

## V. ANNUAL ENGAGEMENT

Each year The Regents' audit firm prepares an annual audit plan for presentation to The Regents at their March meeting. The annual engagement includes an audit of the University of California corporate financial statements and audits of the University of California Retirement Plan (UCRP) basic and voluntary plans. Fees and expenses for the various audit components are proposed in the audit plan.

The Regents' audit firm first submits the draft audit plan to the Vice President--Financial Management who coordinates administrative review of the draft and the scheduling of the audit plan on the agenda for the March meeting of The Regents. Approval of the audit plan by The Regents constitutes the formal appointment of the external auditors for the current fiscal year. The engagement letter forms the contract between The Regents and the audit firm. Other financial audits that result in an auditor's opinion are performed by The Regents' audit firm at the request of the Vice President--Financial Management. These engagements are described in [Section VI](#).

The Vice President--Financial Management coordinates the scheduling of the Annual Report of the external auditors on the open session agenda for the November meeting of the Committee on Audit. Time also is scheduled on the closed session agenda of the Committee on Audit for The Regents' annual consultation with the external auditors regarding the performance of University personnel. The schedule of the external auditors' annual presentations to The Regents appears in [Appendix A](#).

Results of the annual engagement are presented in the Annual Report of the External Auditors. The report consists of an oral presentation by the Regents' auditors with reference to the audited financial statements of the University of California, the audited financial statements of the UCRP basic and voluntary plans, and the auditors' letter to The Regents. The auditors' letter gives an overview of audit findings regarding the University's accounting procedures and system of internal accounting control.

In addition to the annual report made to The Regents in November, the auditors annually submit letters to management at each University of California location. The management letters, addressed to Chancellors, Laboratory Directors, and the Vice President--Financial Management, give observations and recommendations for each location. Copies of the management letters, which are generally issued in December, are made available to individual Regents who wish to review them. The Vice President--Financial Management distributes copies of the management letters from all locations to the Vice Chancellors--Administration.