



Risk and Audit Committee Agenda Item 7a

June 13, 2016

Item Name: Independent Auditor's 2016 Annual Plan

Program: Audit Services

Item Type: Action

Recommendation

Accept the Board of Administration's (Board) Independent Financial Statement Auditor's (Independent Auditor) Annual Audit Service Plan (Audit Plan) for the audit of CalPERS' financial statements as of and for the fiscal year ended June 30, 2016.

Executive Summary

This agenda item presents the Independent Auditor's Audit Plan to the Risk and Audit Committee. The Risk and Audit Committee's delegated authority includes approving the Independent Auditor's Annual Audit Plan.

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 accordance with accounting principles generally accepted in the United States of America. The Independent Auditor, Macias Gini & O'Connell LLP, is responsible for planning and performing the audit to obtain reasonable assurance that financial statements are fairly stated in all material respects. The Independent Auditor will perform the audit of CalPERS financial statements as of and for the fiscal year ended June 30, 2016.

Analysis

The Independent Auditor will present to the Risk and Audit Committee its Annual Audit Plan (Attachment 1) to provide information on its approach, scope, objectives, and deliverables and enable the Committee to ask questions. At the conclusion of the audit, the Independent 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 2016 Risk and Audit Committee meeting.

Budget and Fiscal Impacts

The fee for the basic financial statement audit is anticipated to total \$956,749. Funding was already identified within budgetary resources and is consistent with the Board approved contract.

Benefits and Risks

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

Attachments

Attachment 1 – Fiscal Year 2015-2016 Audit Service Plan

BELIZ CHAPPUIE

Chief Auditor
Office of Audit Services

MATTHEW G. JACOBS

General Counsel