



Risk and Audit Committee

Agenda Item 5f

June 15, 2021

Item Name: External Audit Fees

Program: Audit Services

Item Type: Information Consent

Executive Summary

Each year, the Office of Audit Services (OFAS) presents to the Risk and Audit Committee (RAC) the external audit fees for the annual audit, attest, and any other audit services allowed and provided by external audit firms. Services provided by external audit firms for the Fiscal Year ending June 30, 2020 (FY 2019-20) included the annual financial statement audit and Governmental Accounting Standard Board (GASB) Statement No. 68 and 75 audits.

Strategic Plan

This item is not a specific product of the Strategic Plan, but is in alignment with RAC powers reserved to oversee audit activities including, but not limited to, external, financial, and internal audits.

Background

To assist RAC with the oversight of the external audit process, OFAS presents the external audit fees for the annual audit, attest, and any other audit services allowed and provided by external audit firms.

Analysis

The Board's independent financial statement auditor performed the audit of CalPERS financial statements and GASB 68 and 75 audits for FY 2019-20. 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.

Budget and Fiscal Impacts

The fees for the basic financial statements audit including GASB 75 for FY 2019-20 totaled \$1,576,354. The audit fees for the audit of participating employers' data as required by

GASB 68 for FY 2019-20 totaled \$1,095,696. Table 1 illustrates the breakdown of audit fees and total amount on an accrual basis.

Table 1 – Basic Financial Statements, GASB 68, and GASB 75 Audit Fees

AUDIT TYPE	AMOUNT PAID
Basic Financial Statements and GASB 75	\$1,576,354
GASB 68	\$1,095,696
Total	\$2,672,050

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

Benefits and Risks

The Board’s fiduciary responsibility ensures reasonable expenses of administering the System and the external audit costs.

The primary risk is the audit costs incurred by external auditors do not adequately support the execution of the audit contract.

Attachment

None

Beliz Chappuie
Chief Auditor
Office of Audit Services

Matthew G. Jacobs
General Counsel