

MEMORANDUM

Date: October 2, 2013
To: CCCERA Board of Retirement
From: Kurt Schneider, Deputy Retirement Chief Executive Officer
Subject: Actuarial Audit

In 2008 the Board issued an RFP to select a firm to perform actuarial audits. Milliman was selected and completed an actuarial audit of CCCERA's December 31, 2007 Actuarial Valuation and the Experience Study for the period January 1, 2004 through December 31, 2006. The report was presented to the Board on November 25, 2008.

Staff's recommendation during the 2008 RFP process was to perform comprehensive actuarial audits on a six year schedule. Every six years the Board would review actuarial practice, and verify adherence to actuarial standards of conduct. In keeping with this schedule we recommend that the Board authorize an actuarial audit of CCCERA's Experience Study for the period January 1, 2009 through December 31, 2012 and the December 31, 2012 Actuarial Valuation to be completed in early 2014.

Milliman charged \$87,000 for the audit in 2008. Since that time CCCERA has depooled liabilities and assets by employer and PEPRA has created additional tiers adding to the complexity of the valuation, however, there are significant savings due to the fact that Milliman does not have to set up the valuation from scratch. The quote from Milliman for this audit is \$82,500 which is expected to be completed in January.

The purpose and scope of the 2008 audit was as follows:

- Evaluation of the data used in the valuation and Experience Study;
- Full independent replication of the Experience Study;
- Full independent replication of the key valuation results;
- Evaluation of assumptions used in the valuation; and
- Analysis of valuation results and reconciliation of material differences

Recommendations: Authorize staff to work with Milliman to provide an actuarial audit in 2014 with the same scope as the Milliman 2008 actuarial audit.