



Audits & Risk Management Committee

Item Number 4 – Open Session

Subject: Financial Statement Audit Client Service Plan for FY 2020-21

Presenter(s): Brenda Torres, Kevin Smith and Jen Aras, Crowe, LLP

Item Type: Information

Date & Time: March 5, 2021 – 10 minutes

Attachment(s): None

PowerPoint(s): PowerPoint 1 – Financial Statement Audit Client Service Plan

PURPOSE

The purpose of this item is to provide the Audits and Risk Management (ARM) Committee an overview of the Crowe LLP Client Service Plan for performing an audit of CalSTRS basic financial statements as of and for the year ended June 30, 2021.

BACKGROUND

CalSTRS is required to have an annual audit of the basic financial statements of the system, consistent with Education Code Section 22217 (a). The charter for the ARM Committee outlines the authority to “appoint, provide for the compensation of, and oversee the work of the independent certified public accounting firm employed by CalSTRS to audit the financial statements.”

DISCUSSION

Annually, Crowe LLP is engaged to plan and perform three separate audits of CalSTRS financial records for the period ending June 30, 2021: (1) The Basic Financial Statements, Required Supplementary Information, and Other Supplementary Information, (2) Other Pension Information - State Teacher’s Retirement Plan, and (3) Other Postemployment Benefits Information – Medicare Premium Payment Program.

The objective of a financial statement audit is to express an opinion as to whether the basic financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States and to report on the supplementary information in relation to the basic financial statements as a whole.

Representatives of Crowe LLP will present its Client Service Plan to the ARM Committee with information about the audit engagement team, services and deliverables, audit timeline, along with audit planning and required communications with the ARM Committee. Additionally, the independent financial statement auditor will provide a summary of recent technical developments in governmental accounting and financial reporting that may affect CalSTRS financial reports.

At the conclusion of the audit, the external auditor will present the results of the audits and express an opinion on the basic financial statements at the November 2021 ARM Committee meeting.