Risk and Audit Committee

Agenda Item 5a

November 17, 2026

Item Name: Independent Auditor's Report – Fiscal Year 2025-26

Program: Audit Services

Item Type: Action

Recommendation

Approve the CalPERS Board of Administration's (Board) Independent Financial Statement Auditor's (Independent Auditor) Report, and the accompanying required reports for the fiscal year ended June 30, 2026.

Executive Summary

This agenda item presents the draft Independent Auditor's Report and the accompanying required reports from the auditor to the Risk and Audit Committee (RAC). The RAC's powers reserved include approving the Independent Auditor's required reports.

Strategic Plan

This item is not a specific product of the Strategic Plan. Government Code section 20228 requires the Board to annually employ a certified public accountant to audit the financial statements.

Background

Management is responsible for accurately preparing the draft financial statements in accordance with generally accepted accounting principles. The Independent 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's Independent Auditor, Plante + Moran CPAs, performed the audit of CalPERS Basic Financial Statements as of and for the fiscal year ended June 30, 2026 (FY 2025-26). The Independent Auditor's deliverables include three reports:

- Independent Auditor's Report
- Report to RAC (Required Communications at Planning and the Conclusion of the Audit)

- Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Analysis

- Plante + Moran CPAs will present the draft Independent Auditor's Report, reports on required communications and internal controls over financial reporting with this agenda item (Attachments 1, 2, and 3).
- The audited basic financial statements will then be incorporated into CalPERS' upcoming Annual Comprehensive Financial Report (ACFR).
- CalPERS team members will also provide the audited basic financial statements to the State Controller's Office and the California State Auditor's Office for incorporation into the State of California's ACFR.
- A copy of the audit report will be filed with the Governor of California, the Secretary of the Senate, and the Chief Clerk of the Assembly, pursuant to Government Code section 20228.

Budget and Fiscal Impacts

The independent financial statement auditor agreement is from March 1, 2026, to February 29, 2028, for a total amount of $7,408,985. The fee schedule for the basic financial statements audit for the fiscal year ending 6/30/2026 is $1,620,980[1]. Funding was already identified within budgetary resources and is consistent with the board-approved contract.

Benefits and Risks

Approval of the Independent Auditor's Report will ensure compliance with Government Code section 20228, fulfill a power reserved by RAC, and promote transparency and accountability to the public. Not providing the audit report would result in a lack of compliance with the law, non-exercise of a power reserved, and lack of transparency and accountability to the public.

Attachments

Attachment 1 – Independent Auditor's Report

Attachment 2 – Report to Risk and Audit Committee

Attachment 3 – Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

[1] This amount does not include the $540,500 fee for GASB 68 audits and $187,905 for GASB 75 audits.

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