



## Agenda Item 7b

June 16, 2015

**ITEM NAME:** External Auditor's 2015 Annual Plan

**PROGRAM:** Audit Services

**ITEM TYPE:** Action

### **RECOMMENDATION**

Accept the External Auditor's Annual Plan for the audit of the Financial Statements as of and for the year ended June 30, 2015.

### **EXECUTIVE SUMMARY**

This agenda item presents the External Auditor's Annual Plan to the Risk and Audit Committee. The Risk and Audit Committee's powers reserved include overseeing and approving the financial statement audit.

### **STRATEGIC PLAN**

This item is not a specific product of the Strategic Plan.

### **BACKGROUND**

Management is responsible for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles. The external auditor is responsible for planning and performing the audit to obtain reasonable assurance that financial statements are fairly stated in all material respects. The Board of Administration's independent external financial statement auditor, Macias Gini & O'Connell LLP, will perform the audit of CalPERS financial statements as of and for the year ended June 30, 2015.

### **ANALYSIS**

The auditor's planned approach is included as Attachment 1. Macias Gini & O'Connell LLP will present its audit plan to provide the Risk & Audit Committee with information as to the approach and scope of audit and to enable the Committee to ask any questions of the auditor. At the conclusion of the audit, the auditor will report the results of the audit and express opinions on the respective financial statements of the fiduciary and proprietary activities at the November 2015 Risk & Audit Committee meeting.

### **BUDGET AND FISCAL IMPACTS**

The fee for the basic financial statement audit is anticipated to total \$810,593. Funding was already identified within budgetary resources and is consistent with the Board approved contract.

**BENEFITS/RISKS**

Presentation and discussion of the External Auditor's Annual Plan will enhance the communication and understanding between the auditor and the Risk & Audit Committee. It will also enhance the Risk & Audit Committee's oversight of the external audit process consistent with its powers reserved and Government Code Section 20228. The risk of not presenting and discussing the External Auditor's Annual Plan is reduced communication and understanding between the auditor and Risk & Audit Committee as well as less ability for the Risk & Audit Committee to exercise its oversight of the external audit process consistent with its powers reserved and Government Code Section 20228.

**ATTACHMENT**

Attachment 1 – External Auditor's Annual Plan for the fiscal year ended  
June 30, 2015.

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YOUNG HAMILTON, Acting Chief  
Office of Audit Services

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MATTHEW G. JACOBS  
General Counsel