

COMPLIANCE AND AUDIT COMMITTEE

March 19, 2020

TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

APPROVAL OF EXTERNAL AUDIT PLAN FOR THE YEAR ENDING JUNE 30, 2020

The Committee recommends to the Regents that the PricewaterhouseCoopers external audit plan and fees for the University for the year ending June 30, 2020, as shown in Attachment 1, be approved.

Committee vote: Regents Butler, Cohen, Elliott, Estolano, Makarechian, Pérez, Sures, Um, and Weddle voting “aye.”

Board vote: Regents Butler, Cohen, Elliott, Estolano, Kieffer, Kounalakis, Lansing, Leib, Makarechian, Napolitano, Ortiz Oakley, Park, Pérez, Reilly, Sherman, Sures, Um, and Weddle voting “aye.”

Audit objective

PwC Services and Related Deliverables to the University

In conjunction with our service in providing audit services to the University, we also provide certain other audit and attest services to the University. Refer to the table below for a listing of services and related deliverables we expect to provide. Prior to commencing any non-audit related services, we are required to obtain preapproval from the Committee or the Committee's designee pursuant to the University's preapproval policy for its independent auditor. Our 2020 proposed fee of \$4,653,646 is inclusive of all out-of-pocket expenses which is consistent with our fee commitment agreed in 2016 as included in the professional services agreement signed on April 21, 2016 (inclusive of subsequent amendments).

- Audit reports
 - Report on the financial statements of the University of California
 - Report on the financial statements of each of the five Medical Centers
 - Report on the University of California Retirement System
 - Report on the University of California Cash Contributions to the Retirement System
 - Reports on federal awards in accordance with OMB Uniform Guidance
- Internal Control Observations
 - Report to the Committee on control and process deficiencies and observations, including material weaknesses and significant deficiencies (Regents Letter)
 - Reports to the campus Chancellors on control and process deficiencies and observations (Chancellor Letters)
- Other Services
 - Agreed-upon Procedures on Intercollegiate Athletic Departments (NCAA requirements) for two campuses
 - Review of consolidated Form 990-T of the Regents of the University of California and University of California Retirement Plan
 - Procedures in connection with bond offerings
 - Accounting consultations and other assistance associated with emerging accounting and reporting issues and complex transactions
- Committee Reporting
 - Audit and communications plan
 - Results of audits and required communications

We note that the campus foundations, Fiat Lux Risk and Insurance Company ("Fiat Lux"), and the Benioff Children's Hospital of Oakland have separate audits of their financial statements and the auditor's reporting on those organizations are directed to their respective audit committees. Accordingly, this Audit and Communications Plan is not focused on the specifics of these entities.