "Losses") in any manner related to, arising out of and/or resulting from: (i) any decision or other action taken, omitted or suffered by the SERVICE PROVIDER, its officers, owners, partners, members, principals, affiliated entities, controlling persons, employees, agents or subcontractors that was not in good faith, or was not authorized by or within the discretion or right or powers conferred upon it by this Agreement, or that constituted gross negligence, willful misconduct or a breach of its fiduciary duties; (ii) any material breach of any representation or warranty made by the SERVICE PROVIDER in this Agreement or any related documents; (iii) the material breach of any instrument contemplated by this Agreement due to the SERVICE PROVIDER's gross negligence; (iv) any material misrepresentation contained in any statement or certificate furnished by the SERVICE PROVIDER pursuant to this Agreement; and (v) Losses arising from any claims that are asserted against SBCERA, the SERVICE PROVIDER and each other Fund and account managed by the SERVICE PROVIDER that participated in such Investment as a result of any action taken by the SERVICE PROVIDER. This indemnification shall survive the termination of this Agreement.

We request removal of all references in this Section that requires MGO ("SERVICE PROVIDER") to "defend" SBCERA and related agents for all liability, and to pay attorney's fees for such defense.

A provision like this that requires MGO to defend the SBCERA, and pay its attorneys' fees, in part, could compromise MGO's E&O insurance coverage as these types of claims are not considered covered claims under MGO's existing policies, specifically because the E&O policies do not cover claims or defense and indemnity rights that exceed the definition of a claim as provided under the terms of the policies. This provision would require MGO to defend for such a claim without coverage under an available policy to MGO and reimburse the SBCERA for attorneys' fees.

Recommendation: Strike the references to defend/defense and pay the attorneys' fees in this Section "Indemnification," as these provisions may compromise MGO's insurance coverage which serves to protect the SBCERA's interests and would otherwise adhere to its coverage requirements.

In addition, MGO suggests inclusion of the following provision:

"SERVICE PROVIDER may be liable to the SBCERA for indemnification if SERVICE PROVIDER is found to be liable in a legal finding, court order, or adjudication of SERVICE PROVIDER's negligence, fault, act, failure to act, omission, or violation of any state or federal law and/or regulation."

EXCEPTIONS TO THE CONTRACT

San Bernardino County Employees' Retirement Association RFP for Professional Services – Exhibit B: “Data Confidentiality Agreement”

Exhibit B: “Data Confidentiality Agreement” “Obligation”; page 2 of 5 (internally in the Agreement on page 17)

Obligation

SBCERA has no obligation under this Agreement to (a) disclose any Confidential Information or (b) negotiate for, enter, or otherwise pursue the Purpose. ~~SBCERA provides all Confidential Information without any representation or warranty, expressed or implied, as to the accuracy or completeness of the Confidential Information, and~~ SBCERA will have no liability to Recipient or any other person relating to Recipient's use of any of the Confidential Information or any errors therein or omissions therefrom.

SBCERA retains its entire right, title, and interest in and to all Confidential Information, and no disclosure of Confidential Information hereunder will be construed as a license, assignment, or other transfer of any such right, title, and interest to Recipient or any other person. Nothing in this Agreement is intended to grant rights or title, or interest to Recipient of SBCERA's Confidential Information.

We request to remove the statement that SBCERA makes no representation or warranty regarding the “accuracy or completeness” of the Confidential Information supplied to the Recipient (MGO).

The AICPA Code of Professional Conduct already states (ET §1.700.001) that a member in public practice shall not disclose confidential information without the consent of the client, so an NDA/Data Confidentiality Agreement with SBCERA that includes a provision like this is in conflict with professional standards and would undermine the professional relationship between an auditor (like MGO here) and its audit client (e.g., SBCERA) as the auditor must be able to rely on representation, information, and data supplied by its client. This provision may seek to prohibit the audit firm from relying on information provided by the client and is counter to the fundamental requirement that the auditor obtain, and management provide, certain representations in connection with the audit. Ultimately, this provision would serve to negate the ability of MGO to rely on that data, information, and representations it is required to obtain from the audit client.

Therefore, this clause must be removed from this DCA.

Exhibit B: “Data Confidentiality Agreement” “Breach and Remedies”; page 3 of 5 (internally in the Agreement on page 18)

Breach and Remedies

Recipient acknowledges and agrees that any breach of this Agreement will cause injury to SBCERA for which money damages may be an inadequate remedy, and in addition to remedies at law, SBCERA is entitled to equitable relief as a remedy for any such breach, including, without limitation, specific performance by the breaching party, temporary restraining order, or temporary or permanent injunction. ←

We request to insert the word "seek" between the words "to" and “equitable”--so that the line reads "money damages may be an inadequate remedy, and in addition to remedies at law, SBCERA is entitled to seek equitable relief as a remedy . . ."

MGO will agree that SBCERA can “seek” equitable relief, but it cannot agree to an automatic order of such relief.

MGO & You

We're excited to explore the opportunities.

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