



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Debby Cherney, Chief Executive Officer
Amy McInerney, Chief Financial Officer
San Bernardino County Employees' Retirement Association
348 W. Hospitality Lane, Suite 100
San Bernardino, California 92408

Dear Ms. Cherney and Ms. McInerney:

We have performed the procedures enumerated below related to San Bernardino County Employees' Retirement Association's (SBCERA) compliance with the requirements in Attachment A during the year of July 1, 2024, to June 30, 2025. SBCERA's management is responsible for its compliance with those specified requirements.

SBCERA's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting users in determining whether SBCERA complied with the specified requirements. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated results with our recommendations are described in Attachment A – Agreed-Upon Procedures and Associated Results. Management's responses are described in Attachment B – Management's Response.

We were engaged by SBCERA's management to perform this agreed-upon procedures engagement and we conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the specified requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of SBCERA's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads 'Brown Armstrong Accountancy Corporation'.

Bakersfield, California
April 27, 2026

Exhibit A: Page 2

SAN BERNARDINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION ATTACHMENT A – AGREED-UPON PROCEDURES AND ASSOCIATED RESULTS FOR THE PERIOD JULY 1, 2024 THROUGH JUNE 30, 2025

Our results and findings with our recommendations are as follows:

AUP-1: Benefit Payments (and Refunds)

A. Process Walkthrough and Documentation Review

1. Obtain and review written policies and procedures for processing monthly benefit and refund payments.
2. Conduct interviews with key staff to understand the workflow in Pension Gold for benefits and refunds.

Result: Performed a walkthrough of the benefit payment and refund process and obtained relevant policies, standard operating procedures, and supporting documentation to understand the workflow within the Pension Gold system. Through discussions with SBCERA management and review of documentation provided, we gained an understanding of the key processes and controls in place.

No exceptions were identified as a result of the procedures performed.

B. Sample Selection and Testing of Payments

1. Obtain a listing of all monthly benefit payments and refunds processed during the selected period and select a statistically significant sample.
2. For each sample transaction:
 - a. Trace source documentation (retirement approval, member's authorization, direct deposit form or check request, authorization of refund, etc.) to record in Pension Gold.
 - b. Verify amounts calculated and paid match supporting documentation.
 - c. Verify timely processing by comparing dates of key events (retirement/termination/refund request) to payment initiation and completion dates, assessing for unusual delays.
 - d. For refunds, verify appropriate termination of membership and recalculation of refund amount by policy or formula.

Result: A sample of 70 transactions was selected from the population of benefit payments and refunds paid during the period. A proportionate sampling method was utilized to include the various different benefit types in our sample. For each item selected, we traced the applicable information to source documentation and recalculated the payment amount. Additionally, we assessed whether each transaction was processed in accordance with SBCERA's established policies and procedures.

No exceptions were identified as a result of the procedures performed.

C. Review of Exception Manual Adjustment Transactions

1. Obtain reports of any manual adjustments or exception transactions related to benefit or refund payments during the selected period and:
 - a. Select a sample of exceptions, reviewing supporting documentation and proper approvals.
 - b. Verify the manual adjustment or exception was handled according to SBCERA's policy.

Result: A sample of 45 manual and system-generated override transactions was selected from the population of exception transactions during the period. For each item selected, we reviewed supporting documentation and verified evidence of appropriate approvals. Additionally, we assessed whether each transaction was processed in accordance with SBCERA's established policies and procedures.

No exceptions were identified as a result of the procedures performed.

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Based on discussions with SBCERA management, it was noted that the Pension Gold system does not consistently calculate final average compensation (FAC) in all scenarios and requires manual overrides to system-calculated amounts for certain benefit setups. As a result, certain users are granted the ability to override the Pension Gold calculated FAC amounts to allow for the correct data to be used for the benefit calculation. Due to system design, this also results in the user being able to override the system-calculated pension and annuity benefit amounts. Management has also indicated that, due to further system limitations, there is no easily generated automated report that comprehensively identifies all overridden calculations. To address this, management performs a manual review process of all benefit calculations, including review of flagged accounts and comparison of system setups to supporting documentation, to ensure that the benefit data utilized for the calculation is correct.

Recommendation: While no exceptions were identified in the sample tested based on the procedures performed, we recommend that SBCERA management explore and evaluate opportunities to enhance controls over manual overrides within the Pension Gold system. This may include working with Pension Gold directly to see if custom system-based controls or reports that can more readily identify and track overridden calculations can be implemented to fit SBCERA's needs or strengthening monitoring controls currently in place over users with override access. By strengthening existing controls or enhancing automated detection and monitoring capabilities of the system software, the risk of errors or unauthorized changes could be mitigated to a more acceptable level to SBCERA management and would reduce reliance on manual review processes.

D. Direct Deposit and Physical Check Controls

1. Document the process for setting up, modifying, or terminating direct deposit information for members.
2. Review check issuance and physical controls segregation of duties, physical security, voided and/or stale dated check procedures, and reconciliation.

Result: See results of procedures performed below:

- Documented the process for setting up, modifying, and terminating direct deposit information through inquiry and from our walkthrough of the benefit payment process. We noted that the process requires verification of member-provided information, use of an authorization form, and execution of an ACH prenote process prior to initiating payments.
- Reviewed controls over physical check issuance, including segregation of duties, physical security over check stock and printing, and procedures for reviewing and reconciling issued checks. We noted that access to check printing is restricted, checks are printed in a secured environment, and controls are in place to verify completeness and accuracy of checks issued.
- Performed a proportional analysis of payment methods and noted that the majority of benefit payments are issued via ACH, with a limited number issued by physical check.

No exceptions were identified as a result of the procedures performed.

E. Data Integrity and Systems Access

1. Obtain a listing of user access rights to the Pension Gold system for individuals involved in the payment or refund process and perform the following:
 - a. Inspect the listing to identify whether user access appears consistent with job responsibilities.
 - b. Inquire whether access rights are reviewed on a regular basis.
 - c. Identify any accounts that appear inactive or unused and inquire about their status.
2. Assess change management around how payment formula and calculations are configured in Pension Gold.

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Result: See results of procedures performed below:

- Obtained a listing of user access rights to the Pension Gold system. We inspected the listing and noted that user access appeared consistent with assigned job responsibilities based on user roles and related permissions.
- Noted that the listing did not include evidence of periodic review. Upon inquiry with SBCERA management, we were informed that user access rights are not formally reviewed on a periodic basis.
- Performed procedures to identify inactive or unused accounts by comparing the user access listing to active and terminated employee records. No inactive or unused accounts with active access rights were identified based on the procedures performed.
- Obtained an understanding of the process for configuring benefit calculations within Pension Gold and noted that the process includes multiple levels of review over setup and adjustments.

Recommendation: We recommend that SBCERA management implement a formal process to periodically review user access rights to the Pension Gold system (e.g., quarterly or annually) to ensure access remains appropriate and aligns with current job responsibilities. This review should be documented and include timely removal or modification of access for inactive users or individuals whose roles have changed.

F. Bank Reconciliations and Payment Reconciliations

1. Review monthly reconciliations between Pension Gold, payment files, and third-party statements for benefit and refund payments.
2. Test the sample of reconciliations for accuracy, completeness, and timely review and resolution of reconciling items.

Result: A sample of four monthly reconciliations was selected from the population of monthly reconciliations performed during the period. We obtained and reviewed monthly reconciliations between Pension Gold, payment files, and third-party bank statements. For each reconciliation selected, we assessed the accuracy and completeness and inspected evidence of timely review and resolution of any reconciling items. We also reviewed supporting documentation and the general ledger detail to evaluate the timing of payment processing for outstanding checks noted on the reconciliations and did not note significant delays.

No exceptions were identified as a result of the procedures performed.

G. Duplicate Payment and Overpayment Testing

1. Perform data analytics or review existing controls to detect potential duplicate or erroneous payments made during the selected period.
2. For any duplicate or overpayments identified, trace to remediation steps taken.

Result: Through inquiry with SBCERA, we were informed that, due to system controls set up in Pension Gold, it is not possible for duplicate or overpayments to be made; accordingly, no population of duplicate or overpayments was available for further testing. We obtained examples of retiree, lump sum, and continuance payroll reconciliations to review the existing controls and verify they are operating as intended. Additionally, during our testing of benefit payments and manual benefit setups from Step C, no duplicate or overpayments were identified.

No exceptions were identified as a result of the procedures performed.

H. Recommendations for Internal Control and Process Improvements

1. Provide recommendations for any process improvements based on the procedures performed.

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Result: Based on the procedures performed in the sections above, recommendations for internal control and process improvements have been included where relevant. Refer to each respective section for detailed observations and the corresponding recommendations.

AUP-2: Investment Program

A. Review of Governance and Policy Adherence

1. Obtain and review the current investment policies, programs, and related governance documents.
2. Verify the approval of the policies and any recent amendments via review of Board and Investment Committee minutes.
3. Assess how authorities delegated to the Chief Investment Officer (CIO) and investment staff are documented, tracked, and communicated.
4. Review documentation to ensure the CIO and investment staff were operating under the delegated authority defined in Section III(C) of the SBCERA Investment Plan, Policy, and Guidelines policy.

Result: See results of procedures performed below:

- Obtained and reviewed SBCERA's investment policies, programs, and related governance documents and noted that policies are required to be reviewed every three years. We verified approval of the policies and any recent amendments through inspection of Board of Retirement and Investment Committee minutes.
- Assessed the delegation of authority to the Chief Investment Officer (CIO) and investment staff and noted that such authority is documented within SBCERA's governance structure, including oversight by the Investment Committee. Additionally, we reviewed documentation to evaluate whether the CIO and investment staff operated within the delegated authority defined in SBCERA's Investment Plan, Policy, and Guidelines.

No exceptions were identified as a result of the procedures performed.

B. Selection and Oversight of Investment Managers

1. Obtain a list of all current and terminated investment managers, custodians, and external advisors.
2. Select a sample of investment manager/service provider contracts executed, renewed, or terminated during the period and:
 - a. Review the selection process and criteria for compliance with policy (e.g., due diligence, RFPs, background and reference checks).
 - b. Verify that contracts or investment management agreements were executed by authorized personnel, included in all required terms and are on file.
 - c. The execution, renewal, or termination of a contract with an investment manager was properly approved by the CIO and Board of Retirement.

Result: Obtained a listing of current and terminated investment managers, custodians, and external advisors for the period. We selected a sample of 20 investment manager and service provider contracts (10 newly executed or renewed and 10 terminated) during the period and performed procedures to assess compliance with SBCERA's policies.

For the samples selected, we reviewed supporting documentation to evaluate the due diligence taken during the selection process and criteria. We verified that contracts and agreements were executed by authorized personnel, included required terms, and were maintained on file. Additionally, we inspected evidence to confirm that the execution, renewal, or termination of contracts was appropriately approved by the CIO and Board of Retirement.

No exceptions were identified as a result of the procedures performed.

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C. Capital Calls and Funding Procedures

1. Obtain a report of all capital calls made during the selected period.
2. Select a sample of capital calls and:
 - a. Verify timely approval and processing of capital calls according to underlying agreements.
 - b. Trace to supporting documentation (e.g., call notices, staff approval, wire transfers, reconciliation to investment statements).
 - c. Verify that capital calls are recorded completely and accurately in the investment accounting records.
 - d. Confirm timely notification to the custodian/trustee for processing.

Result: Obtained a report of capital calls and investment transfers made during the period. We selected a sample of 60 transactions (10 transfers and 50 capital contributions) for testing.

For the samples selected, we verified timely approval and processing of capital calls in accordance with underlying agreements by comparing request dates to settlement dates. We traced transactions to supporting documentation to confirm key details, including date, amount, and evidence of approval. We also verified that capital calls and transfers were recorded completely and accurately in the investment accounting records and confirmed timely notification to the custodian/trustee for processing.

No exceptions were identified as a result of the procedures performed.

D. Contract Execution and Legal Review

1. Obtain a list of all investment contracts executed during the selected period.
2. Select a sample of contracts executed and verify the following:
 - a. The contract underwent the proper legal due diligence in accordance with Investment Policy 007.
 - b. The contract was properly executed by authorized personnel.
 - c. Documentation is retained in accordance with retention policies.

Result: Obtained a listing of investment contracts executed during the period. We utilized the sample of 20 investment manager and service provider contracts (10 newly executed or renewed and 10 terminated) selected in the Selection and Oversight of Investment Managers section to perform procedures related to contract execution and legal review.

For the samples selected, we reviewed supporting documentation to verify that contracts underwent appropriate legal due diligence in accordance with SBCERA's policies. We also verified that contracts were executed by authorized personnel and that documentation was retained in accordance with established record retention policies.

No exceptions were identified as a result of the procedures performed.

E. Asset Safeguarding and Custodial Controls

1. Obtain and review a list of custodians and their agreements.
2. Verify that all investment accounts are registered in the name of SBCERA or nominee.
3. Review SOC 1 (or equivalent) reports for third party custodian and managers and assess whether identified control deficiencies are addressed. Review the process SBCERA follows when reviewing those same reports.
4. For a sample of asset transfers or transactions, confirm segregation of duties, proper approval, and evidence of reconciliation.

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Result: See results of procedures performed below:

- Obtained a listing of custodians and noted that SBCERA utilizes a third-party custodian for investment assets. We reviewed the custodial agreement and confirmed that it was in place during the period.
- Performed procedures to verify that investment accounts are held in the name of SBCERA or an appropriate nominee and, based on the procedures performed across investment transactions and contracts, did not note any instances where accounts were held outside of SBCERA's name or the designated nominee.
- Obtained and reviewed SOC 1 reports for the custodian covering the period and noted no control deficiencies that would impact the procedures performed.
- Additionally, for transactions tested in other sections of this Agreed-Upon Procedures (AUP) engagement, we considered evidence of proper approval, segregation of duties, and reconciliation as part of our procedures.

No exceptions were identified as a result of the procedures performed.

F. Investment Transaction Testing

1. Select a sample of purchases, sales, and other investment transactions and test the following:
 - a. Trace to support documentation
 - b. Verify the transactions are properly approved.
 - c. Verify the transactions are recorded in the correct period, at the correct amount, and classified appropriately.

Result: We selected a sample of 50 investment transactions, including purchases, sales, and other investment activity from the population of investment transactions made during the period for testing.

For each item selected, we traced the transaction to supporting documentation and verified that appropriate approvals were obtained. We also assessed whether transactions were recorded in the correct period, at the correct amount, and appropriately classified.

No exceptions were identified as a result of the procedures performed.

G. Reconciliation and Reporting

1. Review monthly and quarterly reconciliations between internal investment records:
 - a. Internal investment records (e.g., General Ledger or investment accounting system)
 - b. Custodial statements
 - c. Investment managers' reports
2. Select a sample of months during the selected period and test reconciliations for accuracy, completeness, and evidence of timely review and resolution of reconciling items.

Result: We obtained the Investment Fund Database data for the period and selected a sample of 50 reconciliations for testing, consisting of two months (January and June) across 25 investment managers. For each item selected, we reviewed reconciliations between internal investment records, custodial statements, and investment manager reports. We compared balances to internal records to assess accuracy and proper period recognition, traced balances to custodial statements to evaluate completeness, and reviewed investment manager reports where applicable to corroborate balances and activity. We also assessed evidence of timely review and resolution of reconciling items.

No exceptions were identified as a result of the procedures performed.

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H. Valuation of Performance Monitoring

1. Review SBCERA's procedures for evaluation of alternative investments.
2. Select a sample of alternative investments during the selected period and:
 - a. Verify receipt and evaluation of reports from investment managers or external valuers.
 - b. Confirm the investment staff review evaluations before inclusion in financial reporting.
 - c. Assess whether performance monitoring is completed and reported to the Investment Committee.

Result: Reviewed SBCERA's procedures for the evaluation of alternative investments. We selected a sample of 50 alternative investments for testing, consisting of two months (January and June) across 25 investment managers.

For each item selected, we verified receipt and evaluation of reports from investment managers or external valuers. We confirmed that investment staff performed a review of valuations prior to inclusion in financial reporting and assessed whether performance monitoring activities were completed and reported to the Investment Committee.

No exceptions were identified as a result of the procedures performed.

I. Access and Review for Segregation of Duties

1. Obtain a listing of user access rights to the investment systems, wire transfer platforms, and custodial portals and:
 - a. Inspect the listing to identify whether user access appears consistent with job responsibilities.
 - b. Inquire whether access rights are reviewed on a regular basis.
 - c. Identify any accounts that appear inactive or unused and inquire about their status.

Result: See results of procedures performed below:

- Obtained a listing of user access rights to investment systems, wire transfer platforms, and custodian portals. We inspected the listing and noted that user access appeared consistent with job responsibilities based on a comparison to relevant personnel roles.
- Inquired about the review of access rights and noted that access is reviewed on a periodic basis through an annual review process performed by management.
- Reviewed the listing for inactive or unused accounts and did not identify any such accounts requiring further follow-up.

No exceptions were identified as a result of the procedures performed.

J. Review of Exception Reports and Compliance Testing

1. Obtain reports of any manual adjustments or exception transactions related to investments during the selected period.
 - a. Select a sample of exceptions, reviewing supporting documentation and proper approvals.
 - b. Verify the manual adjustment or exception was handled according to SBCERA's policy.

Result: Through inquiry with SBCERA management, we were informed that SBCERA does not maintain a report of manual adjustments or exception transactions related to investments, as operational due diligence procedures are performed by an external service provider, Kreischer Miller.

We obtained and reviewed the 2024 and 2025 annual Operational Due Diligence Program presentations prepared and presented to SBCERA's Audit Committee by Kreischer Miller for the period. We noted that these reports include procedures addressing internal controls, fee schedules, and operational risks related to investment managers.

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As no population of exception transactions was available, no sampling was performed for this procedure.

No exceptions were identified as a result of the procedures performed.

K. Recommendations for Internal Control and Process Improvements

1. Provide recommendations for any process improvements based on the procedures performed.

Result: Based on the procedures performed in the sections above, no recommendations for internal control or process improvements were noted.

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SAN BERNARDINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION ATTACHMENT B – MANAGEMENT'S RESPONSE FOR THE PERIOD JULY 1, 2024 THROUGH JUNE 30, 2025

AUP-1: Benefit Payments (and Refunds) – Review of Exception Manual Adjustment Transactions

SBCERA management acknowledges the auditors' recommendation regarding controls over manual overrides within the Pension Gold system. As noted during the process, certain benefit calculations require manual overrides to final average compensation (FAC) amounts due to system limitations in accurately calculating FAC in specific benefit scenarios. These overrides are necessary to ensure that benefit calculations are based on accurate member data and comply with applicable plan provisions.

SBCERA has discussed these limitations with the Pension Gold software vendor. However, the vendor has indicated that the system utilizes page-level security rather than field-level security. As a result, the FAC override functionality cannot be isolated from other calculation fields on the same screen, including pension and annuity benefit amounts. Accordingly, the system cannot currently restrict users to overriding FAC fields only.

Given these software design constraints, SBCERA management will continue to maintain and strengthen existing compensating controls over manual overrides. Current controls include manual review of benefit calculations, review of flagged accounts, comparison of system setups to supporting documentation, and monitoring of users with override access. SBCERA will also continue to work with the software vendor to evaluate any future opportunities for enhanced reporting, monitoring functionality, or system-based controls that may reduce reliance on manual processes while ensuring accurate benefit calculations.

AUP-1: Benefit Payments (and Refunds) – Data Integrity and Systems Access

SBCERA management acknowledges the auditors' recommendation regarding periodic review of user access rights within the Pension Gold system. In response, SBCERA has developed and implemented a formal quarterly user access review process to help ensure that system access remains appropriate and aligned with current job responsibilities.

The review process includes evaluation of active user access rights, identification of any necessary modifications or removals based on role changes or employment status, and documentation of the review performed. Supporting procedures, access reports, sampling documentation, and records of completed reviews are maintained within Workiva and are accessible to appropriate personnel for monitoring and audit purposes.

Management believes this process strengthens existing controls over system access and supports continued safeguarding of sensitive pension data and system functionality.