



Independent Auditor’s Report on Internal Controls Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Representative Sondra Erickson, Chair
Legislative Audit Commission

Members of the Legislative Audit Commission

Members of the Public Employees Retirement Association Board of Trustees

Mr. Doug Anderson, Executive Director
Public Employees Retirement Association

We have audited the basic financial statements of the Public Employees Retirement Association (PERA), as of and for the year ended June 30, 2015, and have issued our report thereon dated December 21, 2015.¹ PERA’s basic financial statements consist of its statements of fiduciary net position and changes in fiduciary net position, and the related notes to the financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States’ *Government Auditing Standards*.

Internal Controls Over Financial Reporting

As part of our financial statement audit, we considered PERA’s internal controls over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances to express our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of PERA’s internal controls. Accordingly, we do not express an opinion on the effectiveness of PERA’s internal controls.

Our consideration of internal controls was for the limited purpose described in the preceding paragraph and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies.² Given these limitations, we did not identify any deficiencies in internal controls that we consider material weaknesses. However, unidentified material weaknesses may exist.

¹ Our audit opinion on the financial statements was included in PERA’s annual financial report. Access to the report is available at the following website: <http://tinyurl.com/j4hg78e>.

² A material weakness is a deficiency, or combination of internal control deficiencies, resulting in a reasonable possibility that internal controls will not prevent or detect and timely correct a material misstatement of PERA’s financial statements. A significant deficiency is a deficiency, or combination of deficiencies, in internal controls that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A deficiency in internal controls exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect and timely correct misstatements.

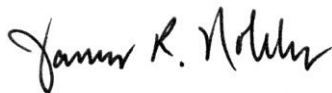
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Compliance and Other Matters

As part of reasonably assuring whether PERA's financial statements are free of material misstatements, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements because noncompliance with these provisions could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

The sole purpose of this letter is to describe the scope of our internal controls and compliance testing and our testing results. We do not provide an opinion on the effectiveness of PERA's internal controls over financial reporting or on compliance. This letter is an integral part of an audit performed under *Government Auditing Standards* in considering PERA's internal controls over financial reporting and compliance as part of our financial statement audit. Accordingly, this letter is not suitable for any other purpose.



James R. Nobles
Legislative Auditor



Cecile M. Ferkul, CPA, CISA
Deputy Legislative Auditor

December 21, 2015