

# California State Teachers' Retirement System

Audits and Risk Management Committee Presentation  
Financial Statement Audit –  
Client Service Plan  
Year Ending June 30, 2022

Crowe LLP  
March 4, 2022



# Agenda

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- Crowe Presenters and Client Service Team
- Roles and Responsibilities
- Scope and Deliverables
- Approach
- Timeline
- Planning Communications and Considerations
- Questions and Discussion

# Crowe Presenters and Client Service Team

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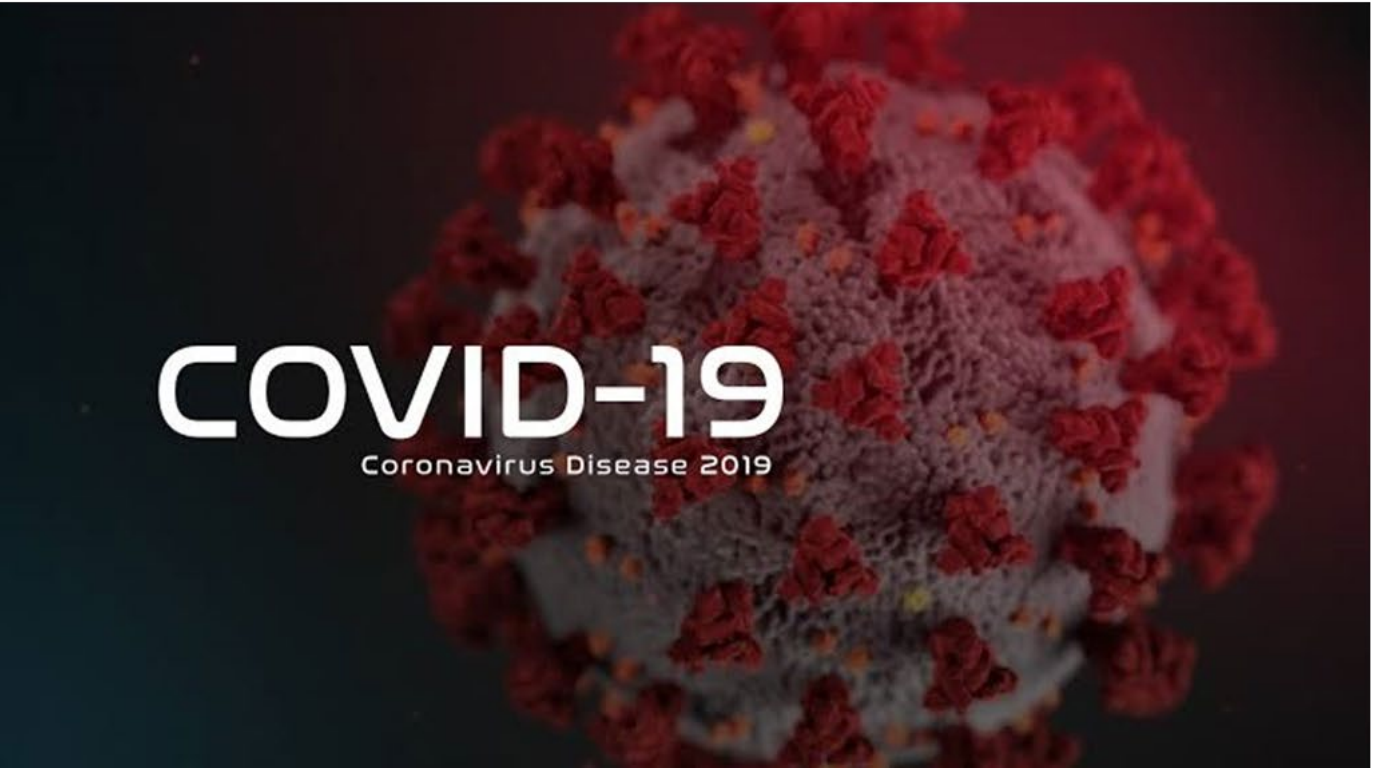


**Kevin W. Smith**  
*Signing Engagement  
Partner*



**Jen Aras**  
*Engagement Partner*

# Disruption



# Crowe Client Service Team

Role	Name	Definition of Role
<b>Signing Engagement Partner</b>	<b>Kevin Smith</b>	Kevin is the auditor in charge of the audits of the CalSTRS financial statements as well as the Other Pension Information (OPI).
<b>Engagement Partner</b>	<b>Jen Aras</b>	Jen oversees management of the overall engagement working closely with the other Engagement Partners.
<b>Investment Risk Assessment and Valuation Partner</b>	<b>Chris Moore</b>	Chris serves as the investment risk assessment and valuation partner and work closely with the engagement team in that role. Additionally, Chris is Crowe's Investment Valuation Specialist and Partner-in-Charge of Crowe's Pricing Desk.
<b>Certified Information Systems Audit Partners</b>	<b>Rich Perilloux</b> <b>Sean Katzenberger</b>	<p>Rich oversees the portion of the audit work related to information technology and financially significant systems. He oversees a team that includes other certified information systems auditors.</p> <p>Sean is the subject matter specialist over the information technology and systems portion of the audits and has experience with the CalSTRS engagement.</p>

# Crowe Client Service Team (continued)

Role	Name	Definition of Role
<b>Audit Senior Managers</b>	<b>Dan O'Malley</b>	Dan is a senior manager who oversees the execution of the audit of investments and is our data analytics specialist assigned to the engagement.
	<b>Ron Gasink</b>	Ron is a senior manager who oversees the execution of certain procedures required to be performed over contributing entities and assists with the OPI.
<b>Certified Information Systems Audit Senior Manager</b>	<b>Cassandra Taylor</b>	Cassandra assists Rich in overseeing the portion of the audit work related to information technology and financially significant systems.
<b>Audit Manager</b>	<b>Hamzeh Qattan</b>	Hamzeh is the on-site engagement manager overseeing the day-to-day progress of all significant areas of the audits. He performs direct review and supervision of seniors and staff assigned to the audit.
<b>Other Specialists and Contractors</b>	<b>Gabriel Roeder Smith &amp; Company</b>	The engagement team will draw upon other specialists as needs arise and continue to utilize the services of our DVBE subcontractor in accordance with CalSTRS' goals.
	<b>Harvest Investments</b>	

# Roles and Responsibilities

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## Those Charged with Governance

### (ARM Committee)

- Oversight of external auditor, including scope, approach and planned timeline
- Oversight of the reporting and integrity of published financial information

## Management

- Preparation and fair presentation of financial statements in accordance with Generally Accepted Accounting Principles (GAAP)
- Design, implementation and maintenance of internal control structure related to the preparation and fair presentation of the financial statements

## Crowe

- Performance of audits under *Generally Accepted Auditing Standards* and *Government Auditing Standards*
- Component auditor reporting to the State Auditor's Office, the group auditor for the State of California

# Scope and Deliverables

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- Independent Auditor's Reports
  - California State Teachers' Retirement System
  - Other Pension Information – specified captions
- 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*
- Required Communications to Those Charged with Governance (ARM Committee)
- Management Comment Letter, if applicable



# Approach



- At all times acting with
  - **PROFESSIONAL SKEPTICISM**
  - **INDEPENDENCE**
  - **OBJECTIVITY**



- Auditing in phases with a continuous risk assessment and commitment to audit quality



- Performing inquiries with ARM Committee members, CalSTRS' executives and other System staff
- Corroborating and testing internal controls over financially significant IT systems and key accounts



- Performing substantive testing over significant risks and key audit areas
  - Existence and fair value of investments
  - Total pension liability
  - Contributions
  - Potential management override of controls

**Accumulation and Evaluation of Results**

# Timeline

## Planning

October 2021 – March 2022

## Reporting to Management

September – October 2022



## Execution

December 2021 – September 2022

## ARM Committee Presentation

November 2022

Continuously Evaluating Impact of Pandemic on Risk Assessment, Execution and Timing of the Audit

# Planning Communications and Considerations

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- Concept of materiality in planning and executing the audits
- Addressing significant risks of material misstatement, whether due to fraud or error
- Crowe's responsibility to communicate evidence of fraud
- Use of the work of internal audit
- Views of the ARM Committee and areas that warrant particular attention
- Key considerations for FY2022 audit
  
- Not currently in scope of the audit
  - Benefit Connect

# Questions and Discussion



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