



Consent

Agenda Item 4g

September 17, 2013

ITEM NAME: External Audit Fees

PROGRAM: Audit Services

ITEM TYPE: Information Consent

EXECUTIVE SUMMARY

Each year, the Office of Audit Services presents to the Risk & Audit Committee the external audit fees for the annual audit, attest and all other services allowed and provided by audit firms. Services provided by external audit firms in Fiscal Year 2011-12 included the annual financial statement audit and agreed-upon procedures engagements which are described below.

STRATEGIC PLAN

This item is not a specific product of the Strategic Plan, but is in alignment with the Risk and Audit Committee powers reserved to approve, as required, and oversee actuarial, external, financial, internal, and real estate audits and reinsurance.

BACKGROUND

The Office of Audit Services serves as the contract administrator for the Board of Administration's independent financial statement auditor and other external audit resources.

ANALYSIS

The Board's independent financial statement auditor, Macias, Gini & O'Connell, LLP, performed the audit of CalPERS financial statements for the Fiscal Year ending June 30, 2012 (FY 2011-12) and agreed-upon procedures reviews. These services were performed under the American Institute of Certified Public Accountants (AICPA) generally accepted auditing standards and attestation standards. All audit work and fees were calculated and approved in accordance with the contract terms. In addition, the External Investment Audit Specialty Pool of auditors conduct agreed-upon procedure reviews of real estate compliance and cash flow verification reviews.

BUDGET AND FISCAL IMPACTS

The financial statement audit fees totaled \$665,538 and were paid to Macias, Gini & O'Connell, LLP, over two fiscal years. The total fees for agreed-upon procedures performed by Macias, Gini & O'Connell, LLP, were \$67,944, for a total of \$733,482.

Table 1 below illustrates the schedule of fees totaling \$697,055 invoiced for agreed-upon procedures performed by the Investment Audit Specialty Pool auditors during Fiscal Year 2012-13. The Investment Audit Specialty Pool has an annual Board approved budget of \$1.5 million. All audit work and fees were in accordance with the auditors' contracts with CalPERS. The amounts are presented on a cash basis.

Table 1 – Investment Audit Specialty Pool Auditors

AUDIT FIRM	AMOUNT PAID
Conrad LLP	\$309,229
Carolyn Sangal David, CPA and Associates	\$ 22,994
KNL Support Services	\$ 23,486
KPM & Associates LLP	\$320,901
Marsh USA, Inc.	\$ 8,229
Reznick Group P.C.	\$ 12,216
Total for Investment Audit Specialty Pool Activities for Fiscal Year 2012-13	\$697,055

Funding for these audit activities have been identified within existing budgetary resources. There is no additional budget and fiscal impact.

ATTACHMENT

None

MARGARET JUNKER, Chief
Office of Audit Services

PETER H. MIXON
General Counsel