



## Consent

### Agenda Item 4h

September 16, 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 2012-13 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, 2013 (FY 2012-13) 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 \$632,913 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 \$44,590 for a total of \$677,503.

Table 1 below illustrates the schedule of fees totaling \$1,160,034 invoiced for agreed-upon procedures performed by the Investment Audit Specialty Pool auditors during Fiscal Year 2013-14. 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

<b>AUDIT FIRM</b>	<b>AMOUNT PAID</b>
Conrad LLP	\$ 364,236
Carolyn Sangal David, CPA and Associates	\$ 105,424
KNL Support Services	\$ 119,612
KPM & Associates LLP	\$ 570,762
<b>Total for Investment Audit Specialty Pool Activities for Fiscal Year 2013-14</b>	<b>\$1,160,034</b>

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

**ATTACHMENT**

None

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PHYLLIS MILLER, Acting Chief  
Office of Audit Services

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MATTHEW G. JACOBS  
General Counsel