



CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM

INDEPENDENT FINANCIAL STATEMENT AUDITOR

Request for Proposal No. 2015-8132

FINALIST PROFILE SUMMARY

Crowe Horwath LLP
Grant Thornton LLP
Macias Gini & O'Connell LLP

CROWE HORWATH LLP

A. OVERVIEW

Crowe Horwath LLP was founded in 1942 as Crowe Chizek. It is an independent member of Crowe Horwath International, one of the largest global accounting networks in the world, consisting of more than 200 independent accounting and advisory services firms in more than 120 countries around the world. Crowe has four subsidiaries: CHAN Healthcare, Crowe Horwath Global Risk Consulting, Crowe Horwath IT Services Private Limited, and Crowe Horwath Cayman Ltd. Its headquarter is located in Chicago, Illinois. Crowe has 258 employees and four offices in California: Los Angeles, Orange County, Sacramento, and San Francisco.

Crowe subcontracts with PRM Consulting Group (PRM) to provide actuarial services. PRM was formed through combining the operations of PRM Consulting, Kennedy & Rand Consulting, Inc. and Jimmy Jones & Associates. The company is headquartered in Washington, DC, and has offices in Bethesda, MD, Morristown, NJ, Chicago, IL, Atlanta, GA, and Richmond, VA.

B. PROFESSIONAL STAFF

The proposed key personnel assigned to the CalPERS account are:

- Brenda L. Torres, CPA, Partner
- Kevin W. Smith, CPA, Partner

The proposed actuaries assigned to CalPERS account are:

- Adam J. Reese, FSA, FCA, MAAA, EA, Principal and Consulting Actuary
- Robert G. Sanford, Jr., FSA, MAAA, EA, Principal and Consulting Actuary

Further support to the team would be offered by:

- Craig D. Sullivan, CPA, CISA, QSA, IT Partner
- Christopher L. Moore, CPA, Investment Valuation Subject Matter Specialist
- Alexis K. Fitzpatrick, CPA, Audit Senior Manager
- Rich A. Perilloux, CISA, Technology Risk Senior Manager
- Dorothy Somera, CPA, On-site Supervisor
- Dan O'Malley, CPA, On-site Supervisor

C. TECHNOLOGY

Crowe has developed a secure web-based repository, the CiRT solution, which improves communication and effectively organizes critical information. CiRT saves time, facilitates efficient communication, promotes task delegation and prioritization, enables efficient project management, reduces duplicate requests, and minimizes disruptions. This tool allows auditors to post requests for audit information and auditee personnel to respond.

D. AUDIT EXPERIENCE

PENSION PLANS

Crowe has experience in auditing defined benefit/contribution plans in the public and private sector. Pension audits they performed include: California State Teachers' Retirement System (CalSTRS), Chicago Teachers' Pension Fund, Tennessee Valley Authority Retirement System, City of Lakeland General Employee Pension Plan, CSAA Insurance, and the North American Coal Corporation Retirement Savings Plan.

HEALTH PLANS

Crowe has experience in auditing health and welfare plans of companies such as Bechtel, an engineering, construction, and project management company; Allianz, insurance and asset management company; and Barnes & Thornburg LLP, a law firm.

INVESTMENT

Crowe has experience in auditing the following classes of investments: equity securities, fixed income securities, real estate, private equity, securities lending and collateral, currencies, leverage and uses in partnerships, and derivatives.

OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Crowe has experience in auditing OPEB plans such as Motorola Solutions, a data communication and telecommunication equipment provider. Crowe also audited Fireman's Fund Health and Welfare Plan, a plan that covers medical, dental, vision, post-employer health care spending account, and other benefits.

GASB

Crowe has experience with GASB 67 and 68. Additionally, Crowe's Client Service Partner, Kevin Smith, is a frequent speaker on GASBs 67/68/72 at the national level including the annual Public Pension Financial Forum conference as well as the CalCPA Local Government Conference.

E. ACTUARIAL EXPERIENCE

Crowe's subcontractor, PRM, has served over 500 clients to date, and is currently working with over 200 clients on an annual or periodic basis. PRM also has extensive experience auditing Employee Retirement Income Security Act (ERISA) plans and public pension funds. Their clients include the United States Postal Service, District of Columbia Annuitants' Health, Life Insurance Employer Contribution Plan, Virginia Education Association, Dallas Area Rapid Transit Retirement Fund, and the Commonwealth of Pennsylvania State Employees' Retirement System.

GRANT THORNTON LLP

A. OVERVIEW

Grant Thornton LLP was founded by Alexander Richardson Grant in Chicago in 1924, under the name of Alexander Grant & Company. By 1980, Alexander Grant & Company joined with the UK based firm Thornton Baker, and in 1986, became Grant Thornton LLP (Grant). Grant is the U.S. member firm of Grant Thornton International Ltd, one of the six global audit, tax and advisory organizations. The sector responsible for CalPERS account is headquartered in Alexandria, VA. Grant employs about 400 employees in California spread throughout six locations in Sacramento, San Jose, San Francisco, Irvine, Los Angeles and San Diego. The location responsible for providing services to CalPERS is the Sacramento office; however, Grant will utilize its resources and specialists from all parts of the U.S. in order to maximize audit and actuarial knowledge.

Grant subcontracts with Segal Consulting for actuarial services. Segal was founded in October of 1939 and has been providing actuarial valuations, investigations, and pension consulting services for more than 75 years. It consists of four affiliated companies: Segal Consulting, Sibson Consulting, Segal Rogerscasey, and Segal Select Insurance. Segal Group has 23 offices across the U.S. and Canada.

B. PROFESSIONAL STAFF

The proposed key personnel assigned to the CalPERS account are:

- Dan Barron, CPA, Partner
- Jack Reagan, CPA, Partner

The proposed actuaries assigned to the CalPERS account are:

- Brett Schwab, Chief Actuary
- Raymond Berry, OPEB Actuary
- Richard Ward, FSA, MAAA, FCA, Health Care and Long-Term Care Actuary
- Kim Nicholls, FSA, MAAA, FCA, EA, Actuary Consultant for Pension and Benefits

Further support to the team would be offered by:

- Vanessa Burke, CPA, Engagement Director – State & Local Government
- Kim McCormick, Engagement Manager
- Tim Lee, Investment Manager
- Emilie Guilbaud, IT Manager
- Andrew Roth, CPA, On-site Supervisor

C. TECHNOLOGY

The 58 Grant Thornton offices in the U.S. usually have their own computer facilities which include local computers, servers, printers and copiers, fax machines and other related equipment. The computer equipment in these offices is connected over the corporate network for common services such as e-mails, SharePoint, Employee Portals, and others.

D. AUDIT EXPERIENCE

PENSION PLANS

Grant has experience in auditing defined benefit/contribution plans. Pension audits performed include: City of Dallas Employee Retirement Fund, City of Austin Employees' Retirement System, and the City of Phoenix Employee Retirement Fund.

HEALTH PLANS

Grant has experience in auditing diverse health plans in the private and public sector. Health audits performed include: State of Alaska Division of Retirement and Benefits, State of Hawaii Employee Benefits Trust, North Carolina State Health Plan, AbbVie Inc., and the Native American Coalition.

INVESTMENT

Grant has experience in auditing the following classes of investments: equity securities, fixed income securities, real estate, private equity, securities lending and collateral, currencies, leverage and uses in partnerships, and derivatives.

OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Grant has OPEB plan auditing experience in the private and public sector. OPEB audits performed include: Alaska Retirement Management Board, Kentucky Retirement Systems, Abbott Laboratories, and Navistar, Inc.

GASB

Grant has experience with auditing GASB 67 and 68. Additionally, Grant's Audit Partner, Dan Barron, served on two Special Review Committees that were responsible for the review of the GASB Comprehensive Implementation Guide and the American Institute of Certified Public Accountants State and Local Government Audit and Accounting Guide.

E. ACTUARIAL EXPERIENCE

Grant's subcontracting firm, Segal, has significant retirement valuation and consulting experience with the private and public sector, including governmental plans. They currently perform health and/or retirement consulting services for 25 states, nine of the largest US cities and 12 California counties. Their clients include the State of Hawaii, CalSTRS, Wisconsin Retirement System, State of Alaska, State Teachers' Retirement System of Ohio, Ohio Public Employees' retirement system, and Teacher Retirement System of Texas.

MACIAS GINI & O'CONNELL LLP

A. OVERVIEW

Macias Gini & O'Connell (MGO) LLP was founded in 1987. MGO is a public accounting firm with ten offices throughout California and over 250 highly skilled professionals providing assurance, advisory, business outsourcing, tax and supportive services. MGO is headquartered in Sacramento and has offices in Oakland, San Francisco, Walnut Creek, Encino, Century City, Los Angeles, Newport Beach, and two offices in San Diego. MGO's State and Local Government Industry Group in Sacramento includes over 35 seasoned and full-time public sector service providers. The Sacramento office will be responsible for the CalPERS account.

MGO subcontracts with Marilyn Oliver, Roger Burton, and Steven Diess for actuarial services. Marilyn Oliver is the Vice President of Bartel Associates, LLC. Bartel Associates was established in 2003, located in San Mateo, California, with 21 employees. Roger Burton is the President and Owner of Healthcare Actuaries Company which has been successfully providing healthcare actuarial consulting services for nearly 10 years. Steven Diess is one of the owners of Independent Actuaries, Inc. (IAI). IAI was founded in 1994 and became an employee owned company in 2005. It's located in Lake Oswego, Oregon, and has 11 actuaries and consultants.

B. PROFESSIONAL STAFF

The proposed key personnel assigned to the CalPERS account are:

- Caroline Walsh, CPA, Partner
- David Bullock, CPA, Partner

The proposed actuaries assigned to the CalPERS account are:

- Marilyn Oliver, FCA, FSA, EA, MAAA, Consulting Actuary Defined Benefit Pension Plans
- Roger Burton, FCA, FSA, MAAA, Consulting Actuary Healthcare and Long-Term Care Plans
- Steven Diess, EA, MAAA, Consulting Actuary OPEB Plan

Further support to the team would be offered by

- Linda Hurley, CPA, Engagement Quality Control Review Partner
- Debbie Chan, CPA, Director
- Heather Jones, CPA, Technical Director
- Ric Jazaie, CPA, CIA, CFE, CISA, CFF, CITP, CGMA, IT Consulting Senior Manager
- Craig Harner, CPA, Manager
- Leah Jue-Cochran, CPA, On-site Supervisor

C. TECHNOLOGY

MGO has two data centers that securely house all data on premise. The only data kept outside their offices temporarily would be on ShareFile. They use ShareFile as their secure client portal. Data submissions to MGO are routinely uploaded to their client portal, emailed directly to staff, or through physical media, such as, CD-ROM and USB flash drive.

D. AUDIT EXPERIENCE

PENSION PLANS

MGO has provided assurance and advisory services in defined benefit/contribution pension plans for government agencies. Pension audits performed include: California Public Employees' Retirement System (CalPERS), CalSTRS, and Oregon Public Employees Retirement System (OPERS).

HEALTH PLANS

MGO has auditing experience in health plans with CalPERS and OPERS. MGO audited CalPERS Public Employees' Healthcare Fund and OPERS Standard Retiree Health Insurance Account.

INVESTMENT

MGO has experience in auditing the following classes of investments: equity securities, fixed income securities, real estate, private equity, alternative investments, securities lending and obligation, foreign currencies, leverage and uses in partnerships, and derivatives.

A representative sample of clients include: San Diego City Employees' Retirement System, San Diego County Employees' Retirement Association, San Francisco City and County Employees' Retirement System.

OTHER POST-EMPLOYMENT BENEFITS

MGO has auditing experience with OPEB plans. OPEB audits performed include: City of San Jose Police and Fire Department Retirement Plan Postemployment Healthcare 401(h), Orange County Employees' Retirement System OPEB 115 Agency Fund, and San Diego County Employees' Retirement Association Healthcare Fund.

GASB

MGO has experience in auditing GASB 67 and 68. MGO conducted audits of 11 government agencies within the last two fiscal years including: CalPERS, City of Jose Police and Fire Department Retirement Plan, Merced County Employees' Retirement Association, San Bernardino County Employees' Retirement Association, and San Diego City Employees' Retirement System.

E. ACTUARIAL EXPERIENCE

MGO's actuarial subcontractors, Marilyn Oliver, Roger Burton, and Steve Diess, have extensive auditing experience with government entities. They have conducted audits of 29 governmental agencies, including CalPERS. Their clients include Orange County

Employees Retirement System, OPERS, Sacramento County Employees' Retirement system, San Diego County Employees Retirement Association, and San Jose Federated City Employees' Retirement System.