Audits and Risk Management Committee

Item number 7 – Open session

Subject: Independent Financial Statement Auditor Request for Proposal

Presenter(s): Cheryl Cervantes Dietz

Item type: Information

Date and time: November 5, 2026 – 15 minutes

Attachment(s): Independent Financial Statement Auditor Request for Proposal Plan

PowerPoint presentation(s): Request for Proposal Plan Highlights

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Item purpose

The purpose of this item is to seek input from the Audits and Risk Management (ARM) Committee on the Request for Proposal (RFP) for the Independent Financial Statement Auditor.

Recommendation

This is information item only.

Executive summary

The current agreement with the independent financial statement auditor, Crowe LLP, began on October 1, 2017, and ends on December 31, 2028, with the final audit of CalSTRS annual financial statements ending June 30, 2027. The final year of the contract includes transition services to be performed from January 1, 2028, through December 31, 2028.

Since the existing contract with Crowe LLP ends with the final audit period ending June 30, 2027, Audit Services proposes to start the solicitation for a certified public accountant (CPA) firm to perform independent audits of CalSTRS basic financial statements and other pension information beginning on December 1, 2027, for the period ending June 30, 2028.

Audit Services seeks the ARM Committee's input on the RFP plan (Attachment 1). Staff will prepare the RFP and facilitate the procurement with the ARM Committee's direction.

Background

Education Code, section 22217 requires the Teachers' Retirement Board to engage a certified public accountant to audit CalSTRS financial statements. The board delegated authority to the ARM Committee to appoint, provide for the compensation of, and oversee the work of the independent certified public accounting (CPA) firm employed by CalSTRS to audit its financial statements.

An independent financial statement audit is an objective examination of an organization's financial statements, records, and internal controls conducted by an external independent CPA. High-quality, independent financial statement audits are essential to CalSTRS' accountability, transparency, and sound governance. An independent financial statement audit provides an objective assessment on the plan's financial stewardship and operations and supports informed decision-making. Audit independence is the most important factor in establishing the credibility of the audit opinion. It is characterized by integrity and an objective approach to the audit process.

Prior to the existing agreement with Crowe, CalSTRS engaged Crowe LLP (formerly Crowe Horwath, LLP) to perform its financial statement audit from January 2011 to October 2017. As a result, Crowe LLP has performed independent audits over CalSTRS financial statements over the last 16 years with one more audit to be performed for the period ending June 30, 2027.

Strategic Plan linkage: Goal 1: Trusted stewards-ensure a well-governed, financially sound trust fund

Board Policy linkage: Board Governance Manual: ARM Committee Charter & Section 8-ARM Policy

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