# IN PERSON & VIRTUAL BOARD MEETING



\*The Committee meeting will be held following the Board of Retirement meeting scheduled prior.



**TO VIEW VIA WEB** 



#### **TO PROVIDE PUBLIC COMMENT**

Members of the public may address the Committee orally and in writing. To provide Public Comment, you should visit the above link and complete the request form by selecting whether you will provide oral or written comment from the options located under Options next to the Committee meeting.

**Attention:** If you have any questions, you may email PublicComment@lacera.com. If you would like to make a public comment during the committee meeting, review the Public Comment instructions.

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION 300 N. LAKE AVENUE, SUITE 650, PASADENA, CA

## AGENDA

## A REGULAR MEETING OF THE OPERATIONS OVERSIGHT COMMITTEE

## AND BOARD OF RETIREMENT\*

## LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, SUITE 810, PASADENA, CA 91101

9:00 A.M., WEDNESDAY, NOVEMBER 1, 2023\*\*

This meeting will be conducted by the Operations Oversight Committee and Board of Retirement both in person and by teleconference under California Government Code Sections 54953(f).

Any person may view the meeting in person at LACERA's offices or online at <u>https://LACERA.com/leadership/board-meetings.</u>

The Committee may take action on any item on the agenda, and agenda items may be taken out of order.

COMMITTEE TRUSTEES:

Alan Bernstein, Chair Herman B. Santos, Vice Chair Keith Knox, Trustee Antonio Sanchez, Trustee Jason Green, Alternate Trustee

- I. CALL TO ORDER
- II. PROCEDURE FOR TELECONFERENCE MEETING ATTENDANCE UNDER AB 2449, California Government Code Section 54953(f)
  - A. Just Cause
  - B. Action on Emergency Circumstance Requests
  - C. Statement of Persons Present at AB 2449 Teleconference Locations

## III. APPROVAL OF MINUTES

A. Approval of the Minutes of the Regular Meeting of October 5, 2023

## IV. PUBLIC COMMENT

(Members of the public may address the Committee orally and in writing. To provide Public Comment, you should visit <u>https://LACERA.com/leadership/board-meetings</u> and complete the request form by selecting whether you will provide oral or written comment from the options located under Options next to the Committee meeting.

If you select oral comment, we will contact you via email with information and instruction as to how to access the meeting as a speaker. You will have up to 3 minutes to address the Committee. Oral comment request will be accepted up to the close of the Public Comment item on the agenda.

If you select written comment, please input your written public comment or documentation on the above link as soon as possible and up to the close of the meeting. Written comment will be made part of the official record of the meeting. If you would like to remain anonymous at the meeting without stating your name, please leave the name field blank in the request form. If you have any questions, you may email <u>PublicComment@lacera.com</u>.)

## V. NON-CONSENT ITEMS

A. LACERA Policy for Processing Disability Retirement Applications and Appeals Filed by Internal and Internal-Related Applicants Recommendation as submitted by Francis J. Boyd, Senior Staff Counsel: That the Committee recommend the Board of Retirement adopt the LACERA Policy for Processing Disability Retirement Applications and Appeals filed by Internal and Internal-Related Applicants. (Memo dated October 20, 2023)

## VI. REPORTS

A. LACERA Operations Briefing Luis A. Lugo, Deputy Chief Executive Officer JJ Popowich, Assistant Executive Officer Laura Guglielmo, Assistant Executive Officer (For Information Only)

## VI. REPORTS (Continued)

# B. RFI Results for Death Audit Services Sylvia Botros, Section Head, Benefits (For Information Only) (Memo dated October 19, 2023)

- C. Change to LACERA's Pay Stub for Monthly Benefits Kevin Hawkins, Process Management Group, Benefits Division (For Information Only) (Memo dated October 24, 2023)
- D. Annual Quality Assurance Audit Report Bernie Buenaflor, Chief, Quality Assurance & Metrics Division (Presentation) (Memo dated October 20, 2023)

## VII. ITEMS FOR STAFF REVIEW

(This item summarizes requests and suggestions by individual trustees during the meeting for consideration by staff. These requests and suggestions do not constitute approval or formal action by the Board, which can only be made separately by motion on an agendized item at a future meeting.)

## VIII. ITEMS FOR FUTURE AGENDAS

(This item provides an opportunity for trustees to identify items to be included on a future agenda as permitted under the Board's Regulations.)

#### IX. GOOD OF THE ORDER (For Information Purposes Only)

- X. EXECUTIVE SESSION
  - A. **Potential Threats to Public Services or Facilities** (Pursuant to Subdivision (a) of California Government Code Section 54957)

Consultation with: LACERA Chief Executive Officer Santos H. Kreimann, Deputy Chief Executive Officer Luis Lugo, Assistant Executive Officers JJ Popowich and Laura Guglielmo, Chief, Information Technology Kathy Delino, Information Security Officer Chaitanya Errande, and Other LACERA Staff.

X. EXECUTIVE SESSION (Continued)

## B. Potential Threats to Public Services or Facilities (Pursuant to Subdivision (a) of California Government Code Section 54957)

Consultation with: LACERA Chief Executive Officer Santos H. Kreimann, Deputy Chief Executive Officer Luis Lugo, Assistant Executive Officers JJ Popowich and Laura Guglielmo, Chief, Information Technology Kathy Delino, Information Security Officer Chaitanya Errande, James Beasley, Supervising Administrative Assistant, Administrative Services, Roberta Van Nortrick, Interim Division Manager, Administrative Services, and Other LACERA Staff.

XI. ADJOURNMENT

\*The Board of Retirement has adopted a policy permitting any member of the Board to attend a standing committee meeting open to the public. In the event five or more members of the Board of Retirement (including members appointed to the Committee) are in attendance, the meeting shall constitute a joint meeting of the Committee and the Board of Retirement. Members of the Board of Retirement who are not members of the Committee may attend and participate in a meeting of a Board Committee but may not vote on any matter discussed at the meeting. The only action the Committee may take at the meeting is approval of a recommendation to take further action at a subsequent meeting of the Board.

\*\*Although the meeting is scheduled for 9:00 a.m., it can start anytime thereafter, depending on the length of the Board of Retirement meeting preceding it. Please be on call.

Any documents subject to public disclosure that relate to an agenda item for an open session of the Committee, that are distributed to members of the Committee less than 72 hours prior to the meeting, will be available for public inspection at the time they are distributed to a majority of the Committee, at LACERA's offices at 300 North Lake Avenue, Suite 820, Pasadena, California during normal business hours from 9:00 a.m. to 5:00 p.m. Monday through Friday and will also be posted on lacera.com at the same time, <u>Board</u> <u>Meetings | LACERA</u>.

Requests for reasonable modification or accommodation of the telephone public access and Public Comments procedures stated in this agenda from individuals with disabilities, consistent with the Americans with Disabilities Act of 1990, may call the Board Offices at (626) 564-6000, Ext. 4401/4402 from 8:30 a.m. to 5:00 p.m. Monday through Friday or email <u>PublicComment@lacera.com</u>, but no later than 48 hours prior to the time the meeting is to commence.

## MINUTES OF THE REGULAR MEETING OF THE OPERATIONS OVERSIGHT

## COMMITTEE AND BOARD OF RETIREMENT\*

## LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, SUITE 810, PASADENA, CA 91101

11:01 A.M. - 11:51 A.M., THURSDAY, OCTOBER 5, 2023

This meeting was conducted by the Operations Oversight Committee both in person and by teleconference under California Government Code Section 54953(f)

## COMMITTEE TRUSTEES

PRESENT: Alan Bernstein, Chair (In-Person)

Herman B. Santos, Vice Chair (In-Person)

Keith Knox, Trustee (In-Person)

Antonio Sanchez, Trustee (In-Person)

## ABSENT: Jason E. Green, Alternate Trustee

## OTHER BOARD OF RETIREMENT TRUSTEES

Shawn R. Kehoe, Trustee (In-Person)

Ronald Okum, Trustee (In-Person) (left at 11:39 a.m.)

Les Robbins, Trustee (In-Person)

## STAFF, ADVISORS AND PARTICIPANTS

Santos H. Kreimann, Chief Executive Officer

Luis Lugo, Deputy Chief Executive Officer

JJ Popowich, Assistant Executive Officer

Laura Guglielmo, Assistant Executive Officer

Steven P. Rice, Chief Counsel

Chaitanya Errande, Information Security Officer

Kathy Delino, Chief, Information Technology

Louis Gittens, Interim Division Manager, Benefits

Roberta Van Nortrick, Interim Division Manager, Administrative Services

James Beasley, Supervising Administrative Assistant II, Administrative Services

## I. CALL TO ORDER

This meeting was called to order by Chair Bernstein at 11:01 a.m.

- II. PROCEDURE FOR TELECONFERENCE MEETING ATTENDANCE UNDER AB 2449, California Government Code Section 54953(f)
  - A. Just Cause
  - B. Action on Emergency Circumstance Requests
  - C. Statement of Persons Present at AB 2449 Teleconference Locations

There were no requests received.

## III. APPROVAL OF MINUTES

A. Approval of the Minutes of the Regular Meeting of September 6, 2023

Trustee Santos made a motion, Trustee Sanchez seconded, to approve the minutes of the regular meeting of September 6, 2023. The motion passed by the following roll call vote:

Yes: Santos, Knox, Sanchez, Bernstein

No: None

- Absent: Green
- IV. PUBLIC COMMENT

There were no requests from the public to speak.

- V. NON-CONSENT ITEMS
  - A. Request for Proposal: Member Experience Communications Platform Recommendation as submitted by Kathy Delino, Chief, Information Technology, and JJ Popowich, Assistant Executive Officer: That the Committee authorize staff to issue a Request for Proposal (RFP) for software and consulting services to procure, configure, customize, and implement a Member Experience Communications Platform for LACERA. (Memo dated September 15, 2023)

Trustee Santos made a motion, Trustee Sanchez seconded, to refer to the Board of Retirement for consideration and approval. The motion passed by the following roll call vote:

Yes: Santos, Knox, Sanchez, Bernstein

No: None

Absent: Green

## VI. REPORTS

## A. LACERA Operations Briefing

Luis A. Lugo, Deputy Chief Executive Officer JJ Popowich, Assistant Executive Officer Laura Guglielmo, Assistant Executive Officer (For Information Only)

The Executive team presented the monthly briefing and was available to answer questions from the Committee. This item was received and filed.

## B. **Privacy Incident – Personally Identifiable Information**

Louis Gittens, Interim Division Manager, Benefits Division (Memo Exempt from Public Disclosure California Public Records Act, Cal. Gov't Code §7920.520; 7917.705 Brown Act, Cal. Gov't Code § 54957.5(a)

Mr. JJ Popowich provided a brief verbal update and was available to answer questions from the Committee. This item was received and filed.

## VII. ITEMS FOR STAFF REVIEW

(This item summarizes requests and suggestions by individual trustees during the meeting for consideration by staff. These requests and suggestions do not constitute approval or formal action by the Board, which can only be made separately by motion on an agendized item at a future meeting.)

Trustee Kehoe requested that Privacy Incident items being agendized be placed in Executive Session moving forward.

Trustee Santos provided feedback to staff that the survey link, made available following consultation with a benefits specialist, is not working,

## VIII. ITEMS FOR FUTURE AGENDAS

(This item provides an opportunity for trustees to identify items to be included on a future agenda as permitted under the Board's Regulations.)

There was nothing to report.

IX. GOOD OF THE ORDER (For Information Purposes Only)

There was nothing to report.

X. EXECUTIVE SESSION

## A. Potential Threats to Public Services or Facilities

(Pursuant to Subdivision (a) of California Government Code Section 54957)

Consultation with: LACERA Chief Executive Officer Santos H. Kreimann, Deputy Chief Executive Officer Luis Lugo, Assistant Executive Officers JJ Popowich and Laura Guglielmo, Interim Administrative Services Division Manager Roberta Van Nortrick, Supervising Administrative Assistant II James Beasley, and Other LACERA Staff.

## B. Potential Threats to Public Services or Facilities

(Pursuant to Subdivision (a) of California Government Code Section 54957)

Consultation with: LACERA Chief Executive Officer Santos H. Kreimann, Deputy Chief Executive Officer Luis Lugo, Assistant Executive Officers JJ Popowich and Laura Guglielmo, Chief, Information Technology Kathy Delino, Information Security Officer Chaitanya Errande, and Other LACERA Staff.

## XI. ADJOURNMENT

There being no further business to come before the Committee, the meeting

was adjourned at 11:51 p.m.



\*The Board of Retirement has adopted a policy permitting any member of the Board to attend a standing committee meeting open to the public. In the event five or more members of the Board of Retirement (including members appointed to the Committee) are in attendance, the meeting shall constitute a joint meeting of the Committee and the Board of Retirement. Members of the Board of Retirement who are not members of the Committee may attend and participate in a meeting of a Board Committee but may not vote on any matter discussed at the meeting. The only action the Committee may take at the meeting is approval of a recommendation to take further action at a subsequent meeting of the Board.

## L///CERA

**I**1.

October 20, 2023

- TO: Operations Oversight Committee Alan Bernstein, Chair Herman B. Santos, Vice Chair Antonio Sanchez Keith Knox Jason E. Green, Alternate
- FROM: Francis J. Boyd
- **FOR:** November 1, 2023, Operations Oversight Committee

#### SUBJECT: LACERA POLICY FOR PROCESSING DISABILITY-RETIREMENT APPLICATIONS AND APPEALS FILED BY INTERNAL AND INTERNAL-RELATED APPLICANTS

#### RECOMMENDATION

It is recommended that the Operations Oversight Committee recommend to the Board of Retirement that it adopt the attached LACERA Policy for Processing Disability-Retirement Applications and Appeals filed by Internal and Internal-Related Applicants.

#### INTRODUCTION

On May 22, 2014, the Board of Retirement adopted a *Policy for Processing LACERA Employees' and their Immediate Family Disability Applications and Related Appeals.* This policy was also referred to as the *Mutual Assistance Program*. A copy of the original policy is attached to this memorandum.

The purpose of the policy was to maintain the Board of Retirement's fiduciary duty to ensure that all disability-retirement applications were kept confidential; free of any bias; receive a fair and impartial review based solely on the facts in evidence; and were processed in accordance with all applicable provisions of the County Employees Retirement Law of 1937, Board of Retirement Regulations, and Board of Retirement Policies. This policy was limited to applications involving immediate family members of LACERA employees.

In practice, the policy was applied to additional members, including LACERA Trustees, family members of Trustees, and extended family members of LACERA employees who worked for Disability Retirement Services. LACERA Internal Audit's recommendation that the policy be updated to comport with LACERA's actual custom, and practice prompted the Legal Office to review the policy in depth for any further

Each Trustee, Operations Oversight Committee October 20, 2023 Page 2 of 4

potential conflicts or bias. This proposed policy is a result of Internal Audit's recommendation.

#### DISCUSSION

## A. Applicability of the Policy to Internal Applicants and Internal-Related Applicants

#### 1) Internal Applicants

The original policy identifies all LACERA employees as Internal Applicants. This has not changed.

#### 2) Internal-Related Applicants

The original policy identifies Internal-Related applicants as an "immediate relative" of a LACERA employee and defines the term "immediate relative" as a LACERA employee's spouse, ex-spouse, child, sibling, mother, or father.

The proposed policy broadens the definition of Internal-Related Applicants to include LACERA Trustees and family members of Trustees. It also broadens the definition of "family members" for relatives of certain LACERA employees and for relatives of LACERA Trustees

#### a) Family Members of Internal-Related Applicants

In the proposed policy, the definition of "family members" for Internal-Related Applicants differs depending on the status of the individual to whom the applicant is related. Because of the uniqueness of their positions, Trustees and LACERA employees of Disability Retirement Services (DRS), the Disability Section of the Legal Office (Legal Disability), and the Disability Litigation Office (DLO) have the potential to access disability-retirement-application records that other LACERA employees do not. This change will eliminate the appearance that favoritism might be given to such applicants because of their relationship with the Trustees or because of their relationship with LACERA staff who are typically involved in the handling, processing, and litigation of disability applications and appeals.

To be clear, the definition of "family members" contained in the proposed policy has been broadened for applicants related to LACERA Trustees and LACERA employees employed by DRS, Legal Disability, and the DLO. Family members for these individuals will now include spouse, ex-spouse, child, sibling, mother, father, *in-laws, aunts, uncles, or cousins*.

For all other LACERA employees, "family members" remain limited to spouse, exspouse, child, sibling, mother, and father. Each Trustee, Operations Oversight Committee October 20, 2023 Page 3 of 4

#### **B.** Management of Applications and Appeals

The original policy provides rudimentary instructions for management of disabilityretirement applications and appeals of Internal and Internal-Related members. The proposed policy provides specific and more detailed instructions for the management of these claims based on the practices that have developed since the implementation of the original policy. The specific instructions ensure a uniform process for these applications and appeals.

#### C. Use of Third-Party Attorneys and Removal of the Mutual Assistance Program

The original policy established a Mutual Assistance Program (MAP) which allowed LACERA the option of referring Internal and Internal-Related disability-retirement applications to another CERL system for processing, and in exchange, LACERA would process an Internal application for the other system. MAP was implemented to defer the costs related to hiring a third-party attorney to process the application. However, applications were not processed in a uniform manner under MAP. Some applications were delayed because the investigator from the other system was not available to attend the scheduled Board meeting. Other applications had to be returned to the investigator because of incomplete medical evaluations and analysis. These issues prompted the Disability Section of the Legal Office to stop referring these applications to other retirement applications have been evaluated by two third-party attorneys who are familiar with the disability-retirement law under CERL and have consistently provided timely and thorough evaluations for a reasonable fee.

Based on the above-described experiences and to fulfill LACERA's fiduciary duty to process disability-retirement applications in a fair, timely, and consistent manner, the proposed policy requires that Internal and Internal-Related applications be processed by a third-party attorney and does no longer includes the MAP procedures. In light of this change in policy, staff will notify our former MAP partners that LACERA will no longer be participating in the program.

#### CONCLUSION

The proposed Policy for Processing Disability-Retirement Applications and Appeals Filed by Internal and Internal-Related Applicants ensures that all disability applications are kept confidential; free of any bias; receive a fair and impartial review based solely on the facts in evidence; and are processed in accordance with all applicable provisions of the County Employees Retirement Law of 1937, Board of Retirement Regulations, and Board of Retirement Policies.

**IT IS THEREFORE RECOMMENDED THAT THE COMMITTEE** recommend to the Board of Retirement that it adopt the attached LACERA Policy for Processing

Each Trustee, Operations Oversight Committee October 20, 2023 Page 4 of 4

Disability-Retirement Applications and Appeals filed by Internal and Internal-Related Applicants.

Noted and Reviewed:

Saven & Priz

Steven P. Rice, Chief Counsel

Attachments

FJB



PROCESSING DISABILITY RETIREMENT APPLICATIONS AND APPEALS FILED BY INTERNAL AND INTERNAL-RELATED APPLICANTS

> Board of Retirement Adoption Pending



#### PROCESSING DISABILITY RETIREMENT APPLICATIONS AND APPEALS FILED BY INTERNAL AND INTERNAL-RELATED APPLICANTS

Authorizing Manager: Francis J. Boyd, Senior Staff Counsel

Effective Date:Pending ApprovalLast Updated: October 2023

Mandatory Review: October 2028 (Every Five Years)

Approval Level: Board of Retirement

#### I. Purpose

The Board of Retirement (Board) has a fiduciary duty to ensure all disability-retirement applications are kept confidential and receive a fair and impartial review. The Board also has a duty to ensure that all recommendations submitted for its decisions are based solely on the facts in evidence and are free of any bias.

The Board recognizes that staff takes great steps to ensure that all member information is kept confidential and that all cases are processed with the utmost professionalism. However, in situations where applying individuals are LACERA employees, Trustees, or family members of LACERA employees or Trustees, it is prudent to take additional precautionary steps to maintain confidentiality and eliminate any potential for bias or the appearance of impropriety. Therefore, the Board implements this policy for Internal and Internal-Related disability-retirement applicants.

#### II. Scope

This policy shall apply to all Internal Applicants and Internal-Related Applicants.

#### III. Legal Authority

The Board of Retirement has the plenary authority and fiduciary responsibility to administer the retirement system, and it holds executive, legislative, and quasi-judicial powers. It has the sole authority to determine eligibility for a disability retirement. In administering its duties, the Board has the authority to promulgate rules, regulations, and policies.<sup>1</sup>

#### **IV.** Definitions

For the purpose of this Policy, the terms below have the following definitions:

<sup>&</sup>lt;sup>1</sup> Cal. Const., art. XVI, § 17, subd. (a) and (b); Gov. Code Sec. 31725; *Preciado v. County of Ventura, et al.* (1982) 143 Cal.App.3d 783, 789.



#### **IV.** Definitions (Continued)

**Legal Disability:** Legal Disability is the Disability Section within the Legal Office that advises Disability Retirement Services (DRS) and the Board on disability-related matters.

**Internal Applicants and Internal-Related Applicants:** LACERA employees are identified under this policy as Internal Applicants. Current or former LACERA Trustees, family members of current or former LACERA Trustees, or family members of LACERA employees are identified as Internal-Related Applicants.

Family Members: "Family members" under this policy are defined as follows:

- 1) Family members of LACERA employees, not employed by DRS, Legal Disability, or the Disability Litigation Office (DLO), are defined as a spouse, ex-spouse, child, sibling, mother, or father.
- 2) Family members of LACERA Trustees or employees of DRS, Legal Disability, or the DLO are defined as a spouse, ex-spouse, child, sibling, mother, father, in-law, aunt, uncle, or cousin.

#### V. Policy Statement

#### A. Management of Applications and Appeals

#### 1. Applications

All Internal and Internal-Related disability-retirement applications shall be processed by a third-party attorney under the direction of Legal Disability.

Applications filed by Legal Disability staff shall be processed by a third-party attorney under the direction of the Assistant Executive Officer overseeing the Member Operations Group.

#### 2. Appeals

If the Board denies an Internal and/or Internal Related member's application and the member appeals the denial, the Chief Counsel, DLO or their designee will refer the matter to a third-party attorney to represent LACERA under this policy.

#### 3. Policy Procedures

These procedures instruct staff how to process applications and appeals of the Board of Retirement's decisions filed by Internal or Internal-Related applicants.



### V. Policy Statement (Continued)

#### 3. Policy Procedures

#### a. Applications

- All Internal or Internal-Related disability-retirement applications shall be processed in accordance with the applicable provisions of the County Employees Retirement Law of 1937, Board of Retirement Regulations, and Board of Retirement Policies, in effect at the time of receipt.
- 2) Legal Disability shall establish a pool of third-party attorneys tasked with all aspects of investigating applications filed by Internal or Internal-Related applicants. Legal Disability will oversee and monitor the work and billing statements of the third-party attorneys for compliance with LACERA's established procedural and policy norms as enunciated by the County Employees Retirement Law of 1937, Board of Retirement Regulations, Board of Retirement Procedures, and the contract between the third-party attorney and LACERA.
- 3) All Internal and Internal-Related applications shall be immediately routed to Legal Disability where the applications will be reviewed for completeness and secured pending processing. Legal Disability will send notice acknowledging receipt of the completed application and will inform the applicant that the application is being processed by a third-party attorney under LACERA's Policy for Processing Disability-Retirement Applications and Appeals Filed by Internal and Internal-Related Applicants. Legal Disability will reject and return incomplete applications with appropriate instructions on how to correct any defects.
- 4) All Internal or Internal-Related disability-retirement applications received by Legal Disability will be processed by an approved third-party attorney.
- 5) The third-party attorney hired to investigate the disability-retirement application will send its recommendation report to Legal Disability where it will be reviewed for accuracy and legal compliance. Legal Disability will return inaccurate or non-compliant reports to the third-party attorney with instructions to correct any defects.
- 6) Once the report has been approved by Legal Disability, it will prepare a Disability-Retirement Evaluation Summary which will be attached to the third-party attorney's recommendation report. Legal Disability will coordinate with the Board of Retirement's secretary to place the application and recommendation on the Board's next available monthly agenda.
- 7) If the Board grants the requested benefit, DRS will send the Board Action Notice to the applicant, applicant's counsel, LACERA's Benefits Division, Legal Disability, and LACERA's Human Resources Office.



#### V. Policy Statement (Continued)

#### 3. Policy Procedures

#### b. Appeals

- All Internal or Internal-Related disability-retirement appeals shall be processed in accordance with the applicable provisions of the County Employees Retirement Law of 1937, Board of Retirement Regulations, Board of Retirement Procedures, and DLO Policies and Procedures, in effect at the time of receipt.
- 2) The DLO shall establish and maintain a list of appropriate third-party attorneys tasked with all aspects of litigating appeals filed by Internal or Internal-Related applicants.
- 3) The Chief Counsel, DLO or their designee will oversee and monitor the work and billing statements of the third-party attorneys for compliance with LACERA's established procedural and policy norms as enunciated by the County Employees Retirement Law of 1937, Board of Retirement Regulations, Board of Retirement Procedures, DLO Policies and Procedures, and the contract between the thirdparty attorney and LACERA.

#### c. Administrative Duties Related to Appeals

If the Board denies the member's application, Legal Disability will perform the necessary administrative duties for the appeal process normally performed by DRS. These duties include:

- 1) Sending out the Board Action Notice with instructions to submit the appeal to Legal Disability.
- 2) Sending an appeal-acceptance notice if the appeal is timely or a rejection notice if the appeal is not timely.
- Performing the administrative duties related to Rule 2 of LACERA's Procedures for Disability Retirement Hearings (<u>Hearing Procedures</u>)—notification of referral to hearing referee.
- 4) Performing the administrative duties related to Rule 4 of the Hearing Procedures petition for automatic reassignment.
- 5) Maintaining the administrative record.
- 6) Performing the administrative duties related to Rule 5(b) of the Hearing Procedures amendment of application.



#### V. Policy Statement (Continued)

#### 3. Policy Procedures

#### c. Administrative Duties Related to Appeals

- 7) Performing the administrative duties related to Rule 20 of the Hearing Procedures issuance and preparation of subpoenas.
- 8) Performing the administrative duties related to Rule 28 of the Hearing Procedures filing of proposed findings of fact and recommended decision and record on appeal.
- 9) Performing the administrative duties related to Rule 29(b) of the Hearing Procedures—schedule and give notice of Board oral argument date; prepare administrative record for the Board; and send out Board Action Notice.

#### VI. References

These references are intended to help explain this policy and are not an all-inclusive list of policies, procedures, laws, and requirements. The following information complements and supplements this document:

#### **Related Policies:**

• Board of Retirement Regulations

#### Related Procedures:

- LACERA'S Procedures for Disability Retirement Hearings
- <u>Hearing Procedures</u>

#### **Related Forms/Templates:**

• Not Applicable

#### Other Related Information:

- County Employees Retirement Law of 1937
- VII. Version History

Policy Issue Date: Pending Approval

#### Policy Effective Date: Pending Approval

#### Policy Update/Review Summary:

• Previous named the Policy for Processing LACERA Employee and their Immediate Family Disability Applications and Related Appeals, also known as the Mutual Assistance Policy, Approved by the Board of Retirement on May 22, 2014



## VIII. Policy Review/Approval

This policy shall be reviewed by the Operations Oversight Committee and the Board of Retirement (BOR) every 5 years or as needed and may be amended by the BOR at any time.



May 2, 2014

## TO: Each Member Board of Retirement

FROM: Disability Procedures and Services Committee Marvin Adams, Chair Les Robbins, Vice Chair Yves Chery Vivian H. Gray William de la Garza, Alternate

#### FOR: May 22, 2014 Board of Retirement Meeting

SUBJECT: Policy for Processing LACERA Employee and their Immediate Family Disability Applications and Related Appeals

#### RECOMMENDATION

That the Board of Retirement adopt the proposed "Policy for Processing LACERA Employee and their Immediate Family Disability Applications and Related Appeals."

#### INTRODUCTION

LACERA has a fiduciary duty to ensure all disability applications are kept confidential and receive a fair and impartial review. We also have a duty to ensure all recommendations to the Board of Retirement are based solely on the facts in evidence and free of any bias. Staff routinely takes great steps to ensure all member information is kept confidential and all cases are processed with the utmost professionalism.

In situations where the applicant is a LACERA employee or an immediate relative of a LACERA employee, it is prudent to take additional precautionary steps to maintain the confidentiality and bias free review to avoid any appearance of impropriety.

Disability Retirement Services and Disability Litigation developed various methods to process these cases over the years, including assigning a case to a specific staff member or referring a case to outside legal counsel. However, there is no specific Board of Retirement policy that provides the Board and staff direction on which method best mitigates bias and the appearance of impropriety.

The attached policy will outline the Board of Retirement's expectation for how these types of applications and appeals should be processed. This will, in turn, allow staff to begin to develop a broader array of tools needed to meet the Board's expectation, while efficiently processing applications and appeals. For more information on the types of tools under development to support this policy, please see Attachment 1.

Each, Member, Board of Retirement May 2, 2014 Page 2

#### BACKGROUND

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LACERA has a longstanding commitment to confidentiality of all members' personal information throughout the member's service, including the disability retirement process. LACERA faces unique challenges when the application for a disability retirement involves a LACERA staff member or an immediate relative, and particularly difficult challenges when the application involves a member of the Disability Retirement Services or the Disability Litigation division.

Each member, including each LACERA staff member, deserves to have their disability application, or appeal of the Board of Retirement's decision regarding a disability application, processed in a manner which protects the staff member's privacy, and assures the member, if found not incapacitated for duty, may return to work without the fear that co-workers and friends are aware of the member's personal information.

In the past, LACERA and other retirement agencies have overcome these challenges by:

- (1) Assigning these applications to a specific supervisor to investigate and manage the case and by securing case files in locked cabinets, or
- (2) Referring such cases to outside legal counsel familiar with pension law. In LACERA's case, the outside attorney performed the functions usually performed by LACERA's investigative staff, setting up medical appointments and writing a recommendation to the Board of Retirement.

Both of these processes are still viable, however, they do carry their own unique challenges and limitations, and may not be appropriate for every situation. For example, relying on a designated staff member still carries the potential for the appearance of bias in certain cases. It is also difficult to separate the processing of the case from the normal day-to-day functions within the Disability Retirement Services and Disability Litigation divisions, opening up the risk for confidential information to be inadvertently shared or the inadvertent inclusion of personal bias in a report.

More recently, LACERA has chosen to refer employee disability applications and appeals to outside legal counsel. Unfortunately, LACERA finds itself in the position of not having sufficient established relationships with outside attorneys who can handle these applications and appeals. The number of attorneys who know and understand the County Employees Retirement Law of 1937 (CERL) disability retirement law are few. Of those, there are even fewer attorneys who are not currently practicing pension law before the various Boards of Retirement. While there are many excellent Workers' Compensation attorneys, our experience has demonstrated that few of these attorneys are willing to take the time to truly learn a new area of law to become capable of investigating pension cases under CERL. The volume of cases simply does not provide enough incentive.

Each, Member, Board of Retirement May 2, 2014 Page 3

#### **CONCLUSION**

LACERA employees and their immediate families deserve to have their cases processed in a timely manner with the same expectation of confidentiality and impartiality that any other member of LACERA is entitled to receive.

In the past, staff reached the conclusion there are significant challenges to segregating and utilizing Disability Retirement Services investigators and Disability Litigation attorneys to process LACERA employee and their immediate family member disability applications or appeals. The organizational changes developed to assist LACERA efficiently move cases through the application process have made it increasingly difficult to ensure the isolation and segmentation of these cases. These challenges pose significant risks to LACERA's reputation and increase the potential for additional appeals or litigation if impartiality is questioned. These risks have been mitigated to date by utilizing an outside investigation source.

Disability Retirement Services has recognized LACERA's history of having an insufficient number of outside attorneys to handle LACERA employee or their immediate family applications has created a bottleneck that unfairly impacts our own employees in their time of need. Our efforts to increase the pool of outside attorneys who are qualified have not been successful.

Staff believes there are a number of different approaches they can take to ensure we process these cases in a manner that mitigates the risks that are created by processing applications like these in-house. The passage of the proposed policy will provide expectations for how these types of applications should be processed. This, in turn, will allow staff to develop a tool box of alternatives to have at our disposal to meet the Board of Retirement's expectation to process cases in a timely manner.

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD adopt the proposed "Policy for Processing LACERA Employee and their Immediate Family Disability Applications and Related Appeals."

JJP:jjp Attachments

#### LACERA POLICY STATEMENT

## PROCESSING LACERA EMPLOYEE AND THEIR IMMEDIATE FAMILY DISABILITY APPLICATIONS AND RELATED APPEALS

(Effective June 1, 2014)

#### Purpose

L///CERA

The Board of Retirement has a fiduciary duty to ensure all disability applications are kept confidential and receive a fair and impartial review. The Board also has a duty to ensure all recommendations submitted to the Board of Retirement are based solely on the facts in evidence and free of any bias.

The Board recognizes that staff routinely takes great steps to ensure all member information is kept confidential and all cases are processed with the utmost professionalism. However, in situations where the applicant is a LACERA employee or an immediate relative of a LACERA employee, it is prudent to take additional precautionary steps to maintain the confidentiality and bias free review to avoid any appearance of impropriety.

This policy will provide direction to staff on how applications from a LACERA employee or their immediate family shall be processed and presented to the Board of Retirement for a decision.

#### I. Statement of Policy

All LACERA members deserve to have their application for a disability retirement processed in a confidential manner based solely on the factual evidence pertaining to their disability. Applications or appeals from a LACERA employee or an immediate relative (defined as a spouse, ex-spouse, child, sibling, mother, or father) require additional processing precautions to ensure the member's confidentiality is maintained and any appearance of potential bias is mitigated.

Therefore the Board of Retirement directs the Chief Executive Officer (CEO), or his/her designees, to process these applications or appeals, hereby referred to as "Internal" for a LACERA employee and "Internal-Related" for a related family member in the following manner:

A. All "Internal or Internal-Related" disability applications or appeals of the Board of Retirement's decision regarding a disability application shall be processed in accordance with all applicable provisions of the County Employees Retirement Law of 1937, Board of Retirement Regulations, and Board of Retirement Policies in effect at the time of receipt.

- B. All "Internal or Internal-Related" applications or appeals of the Board of Retirement's decision regarding a disability application shall be routed upon receipt immediately to the Legal Office where the application will be secured pending processing.
- C. The CEO, or his/her designees, shall establish a pool of third party vendors that shall be tasked with all aspects of investigating an internal or internalrelated, disability application or appeals of the Board of Retirement's decision regarding a disability application and presenting the findings and a recommendation to the Board of Retirement.
- D. All internal applications or appeals of the Board of Retirement's decision regarding a disability application will be processed by an approved independent third party without further staff review.
- E. The CEO, or his/her designee, shall evaluate any internal-related disability application or appeals of the Board of Retirement's decision regarding a disability application and determine the appropriate processing procedures which may include the following:
  - a. Processing by a supervisor or manager in Disability Retirement Services or Disability Litigation (as appropriate)
  - b. Processing by an approved independent third party

#### II. Implementation

This policy is established pursuant to the Board of Retirement's fiduciary responsibility to administer the retirement plan in accordance with the County Employees Retirement Law of 1937 and the Board of Retirement Bylaws. This policy may be modified in the future by Board of Retirement action.

Adopted:

#### Approved by Board of Retirement (xx/xx/xx)

#### ATTACHMENT 1

*I*,CERA

## A Look in the Toolbox for Processing LACERA Employee and their Immediate Family Disability Applications and Related Appeals

Staff is taking an innovative approach to creating their toolbox. Disability Retirement Services (DRS) and Disability Litigation (DL) are reviewing and will pursue continued development of these ideas. The key goal is to ensure we develop these tools to ensure the integrity of the process is maintained and the risk of bias or the appearance of impropriety is mitigated and remains consistent with the proposed policy.

- 1. <u>Actively Recruiting Outside Counsel:</u> Staff will begin an active recruitment and selection process to identify potential outside counsel to assist either in the investigation or appeal process. Staff has already reached out to County Counsel to explore possible assistance on appeals. Staff has also had preliminary discussions with an attorney working for another CERL agency (with the agency's blessing).
- 2. <u>Retired LACERA Counsel:</u> Asking retired LACERA counsel to assist with investigations or appeals may make sense in situations where the retiree did not work with the employee or the relative of the employee. Each case would need to be evaluated on a case-by-case basis before assignment.
- 3. <u>Establishing Relationships with Vendors</u>: Staff identified a few firms which specialize in investigating medical related claims. Typically such firms are geared towards Worker's Compensation claims, but with some focused training we believe they may be able to handle our cases as well. Whereas outside legal counsel may not be motivated to learn a new area of law that is outside of their comfort zone, a vendor might be in the hopes of expanding their business.
- 4. Establishing a Mutual Assistance Program: Staff has begun preliminary planning to create a Mutual Assistance Program among other CERL agencies. The Mutual Assistance Program would allow LACERA to refer disability applications to another CERL system (such as San Diego, Orange, Ventura, or Santa Barbara). LACERA staff members would be asked to submit their disability application or appeal in a special sealed envelope to LACERA's Human Resources Division, who would then work with our Legal office to coordinate with the Mutual Assistance agency for processing under LACERA rules. In turn, a Mutual Assistance agency would route their retirement system employees' disability applications or appeals to LACERA for processing under their agency rules. LACERA would set up a pool of agencies to work with to ensure we do not overload a particular agency.

FOR INFORMATION ONLY



## **Operations Briefing Report**



**November 1, 2023** 



The Operations Briefing Report is divided into four distinct sections, beginning with a general highlight section where we share narratives of projects or operational issues that we feel need highlighted attention. For example, over the last few months we have provided updates on our annual "March Madness" season.

The remaining sections are designed to provide an "at-a-glance" update on projects and initiatives the organization is working on. Each section is divided into the categories listed below to make it easier for you to quickly see what has changed, what has not, and what is completed. We have assigned a color scheme to each section so that as you scroll through the report you will be able to easily identify which of the sections listed below you are in. We have alphabetized each section by project title to make it easier for Trustees to home in on a specific project of interest:

- New and Updated Information
- Existing Projects/Initiatives: No New Updates
- Completed Projects/Initiatives

Each "at-a-glance" section provides a summary of information so Trustees can quickly understand the project and its status. This includes the following fields:

Project/Issue Title – Brief Description:

- Type: Each project has been assigned a type (Strategic Plan, CEO (for CEO's 100 Day Report), MOG (Member Operations Group projects), and BSG (for Business Services Group projects).
- Start and Target Date: When the project started and its expected target date for completion.
- Project Lead(s): We have added a new information point to describe the project lead for that specific project.
- Color coded status section to indicate quickly where we are on the project.
- A brief annotated notes section to provide more detail on the status of the project.



Status Indicator Note				
Color coded statuses for a	quick at-a-glance indicator to tell you how	w the project is proceeding.		
On Schedule	Delayed	Pushed Back		
(The project is on schedule and the team intends to meet the stated target date)	(The project is slightly delayed. The team does expect a one to two month slip in meeting the target date. Management is more actively watching the progress of these pro- jects)	(The project has been impacted by a significant obstacle or has been suspended due to emergent priori- ties. Management is actively dis- cussing remedial steps or has a plan waiting to be implemented)		

## • New and Updated Information

This portion of the Operations Briefing details projects and initiatives that are new or have updated statuses.

	Туре	Project Sponsor	Start Date	Target Date
Project / Issue Title Brief Description	BSG	Financial & Ac- counting Services Division	May 2023	December 2023
		Project	Lead(s): Ted Granger	
			On-Schedule	
Annual Financial Statement Prepa-	2023 – Anni	ual Financial Staten	nents/Audit	
ration and Audit:	Staff kicked off the June 30, 2023, financial statement reporting season in May.			
Government code sections require	Plante Moran, LACERA's external financial statement auditor, completed the in-			
that LACERA prepare annual financial	terim fieldwork in June. The interim audit testing focused on member data, benefit			
statements including footnotes and	calculations, internal control assessments and fraud interviews. Plante Moran			
disclosures, obtain an external audit	t met with the Audit Committee in June.			
opinion of those statements, and				
transmit the reports to the Los Ange-	During September staff received additional financial data from external invest-			
les County Board of Supervisors	ment managers and completed another financial statement closing process to			
within six-months following the fiscal				
year-end.	ments (AFS) and note disclosures, and worked with Plante Moran on the audit.			



Staff kept a regular cadence of weekly and bi-weekly meetings with stakeholders such as the Investment Office and Plante Moran. LACERA received periodic in- formation requests from Plante Moran and provided the requested documents.
During the last month, LACERA staff prepared and issued three draft annual fi- nancial statement reports for review. Plante Moran completed their testing, audit inquiries and issued their audit opinion. LACERA received an unmodified or "clean" audit opinion as of October 13, 2023. Per Plante Moran, there were no audit findings to report this year.
LACERA is on track to submit the Audited Financial Statements (AFS) to Los Angeles County for their financial statements. FASD is currently working with Communications to prepare the next version of this report, which is the Annual Comprehensive Financial Report (ACFR). This ACFR is essentially an en- hanced version the AFS but includes some additional information such as the transmittal letter from the CEO, organizational chart, and Trustees and photos. We expect to complete and distribute the ACFR in mid-December.

	Туре	Project Sponsor	Start Date	Target Date
		Financial & Ac-		-
Project / Issue Title	BSG	counting Services	August 2023	December 2023
Brief Description		Division		
	Project Lead(s): Ted Granger			
	On-Schedule			
Actuarial Valuation Reports: Retire-	2023 Retirement Benefits – Annual Valuation			
ment Benefits	The June 30, 2023, Retirement Benefits Valuation Report is in progress.			
The Government Code requires that				
valuations of the Retirement Benefits	Milliman provided and LACERA staff completed the annual information request.			
Fund (Pension Plan) be performed at	Systems prepared and transmitted the year-end member census data to Milliman.			
least once every three years. The	LACERA prepared a project timeline and Milliman is conducting the valuation			



Board of Investments' 2013 Retire- ment Benefit Funding Policy requires valuations be completed annually.	process. This year's report will include the ASOP #4 disclosure which requires that Milliman calculate the retirement benefits liability based upon a low default risk obligation measurement (LDROM) and provide the results for information
These reports are prepared to deter- mine employer and employee contri-	purposes only.
bution rates and to measure the funded status of the Pension Plan. In	Milliman will present the final 2023 report to the Board of Investments (BOI) at their December 2023 meeting.
addition, the valuation report provides information used to prepare the Gov-	
ernmental Accounting Standards Board (GASB) Statement Numbers 67	
& 68 reports. Plans (LACERA) and Plan Sponsors (County) use the	
GASB reports to obtain information re- quired for their financial statement dis-	
closures.	

	Туре	Project Sponsor	Start Date	Target Date
		Financial & Ac-		
Project / Issue Title	BSG	counting Services	August 2023	August 2024
Brief Description		Division	_	_
	Project Lead(s): Ted Granger			
	On-Schedule			
Actuarial Valuation Reports: Re-	2023 OPEB – Triennial Investigation of Experience Study			
tiree Healthcare (RHC) or Other	OPEB Program actuarial projects for the 2023 reporting cycle are in progress and			
Post-employment Benefits (OPEB)	will include both a triennial experience study and annual valuation report.			
Program				
The Retiree Healthcare (RHC) Pro-	For July 1, 2023, Milliman will complete an investigation of experience, which is			
gram administered by LACERA on be-	required by the Board's Policy to be conducted every three years to review the			
half of Los Angeles County includes	OPEB Program economic and demographic assumptions and recommend			
retiree healthcare benefits such as	changes. Changes in the assumptions will impact the actuarial valuation results			



medical and dental/vision insurance	and actuarial funding metrics including the Program's funded status and actuari-
plans and death benefits. GASB re- fers to these benefits as Other Post-	ally determined contributions. In addition, the valuation report provides infor- mation used to prepare the financial statement disclosure reports.
Employment Benefits (OPEB) for fi-	mation used to prepare the imancial statement disclosure reports.
nancial reporting. GASB Statement	Milliman will conduct an "educational session" for the Board of Retirement in Jan-
Numbers 74 & 75 prescribes financial	uary 2024. The information will include a high-level discussion of actuarial con-
statement reporting standards for	cepts, methods, and assumptions so Trustees are better informed for the upcom-
OPEB programs. Actuarial valuations	ing investigation of experience process requiring Trustee input and decisions.
are prepared annually, and experi-	
ence and assumption studies are pre- pared triennially for Los Angeles	Subsequent to the annual medical insurance premium renewals in March 2024, Milliman will complete a draft experience study report for the Board of Retire-
County and LACERA's Board of Re-	ment meeting in April 2024. Milliman will discuss the economic and demo-
tirement to make funding decisions	graphic assumptions and related actuarial methods and staff will request Board
and to provide the information for the	approval. The annual valuation report will follow and is expected to be com-
GASB 75 report which is used for em-	pleted in August 2024.
ployer financial statement disclosure	
reporting.	

	Туре	Project Sponsor	Start Date	Target Date
Project / Issue Title	MOG	Benefits	08/01/2020	TBD
Brief Description		Project Le	ad(s): Shonita Peterso	on
			On Schedule	
Alameda Decision Implementation:	Since the pr	oject started, staff ha	ave updated the salarie	s for 4,176 members to
In 2020, the California Supreme Court	exclude Star	ndby Pay and compu	ited the contributions or	earnings that occurred
issued its decision in the Alameda	on or after January 1, 2013. Of those, 3,013 were actively employed, but only			
County Deputy Sheriff's Association v.	. 2,284 had overpaid contributions. Since Active members cannot receive a refund			
Alameda County Employees Retire-	while in service, LACERA suspended future contributions beginning with the			
ment Association ("Alameda"), chal-	- March 30, 2022, salary (paid on April 15, 2022) through the point each member's			
lenging the constitutionality of	f balance had been depleted. Staff mailed 1,000 letters to the active members on			
changes passed in 2013 Assembly	February 11, 2022, and the remaining 1,084 letters on February 25, 2022. A split			
Bill 197, which amended the definition	mailing was	used to prevent over	whelming the Member S	Services Call Center.



of compensation earnable, specifi- cally, excluding pay items previously included such as unused vacation, termination pay, in-kind payments,	were entitled to a refund. S	ied 149 deferred and inactive members, most of whom Staff issued 132 checks to those members entitled to a venteen were not owed a refund.			
and payments for services rendered outside of normal working hours. The Court upheld the constitutionality of the Legislature's actions. In 2021, the Legal Office notified the Board of Re- tirement that it had completed an ini-	The Systems Division developed programming to remove the Standby Pay code earnings for all retirees who retired on or after January 1, 2013, and recalculated their FAC earnings once the pay codes were removed. Per the BOR approval, these members were subject to having their benefits adjusted prospectively from August 30, 2020, following the court's decision.				
tial review of LACERA legacy pay codes and determined that Standby Pay did not meet the expanded under- standing of compensation earnable because of the Alameda Case.	Beginning May 24, 2022, LACERA notified 710 members via email that their monthly benefit allowance will be reduced effective July 31, 2022. Of these, 405 members were notified that due to the retroactive deduction of benefits to the August 2020 monthly allowance, they have been overpaid and will be required to repay the overpaid benefits. Members will be given the option to repay by lump sum, or via deductions from their benefits over a period of time (including financ- ing interest). The remaining 305 retirees were mailed a refund check for the over- paid retirement contributions that exceeded the overpaid retirement benefit. An additional fifty-six members with Standby Pay neither have a refund nor a benefit change due to the timing of their standby pay, while a Plan E member, or having a 30-year cancellation. The team working on this project has identified five groups of members who will be impacted by this project. The chart below reflects the progress of the project.				
	Alameda Project	Current	Report		
	Status	10/31	/2023		
	Row Labels (Type, Status, Detail, Outstanding)	Count	%		


<b>Pending Notification</b> (Staff Reviewing and Processing)	694	14.36%
Active	55	1.1%
Retired	6	0.01%
Deferred/Inactive	0	0.0%
Deceased	43	0.9%
Other – *Active/Ex- ceptions	590	12.21%
Withdrawn	0	0.0%
Completed	4,138	85.64%
Active	3,004	62.2%
Retired	873	18.07%
Deferred/Inactive	149	3.1%
Deceased	0	0.0%
Withdrawn	56	1.2%
Not affected	56	1.2%
Grand Total	4,832	100%
vor / Legal Split Payee ca equire manual review and p reviously informed the Bene o completion with the excep	ises, there are a total of 625 processing by the specialist. <sup>-</sup> efits Team of this population. otion of approximately 12 pe	178 Retired / Deceased / Sur- 5 Active Exception cases that The Workspace Support Team The retired population is close nding cases that require addi- begun processing the Active



	Туре	Project Sponsor	Start Date	Target Date
Project / Issue Title	Strategic	Executive (MOG/BSG)	08/24/2022	TBD
Brief Description	Projec	t Lead(s): JJ Popov	wich, Luis A. Lugo, & Iv	veta Brecko (PM)
			Delayed	
Case Management Project (SOL): Phase I Implement a case management sys- tem that will improve efficiency in pro- cessing member requests, provide ac- curate status and data collection for metrics, and improve the member ex- perience. Processes included in Phase I are: Disability Retirement Services (DRS) Disability Litigation Office (DLO) Benefits – First Payment	to partner w was selected our RFP. Sol for Disab modules wer Team has b ment. On Oc age using So Board appro The Project cesses. The Payment Us date has bee	team has completed Benefits team will be rescheduled and v	elop our Case Manager eview of thirteen vendor ices (DRS) and Disability stion on Friday, Septemb sing discovered bugs in cessfully processed its fi pility applications are sla r's Board of Retirement st the review sessions for commence their review er 23rd. The projected fi vill be determined once i	nded vendor, Eccentex, ment System. Eccentex proposals received from y Litigation Office (DLO) per 22 <sup>nd</sup> . The Sol Project the production environ- rst Board Agenda Pack- ated for submission and Session. The First Payment pro- of the completed First First Payment GO-LIVE t has been finalized and ccentex, and key Stake-



	Туре	Project Sponsor	Start Date	Target Date		
Project / Issue Title	BSGExecutive (BSG)10/06/202211/30/2023Project Lead(s): Laura Guglielmo and Cookie Jaranilla (PM)					
Brief Description	Pro	ject Lead(s): Laura (	Delayed	Jaranilla (PM)		
Enterprise Budget Application (Questica) Implementation Phase I: LACERA is implementing its first auto- mated enterprise budget application which will be used for budget develop- ment and budget control and will inte- grate with LACERA's financial sys- tem, Great Plains. This system re- places a manual budget development process that relies on Microsoft Excel and Word. It will also ensure that man- agers have real-time budget to actual reporting capabilities for data in- formed decision making.	the selection were finalize Team and C The Project application in • Requ • Gene • Perso • Amer • View The MAC an by the Assis sions aimed visions with cesses. Que 2023. Subje tracts and co tica Budget	of Questica on Octol ed, and the project kick Questica team on Nov team has continued in the following areas: ired roles for Change ral Ledger (GL) Acco onnel Sync Integration inded Budget Export Creation ad SAC team member stant Executive Office to provide managers a strong foundationa estica successfully cor ct Matter Experts (SM omparing personnel a	tion process, the Board ber 6, 2022. The contract off meeting was held we ember 17, 2022. to fine-tune Questica's Request Permissions unt Roll-up and Reportion sunt Roll-up and Reportion rs completed Budget Bater on September 14 and and supervisors within al understanding of bud nducted User Training of MEs) are actively validated nd payroll data from leg	of Retirement approved ct and statement of work vith the LACERA Budget is Budget Modernization ing Requirements sic training sessions led d 15, 2023. These ses- LACERA's business di- dget concepts and pro- n September 25 and 28, ting data integration ex- acy systems with Ques- GO-Live date has been		



	Туре	Project Sponsor	Start Date	Target Date	
Project / Issue Title	BSG	Executive (BSG)	12/01/2023	TBD	
Brief Description	Pro	ject Lead(s): Laura	Guglielmo and Cookie	Jaranilla (PM)	
			Delayed		
Enterprise Budget Application	The implem	entation of the Questi	ca budgeting solution h	as been divided into two	
(Questica) Implementation Phase				geting application itself.	
II: Budget Book	Phase II rep	presented in this repo	rt consists of the review	v and implementation of	
LACERA nearly finished implement-	the Budget	Book function to assis	st with assembling the t	budget book that is sub-	
ing its first automated enterprise	mitted for ap	pproval to the Boards			
budget application which will be used					
for budget development and budget	Development of the budget book is a unique and detailed process that requires				
control and will integrate with LAC-	significant focus to migrate to a new platform. The native budget book application				
ERA's financial system, Great Plains.			5	we have completed im-	
This phase of the project will address	plementation of the budget application. The team plans to produce the FY 25				
the Budget Book that is submitted to	•			r review. Once we have	
the Boards during the approval pro-	completed t	he role out of the Que	estica application we will	assign a target date for	
cess.	completion	of this phase.			

	Туре	Project Sponsor	Start Date	Target Date
Project / Issue Title	BSG	Administrative Ser- vices	03/01/2022	12/5/2023
Brief Description	Project Lea	d(s): Roberta Van No	rtrick, Celso Templo 8	Michael Dozier (PM)
	Delayed			
Enterprise Contract Lifecycle	On April 4, 2022, LACERA received proposals from nine vendors. LACERA's evalu-			
Management (ECLM) Solution:	ation team reviewed all RFPs and selected five vendors as finalists. These finalists			
Pursuant to a recommendation by	demonstrated their solutions to the team. A final vendor has been identified and a			
Administrative Services staff, the				
Operations Oversight Committee	0 11			
(OOC) on March 2, 2022, author-	mended vendor, Cobblestone, at the September 2022 Board meeting for the Enter-			
ized a Request for Proposal (RFP)	prise Contract	Lifecycle Managemer	nt system.	



for software and consulting ser- vices to procure, configure, cus- tomize, and implement an ECLM system, which was published on LACERA.com on March 4, 2022.	The ECLM Solution's Iteration 1 has been completed. ECLM is in production and available for use. Systems, Admin Services, Legal, Investment Division, and FASD
	<ul> <li>Contract Repositories</li> <li>Vendor Portal</li> <li>Contract Approval Chain</li> <li>Consolidated Bid Responses and Evaluation – RFP Management</li> <li>Al Capabilities – Drafting, Reviewing &amp; Executing of Contracts</li> <li>Reporting - Contract Requests, Solicitations, Contracts, and Vendors</li> <li>Systems Integration with Great Plains</li> </ul> The ECLM Project Team has completed Iteration 2, which included User Acceptance Testing and the utilization of the Vendor Portal in production. ECLM Subject Matter Experts have tested the Data Integration solution with Great Plains and Accounts Payable Certify applications, successfully validating their anticipated functionality. Furthermore, these Subject Matter Experts have identified critical issues during the testing of various workflows, and the vendor is currently in the process of remediating these defects. End User Training for Business Divisions has been rescheduled, pending the completion of development and testing to address the discovered defects.



	Туре	Project Sponsor	Start Date	Target Date
Project / Issue Title	BSG	Executive (BSG)	10/01/2022	12/30/2023
Brief Description	Project Lead(s): Carly Ntoya and Don Song (PM)			
			On Schedule	
Human Resources (HR) Digitiza-		•	0,	n Council approved the
tion:			roject. Funding for the p	roject was approved as
LACERA is currently converting	part of the F	Y 2022-23 budget.		
350,000+ paper Human Resources'				
personnel, payroll, medical, and	The temporary resource has been participating in status meetings, conducting			
classification files to electronic files to	scanning tasks, and was recently provided with extra training in the scanning pro-			
allow quick retrieval of documents by	cess to ensure optimal efficiency. Another scanner has been configured and in-			
a hybrid workforce, shared access to	stalled to boost the scanning progress of the HR historical files. An additional resource person has been allocated to aid and participate in the scanning pro-			
information, full text search				• •
capabilities, and an audit trail of	cess. The scanning team has scanned 45% of the 350,000 HR historical files including 165,000 pages, since last month.			
document access.	including 16	5,000 pages, since la	ist month.	

	Туре	Project Sponsor	Start Date	Target Date	
Project / Issue Title	Strategic	Exec (MOG)	01/01/2013	11/30/2023	
Brief Description		Project Le	ad(s): Cynthia Martine	Z	
			Pushed Back		
<b>PEPRA Implementation: Annual</b> <b>Benefit Statement</b> LACERA does not currently offer an Annual Benefit Statement (ABS) for	rately, auton now that the	natically, calculate a FAC issue is nearly	member's FAC. This pr resolved.	BS until we could accu- roject is moving forward	
PEPRA members.	Progress continues on the <b>PEPRA Implementation: FAC Issue</b> project and that project's target date has been updated to October 30, 2023, to allow time to import historical files necessary to calculate a member's benefit estimates. A kickoff meeting was held on August 22, 2023, to discuss project expectations,				
	review the Project Charter and confirm the ABS Team participants, briefly review				



the Active redesigned comp, and discuss next steps. It was confirmed the team will meet weekly to begin the review process of the Active redesigned comp.
The team has decided to pursue a change in how we generate the ABS. To pro- vide us with more flexibility in distribution of the new ABS, we'll be looking at generating a digital version which will decouple LACERA's reliance on special- ized programming with our print vendors. This should also shorten the time to complete and publish a new ABS. The team is currently reviewing, editing, and formatting the new ABS. Once this is completed, the team is working on defining a target date. The original target date of November 30, 2023, will be pushed back as the PEPRA FAC process has been delayed beyond the expected completion date.

	Туре	Project Sponsor	Start Date	Target Date	
Project / Issue Title	Strategic	Executive (MOG)	01/01/2013	11/30/2023	
Brief Description		Project Lead(s): JJ	Popowich & Lynn Fran	ncisco	
			Delayed		
PEPRA Implementation: FAC	As of late Apri	2023, the LACERA to	eam and Auditor Contro	ller's Office continue to	
Issue	meet regularly	and make progress t	owards the agreed upo	n deadline of June 30,	
The Final Average Compensa-	2023.				
tion for PEPRA members is ex-					
clusive of most pay items except	In mid-January	, the two teams met, a	long with LACERA CEO	Santos Kreimann, and	
base pay. The County uses pay			Barrera, to discuss the u	•	
code 099 as their base pay code.	pleting the project. Based on availability of AC resources, the two teams will begin				
This pay code has embedded	working on the final stages of this project in February and have committed to working				
pay items within the code that	towards a July 2023 completion date. The team has been meeting bi-weekly to ensure				
are not pensionable compensa-	we remain focused on completing this project on-time.				
tion under PEPRA. To accurately					
calculate a member's benefit,	-	•	est file on the PEPRA en	•••	
these non-pensionable	tems and QA	division collaborated	on testing and confirme	d the file provided the	



compensation items need to be filtered out.	appropriate data necessary to calculate a more accurate Final Average Compensation. Systems is now working on updating our internal programs to use these files in a pro- duction environment.
	Systems has completed and implemented the program in production. The program was first run to update the September 15, 2023, PEPRA actual earning salaries and is set to run for the current active payroll going forward. The team is currently evaluating the best course of action to process the historical files for the last three years beginning August 31, 2023, down to September 15, 2020. The ingestion process is expected to start October 30, 2023. A target completion date will be set before processing. These files are required to be able to automate estimates and to feed the new Annual Benefits Statement. Following the completion of the last three years, historical files to April 15, 2012, will be processed immediately. Due to the delay in being able to process historical files we are adjusting the target date. The target date may need to be adjusted further.
	A secondary effort to use Robotic Processing Automation (RPA) to help automate the manual process of accessing member payroll records and entering the required information into the manual Excel sheets used to calculate the FAC is on-going. The AC and LACERA had held several discovery meetings to help AC programmers understand the manual process. The AC and ISD teams working on this application provided a demo to the LACERA team in May.
	Given that the RPA will not be completed prior to the AC completing the permanent solution, the team has been evaluating the need to continue development. Ultimately, the team determined that there is value to the RPA process when having to manually research accounts for problems and appeals. The team has provided feedback to the ISD team, and we are continuing to refine the tool. The tool will be used for supplemental research if questions are raised about the PEPRA FAC.



	Туре	Project Sponsor	Start Date	Target Date	
Project / Issue Title	BSG	Executive (BSG)	09/21/2023	TBD	
Brief Description		Project Lead(s): L	uis Lugo and Gnan A	rige (PM)	
			Delayed		
Policy Management Solution: LACERA seeks an automated solu- tion to support LACERA Policy Man- agement Process.					
	The Policy Management Solution Project Team met with and obtained recommendations from the Information Security Officer. As a result of these recommendations, the Policy Management Executive Sponsor and Project Team agreed to revise the Formal Scope and Requirements and move the project status back to the "Vendor Selection" stage to widen the scope and allow other vendors to submit their proposals.				

	Туре	Project Sponsor	Start Date	Target Date	
Project / Issue Title Brief Description	Strategic	Executive (MOG/BSG)	06/15/2022	01/30/2024	
Briel Description	Project Lead(s): JJ Popowich & Shonita Peterson (PM)				
	On Schedule				
Prepaid Bank Card Project:	In June 2022, the OOC approved the release of a Request for Proposal (RFP) for				
Introduction of a prepaid bank card	paper checks for monthly participant retirement and survivor benefit payments. The goals are three-fold: to provide a lower cost alternative to issuing checks for				
option for monthly benefit payments.					
	those participants without a banking relationship who are likely to pay fees to access their benefit payment, to reduce the number of monthly benefit payment				
	access their	benenii paymeni, io	reduce the number of fi	ionuniy benefit payment	



	checks issued by LACERA, and to create a more reliable payment process in the event of a disaster that impacts the ability to mail monthly paper checks. A sec- ondary goal is to reduce or eliminate paper checks that are mailed to one-time payees by offering prepaid bank cards and direct deposit for death benefits and withdrawals.	
	On September 30, 2022, LACERA received two proposals for Prepaid Debit Card Services. A cross functional evaluation team reviewed the proposals, and the vendors presented their services to the team. The selection team identified Conduent as the vendor of choice and the recommendation was approved by the Board of Retirement at the April 2023 board meeting.	
	The contract has been signed by both parties. Next steps are the beginning phase of implementation which will include the scheduling of kick-off meetings and Joint Configuration Sessions (JCS). The two teams are coordinating on the kick-off date which is expected to be held before November 30 <sup>th</sup> .	

	Туре	Project Sponsor	Start Date	Target Date	
Project / Issue Title	RHC	Exec	March 2021	TBD	
Brief Description	Project Lead(s): Santos H. Kreimann & Luis A. Lugo				
	Delayed				
Retiree Healthcare Administration: Lifetime Maximum Benefit Project	LACERA and the County CEO's office are still in active communication in ad- dressing the Lifetime Maximum Benefit issue. LACERA provided the Board of Retirement (BOR) with a formal report and update on our progress during the August 2, 2023, meeting via closed session.				
	LACERA and the County continue to meet bi-weekly to ensure elimination of the Lifetime Maximum Benefit is point of focus. The County is in the midst of engaging and negotiating with organized labor groups to discuss potential future retires health benefit changes. LACERA's actuary continues to consult with the County				



actuary and is working on revisions to its report based on direction provided as a result of these meetings.

	Туре	Project Sponsor	Start Date	Target Date
Project / Issue Title	MS	Executive Office		11/01/2023
Brief Description		Project Lead(s): Jo	onathan Tran and Mari	itza Perez
			Delayed	
Retirement Counseling Redesign	A team of Member Services subject matter experts under the direction of the pro-			
Project:	ject leads ha	ive been meeting and	developing a new retire	ment counseling model.
The basic retirement counseling pro-				
cess for members considering retire-				ared with members dur-
ment has not changed in many years. While checklists used to counsel				he more in-depth coun-
members have been updated over	•	•		ended to ensure we are ounseling sessions. The
time, a top to bottom review of the pro-	•		•	•
cess has not occurred in some time.	results of this review have led to updates to checklists, collateral material provided to members, and seeks to integrate the new Retirement Planning section on LAC-			
	ERA.com and My LACERA portal into counseling.			
The Member Services team has un-		<b>y</b> - 1	5	
dertaken a project to modernize the	Over the las	st few months, the tea	am has been beta testi	ing this new counseling
counseling process to incorporate a	model during	g actual member cou	nseling sessions. This b	peta testing process has
true omnichannel approach by inte-	allowed the	team to collect vital m	ember and staff feedba	ack on the new model.
grating the Retirement Planning sec-			• ··· · · · · —·	
tion on LACERA.com and the My				ey are working with the
LACERA portal into the counseling				nning section on LAC-
process. Integrating these resources			••	y discussion points and
into the retirement counseling process will allow members to connect with	•			
LACERA in more ways than ever and	first phase of this project with a revamped PEPRA Final Average Compensation training module for all Member Services staff, in collaboration with Quality Assur-			
help pave the way for future innova-				e received an in-depth
tions and streamlined services.				



overview of the new Business Rules applicable to calculating a PEPRA member's FAC and how this affects other processes.
The team is currently reviewing and refining the training we will be providing staff. This includes development of a new on-line retirement election option that will be rolled out in November. The team expects to begin training before the Thanksgiv- ing break.

	Туре	Project Sponsor	Start Date	Target Date	
Project / Issue Title	BSG	Exec (BSG)	October 2021	11/30/2023	
Brief Description	Project	t Lead(s): Laura Gu	glielmo, Ted Granger &	& Cookie Jaranilla	
			Pushed Back		
Travel/Expense/P2P Software: LACERA has procured "Certify" soft-	Accounts Pa	Accounts Payable (AP) Module			
ware created by Emburse, an ac- counts payable automation and ex- pense management provider.	The AP Certify Project Team's User Acceptance Testing has been completed, and Live Training has started with the business divisions targeted for the Soft- Launch. These Business Solutions Group of divisions is comprised of the follow- ing:				
	<ul> <li>Admin Services Procurement</li> <li>Disability Retirement Services (DRS)</li> <li>Financial and Accounting Services Division (FASD)</li> <li>Legal Office</li> <li>Systems</li> </ul>				
	and Subject the requiren	Matter Experts to en nents set by State S	sure that check paymer Street Bank, LACERA's	, the Solution Integrator, nt processing aligns with partner responsible for veral issues discovered	



during Unit Acceptance Testing are currently being addressed. These include matters related to invoice capture, processing and payments, offline payment check data, and ensuring consistent rendering of budget and control images on the AP Certify interface. Additionally, some invoices processed showed incon- sistent statuses in the Emburse Pay's Accounting Review module. Required Le- gal and Disability reports are being fine-tuned for data and layout. Resolving these critical issues is essential for the completion of User Acceptance Testing. Consequently, the Project Team has adjusted the GO-LIVE Date to November 30th to allow for the necessary fixes by AP Certify.
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## • Existing Projects/Initiatives: No New Updates

This portion of the Operations Briefing will detail on-going projects that have no current changes in status.

	Туре	Project Sponsor	Start Date	Target Date	
Project / Issue Title	MOG	Benefits	04/01/2021	12/31/2023	
Brief Description		Project L	\ /		
<b>COLA Bank Retroactive Changes:</b> In April of 2021, the Board of Retire- ment approved corrections to the COLA Accumulation Bank, which in- volved making retroactive corrections, recalculating benefit allowance amounts, and paying members retro- active benefits due to a discrepancy discovered in the COLA Accumula- tion.					



COLA Bank: Retroactive Payment Project		
Status (As of 3/31/23)	Number	Percentage
Completed	8,511	88%
In-Process	1,161	12%
Grand Total	9,672	100%

	Туре	Project Sponsor	Start Date	Target Date	
Project / Issue Title	Strategic	Exec (MOG)	02/28/2022	12/31/2023	
Brief Description	Project Lead(s): JJ Popowich & Cynthia Martinez				
			Pushed Back		
<b>Communications Plan:</b> The development of a strategic Com- munications Plan providing an over- view of the guiding principles used to communicate with LACERA's various stakeholder groups. The plan will also provide an overview of the channels, resources, methods, planned cam- paigns, and current commitments of the Communications team. The plan will outline how our communications Division has been designed to be flex-	relations consultant) and the LACERA Communications division. Both plans out lined a more tactical approach to engaging our members and various stakehold ers, as opposed to a strategic roadmap. The team discussed opportunities and ideas for improving the Communication plan document. We are going to coord nate these efforts with our Strategic Planning process, since the work overlap with our current Strategic Planning efforts. The Communications team is beginning the process of updating the draft Com- munications Plan to incorporate the Strategic Plan priorities and other feedbac				
ible and responsive to our needs as we fulfill our communication goals.					



	Туре	Project Sponsor	Start Date	Target Date		
Project / Issue Title						
Brief Description	P	Project Lead(s): JJ P		Dozier (PM)		
LACERA Incident Response Team (LIRT) Management Solution: LACERA seeks a solution that automates the tracking and workflow of LACERA incidents.	BSG       Executive (BSG)       01/01/2023       TBD         Project Lead(s): JJ Popowich and Michael Dozier (PM)         Delayed         In December 2022, the Information Technology Coordination Council appro         LIRT incident management solution project to automate the tracking of LA         t incidents. The LIRT project team decided to leverage a product that is a					



	Туре	Project Sponsor	Start Date	Target Date
Project / Issue Title	Strategic	Executive (MOG)	July 1, 2022	12/31/2023
Brief Description		Project L	.ead(s): Louis Gittens	
			Delayed	
Pre-2003 Pension Reserve Cleanup: Prior to January 1, 2003, non-vested contributory individuals were required to withdraw their contributions upon termination as they were not entitled to future benefits. The law was changed as of that date and non- vested members are now permitted to leave funds on deposit and later retire. LACERA has attempted to contact the non-vested individuals who termi- nated prior to 2003 and still have funds on deposit so they can withdraw their funds. The purpose of this project is to en- sure that LACERA sends written no- tice through Certified mail to the most valid address we can find. Individuals in this group who still have funds on deposit after this initiative will have their funds placed into the Pension Reserve.	This month, tifications to tion is to loc	we determined which secondary addresses	n letters were returned t	573 affected individuals. o LACERA and sent no- l. Our next course of ac- bers.



	Туре	Project Sponsor	Start Date	Target Date
Project / Issue Title	Strategic	Exec (MOG)	2019	12/30/2023
Brief Description		Project Lea	ad(s): Vanessa Gonzal	ez
			Pushed Back	
Retirement Estimate Redesign:		0	•	eta test with members at
A legacy strategic plan goal to rede-		· · · · · · · · · · · · · · · · · · ·	,	er the 2019 March Mad-
sign the retirement estimate and elec-	ness. Howe	ver, the COVID-19 Pa	andemic placed this pro	ject on hold.
tion form as a retirement prospectus	<b></b> . ,			
to provide members with all the infor-			•	into account staff and
mation they need to make an informed		0		he first re-design turned
decision about their retirement.		re complicated than	would be useful.	
	and released form and the cides with a tirement co	d a new Retirement E e feedback gathered, larger Member Expe	lection form. The team v to create a new retirem erience effort to standar available channels a	ection on LACERA.com will be using this election ent estimate. This coin- rdize and streamline re- nd incorporating LAC-
		so recognized the pre ine retirement applic		ect may be useful in cre-

	Туре	Project Sponsor	Start Date	Target Date
Project / Issue Title	Operations	Exec (MOG)	June 2021	TBD
Brief Description		Project	Lead(s): JJ Popowich	
			Pushed Back	
Retroactive Payroll Adjustments:	Following the	e AC's programming	ı change, LACERA impl	emented a testing regi-
Prospective Correction	men to ensu	re that the contribution	ons were being deducte	d as expected.
The Auditor-Controller is responsible				
for collecting contributions on all				



compensation earnable and pension-	In August, the AC notified LACERA that they were adjusting the time frame that
able earnings compensation at the	they would be withholding contributions for retroactive adjustments to 60 months
time of payment. For many years, the	(from the current 99 months). All retroactive earnings paid for pay periods more
AC has not been collecting contribu-	than 60 months in arrears would no longer have contributions deducted from
tions on retroactive payroll adjust-	them. This change was made by the County due to excessive degradation in their
ments. In 2021, the AC made changes	payroll system's performance.
to their programming to take deduc-	
tions at the time of payment. However,	In 2022, LACERA met with the AC's team to discuss collection of contributions
there are still some situations where	for adjustments more than 60-months old. A few ideas were generated from the
these contributions are not being col-	meeting, and we will continue to work with them to develop a procedure that both
lected.	the County and LACERA can support.

No change has occurred on this issue.

	Туре	Project Sponsor	Start Date	Target Date	
Project / Issue Title	Strategic	Exec (MOG)	07/01/2022	01/31/2024	
Brief Description		Project L	ead(s): Kevin Hawkins	5	
			On Schedule		
Tax Table Changes for 2022: Phase	Earlier this y	ear, the Project Man	agement Group worked	I with tax counsel to un-	
II: Online Tax Calculator & ADR Re-	derstand the intricacies of the changes to the W-4P tax withholding form for 2022.				
design:					
The IRS published updated tax tables	The team completed the rollout of the new Federal Withholding Certificate for				
for 2022 which became effective Jan-				W-4P withholding form)	
uary 1, 2022. The IRS finalized a re-		, ,	•	enter member tax elec-	
vised Federal Withholding Certificate	tions in compliance with the new form design, as well as My LACERA so mem-				
for Pension & Annuity Recipients					
(commonly referred to as a W-4P tax					
withholding form). These follow up			al tasks that need to be o	completed in Phase II of	
projects are designed to improve the	the rollout. T	hese tasks include:			
overall Member Experience.					



• Developing and releasing a tax calculator on the Member Portal. This tax calculator is a planning tool separate from the election function that was previously released. The tax calculator is also scheduled to be integrated into the retirement estimate process so members can see what their net pay would be after taxes. Specifications for the initial version have been finalized, and programming is underway. Systems provided a demonstration to stakeholders in May 2023. Systems added an initial version of the calculator to Workspace in July 2023 for select staff to test and provide feedback. User feedback was collected, and all Member Services staff now have access to use it.
• An Automatic Deposit Receipt ADR redesign. Staff worked to develop a re-designed ADR with new fields that support the new tax withholding rules. After working with our check printing vendor to validate the new format would fit in the allotted space for the existing ADR, a business rule with an embedded copy of the proposed layout was distributed to stakeholders for approval. The redesign has been approved by stakeholders in August. PMG met with the project team in August to discuss the implementation plan. The plan is to start notifying members about the upcoming change beginning in November 2023, and then members' ADRs will reflect the new layout for the first time on their January 2024 check.



## Completed Projects/Initiatives

This portion of the Operations Briefing will detail projects and initiatives that have been completed during the Fiscal Year 2023 - 2024.

	Туре	Project Sponsor	Start Date	Target Date
Project / Issue Title Brief Description	BSG	Financial & Ac- counting Services Division	August 2022	June 2023
		Project	Lead(s): Ted Granger	
			Completed	
Actuarial Valuation Reports: 2022 Actuarial Valuation of Retirement Benefits The Government Code requires that valuations of the Retirement Fund (Pension Plan) be performed at least once every three years. The Board of Investments' 2013 Retirement Benefit Funding Policy requires valuations be completed annually. These reports are prepared to determine employer and employee contribution rates and to measure the funded status of the Pension Plan. In addition, the valua- tion report provides information used to prepare the Governmental Ac- counting Standards Board (GASB) Statement Number 68, financial state- ment reports. Plan Sponsors use the GASB reports to obtain information	LACERA sta ment report Board of Inv up questions actuarial ass	aff and Milliman pres based upon the mo estments (BOI) at the s from Trustees rega	est recently completed ` eir June 2023 meeting. T arding the impact PEPR	nt Actuarial Risk Assess- Valuation report, to the There were some follow- A may have on setting t some additional infor-



required for their financial statement
disclosures.

	Туре	Project Sponsor	Start Date	Target Date
Project / Issue Title Brief Description	BSG	Financial & Ac- counting Services Division	July 2022	August 2023
		Project	Lead(s): Ted Granger	
			Completed	
Actuarial Valuation Reports: 2022		<ul> <li>Annual Actuarial</li> </ul>	•	
Other Post-employment Benefits			022, OPEB Valuation Re	port and presented the
(OPEB) Actuarial Valuation	results to the	e Board of Retiremer	it on August 2, 2023.	
The retiree healthcare (RHC) program	<b>_</b>			
administered by LACERA on behalf of	•	•	arial reporting cycle will	include both a triennial
Los Angeles County includes retiree	experience s	study and annual valu	uation report.	
healthcare benefits such as medical				
and dental insurance plans and death benefits. GASB refers to these bene-				
fits as Other Post-Employment Bene-				
fits (OPEB) for financial reporting.				
GASB Statement Number 75 pre-				
scribes financial statement reporting				
standards for OPEB programs. Actu-				
arial valuations are prepared annually				
for Los Angeles County and LAC-				
ERA's Board of Retirement to make				
funding decisions and to provide the				
information for the GASB 75 report				
which is used for employer financial				
statement reporting.				



Project / Issue Title Brief DescriptionBSG/MOGCommunica- tions/SystemsDecember 2022September 2023Project Lead(s): Selassie Burke, Erika Heru/Ian DugganCompletedKBase Migration to SharePoint:KBase is an older knowledge base product that staff use on a daily basis for historical information, explana- tions of CERL and other information. The KBase data infrastructure needed to be updated to ensure its continued viability and improve ac-As part of the continuous commitment to improve our digital infrastructure and enhance user experience, our current Knowledge Base (KBase) has transitioned to a newer and more advanced platform on SharePoint. The move to SharePoint isn't just about a new look—it's also about functionality, security, and efficiency. SharePoint offers a robust platform, with numerous ad- vantages such as improved security, enhanced collaboration features, and scala- bility to meet our future needs.		Туре	Project Sponsor	Start Date	Target Date
Project Lead(s): Selassie Burke, Erika Heru/ian DugganCompletedKBase Migration to SharePoint:KBase is an older knowledge base product that staff use on a daily basis for historical information, explana- tions of CERL and other information. The KBase data infrastructure needed to be updated to ensure its continued viability and improve ac-As part of the continuous commitment to improve our digital infrastructure and enhance user experience, our current Knowledge Base (KBase) has transitioned to a newer and more advanced platform on SharePoint. The move to SharePoint isn't just about a new look—it's also about functionality, security, and efficiency. SharePoint offers a robust platform, with numerous ad- vantages such as improved security, enhanced collaboration features, and scala- bility to meet our future needs.		BSG/MOG	-	December 2022	September 2023
KBase Migration to SharePoint:As part of the continuous commitment to improve our digital infrastructure and enhance user experience, our current Knowledge Base (KBase) has transitioned to a newer and more advanced platform on SharePoint.KBase is an older knowledge base product that staff use on a daily basis for historical information, explana- tions of CERL and other information. The KBase data infrastructure needed to be updated to ensure its continued viability and improve ac-As part of the continuous commitment to improve our digital infrastructure and enhance user experience, our current Knowledge Base (KBase) has transitioned to a newer and more advanced platform on SharePoint. The move to SharePoint isn't just about a new look—it's also about functionality, security, and efficiency. SharePoint offers a robust platform, with numerous ad- vantages such as improved security, enhanced collaboration features, and scala- bility to meet our future needs.	Brier Description	Pi	oject Lead(s): Sela	ssie Burke, Erika Heru/	lan Duggan
KBase is an older knowledge base product that staff use on a daily basis for historical information, explana- tions of CERL and other information. The KBase data infrastructure needed to be updated to ensure its continued viability and improve ac-				Completed	
KBase remains easily accessible within LACERA Connect. KBase now has a	KBase is an older knowledge base product that staff use on a daily basis for historical information, explana- tions of CERL and other information. The KBase data infrastructure	enhance use to a newer a The move to security, and vantages sud bility to meet	er experience, our cu nd more advanced p SharePoint isn't just d efficiency. SharePo ch as improved secu t our future needs.	rrent Knowledge Base (K latform on SharePoint. t about a new look—it's a bint offers a robust platfo rity, enhanced collaborati	Base) has transitioned lso about functionality, rm, with numerous ad- on features, and scala-
		Systems, in particular, Selassie Burke, managed the migration ensuring it was a seamless transition of a total of 1,314 related Wiki web pages that are now fully indexed and searchable.			

	Туре	Project Sponsor	Start Date	Target Date
Project / Issue Title	BSG	Executive (BSG)	01/01/2023	09/30/2023
Brief Description	F	Project Lead(s): Car	ly Ntoya and Michael I	Dozier (PM)
			Completed	
Human Resources (HR) Case Man-				tion Council approved a
agement:	case management project for Human Resources. Funding for the project wa			
LACERA seeks a case management	t approved during the FY 2022-23 midyear budget adjustments. The HR projection ${\sf R}$			tments. The HR project
solution that supports Human				



Resources workflow with automatic notifications, document management, and version control as well as the	team selected ServiceNow's Human Resources module for their case management solution.
ability to view HR workloads on an interactive dashboard.	Since August, the Winward Implementation team has been testing the HR Case Management Module. We are pleased to report Phase 1 testing has been completed. In addition, the Phase 2 Discovery Session consisting of Knowledge Management and New Hire workflows have been accomplished, and several demonstrations of the completed workflows have been provided, recorded, and saved for training purposes and stakeholders' consumption. Live User Acceptance Testing (UAT) of Phase II was completed in early October. This finalizes the Implementation activities, and the HR Case Management application was released to production on October 3 <sup>rd</sup> . The Executive Management Presentation plans are to use feedback gathered during the UAT for future enhancements.

DATE RECEIVED	REQUESTER	DOCS REQUESTED
09-15-23	Kirby M., Amosian	Request: Detailed List of LACERA holds as of calendar year-end for 2019, 2020, 2021 and 2022. Legal, on September 19, 2023,
		requested the responsive information from Investments.
		Transmitted 2 documents
		Legal sent via email, on September 29, 2023, the 2 responsive documents are shown below.
		FOIA Request Kirby M = Private Markets Data 2019-2022 and FOIA Request Kirby M – Public Markets Data 2019 2022.
09-28-23	N. Mi, Individual	Request: View LACERA's quarterly manager scorecard.
	muividuai	Executive Office, sent on September 28, 2023, via email, the link to Page 480 (Board of Investments Offsite and Boar Meeting 9/13/23).
10-02-23	J. Rauh, Ormond Family	Request: Access to <u>all asset holdings</u> (e.g., equity and bond positions at a security level) and <u>derivatives position</u> da of your pension fund on a <u>quarterly</u> level over the period from <u>2000Q1-2023Q2</u> .
		Investments, on October 5, 2023, via email to Legal, requested more time to produce responsive information due the large extent of information requested.
		Legal, on October 11, 2023, Informed Requester that responsive materials are expected to be sent by October 26, 2023, due to the volume responsive information requested.
		Legal received on October 13, 2023, via email Link to FOIA Requests. Investments commented that they were unab to send the files over due to Outlook size restrictions.
		Transmitted 3 documents.
		Legal sent on October 17, 2023, via email the 3_ responsive documents shown below. Requester was notified that we have no records prior to 2013.
		Stanford GSB FOIA Request – 2013Q2 to 2016Q3, Stanford GSB FOIA Request – 2016Q4 – 2019Q4; and Stanford GO FOIA Request – 2020Q1 to 2023Q2.
10-06-23	H. Ahaiwe,	Per monthly request:
	HR, LA County and 1 other Recipient	Transmitted 1 document.

DATE RECEIVED	REQUESTER	DOCS REQUESTED
		Executive Office sent, via email on September 8, 2023, the responsive document shown below.
		MonthlyAgenda.csv for October 1, 2023.
10-06-23	LA County Sheriffs Dept and	Per monthly request:
	4 other Recipients	Transmitted 2 documents.
		Executive Office sent via email, on October 6, 2023, the responsive documents shown below.
		Monthly Agenda Reports for Sheriff Department Listing and Fire Department listing, each dated October 5, 2023.
10-06-23	C. Siverson, Fire, LA County, and	Per monthly request:
	5 other Recipients	Transmitted 1 document.
		Executive Office sent via email, on October 6, 2023, the responsive document shown below.
		Board of Retirement Meeting on October 5, 2023, Benefit Approval List.pdf.
10-11-23	L. Albanese, FIN	Request: The June 30, 2023 quarterly investment reports from emerging manager-of-managers Leading Edge Investment Advisors and New Alpha Asset Management.
		Legal, on October 17, 2023, notified Requester, via email, that LACERA has no responsive records to the request. The Manager of Manager program is still in the contracting phase and no investment activity has occurred.

# L//.CERA

	REPORT OF FELONY FORFEITURE CASES											
	October 23, 2023											
#	MEMBER'S LAST NAME	MEMBER'S FIRST NAME	DEPT.	CONVICTION DATE	LACERA NOTIFIED	INITIAL IMPACT NOTICE SENT	FINAL IMPACT NOTICE SENT	STATUS*	DISABILITY STATUS	SERV. LEVEL		
65	HERNANDEZ	CHRISTOPHER	SHERIFF	7/24/2023	10/11/2023			PEND				
64	RIDLEY-THOMAS	MARK	BOS	3/31/2023	3/31/2023	10/23/2023						
61	SHEPOS	THOMAS	CEO	1/23/2023	2/14/2023			PEND				
·APP ·GLO ·GLO ·GLO ·DEL ·DEL ·DEL	STATUS LEGEND:         APPEAL: Pending an appeal filed with LACERA         GLOSED: RET: Retired member, case is complete         GLOSED: DEF: Deferred member, case complete.         GLOSED: INA: Inactive member – not eligible until age 70, case closed         DELAY-MI: Member input needed (i.e. pending a legal split decision)         DELAY-CD: Pending a court decision (reduction in charges pending conditions being met)         PEND: Case is currently in evaluation and notification stages         WITHDRAWN: Member withdrew prior to conviction – no impact.											

### FOR INFORMATION ONLY

October 19, 2023

TO:	Each Trustee, Operations Oversight Committee
FROM:	Sylvia Botros SB Section Head, Benefits

FOR: November 1, 2023, Operations Oversight Committee Meeting

SUBJECT: RFI Results for Death Audit Services

#### **EXECUTIVE SUMMARY:**

This report presents the outcome of LACERA's recent Request for Information (RFI) regarding death audit services. After a comprehensive assessment, we have concluded that maintaining our trusted partnership with Public Benefit Information Research Services (PBI) is the most prudent decision. Despite the introduction of PBI's innovative CertiDeath service, a detailed analysis, including a careful cost and product comparison, valuable feedback from our internal teams, and consultations with fellow retirement systems, has affirmed our preference for the existing Standard Product.

LACERA relies on death audit services to safeguard against fraud and ensure accurate payments to our beneficiaries. This service plays a critical role in our operations.

#### **DISCUSSION:**

For over 15 years, we have entrusted PBI with our crucial death audit services. Recently, they introduced CertiDeath, a service that broadens the scope of death information research and offers a thorough audit of related data. This advancement holds the potential to eliminate manual processing, streamline operations, and ensure more accurate and timely death reporting. While the new offering is undeniably attractive, it's important to note that the associated increase in cost is substantial when compared to our current product.

#### Comparison of Costs:

- Standard Product: \$0.14 per record, totaling \$10,352.86 for the current year.
- CertiDeath: \$1.00 per record, projecting a total cost of \$73,949 for a year of service.

Considering the resource expense in carrying out the process, including research and analysis, with the utilized resources (Senior Retirement Benefit Supervisor, Retirement Benefit Supervisor III, and Data Analyst II) using the Standard Product and manually processing the death records, the cost amounts to close to \$50,000. This is significantly less than the cost for CertiDeath.

RFI Results for Death Audit Services Operations Oversight Committee October 19, 2023 Page 2 of 3

#### Additional Opportunities for Process Enhancement:

In our commitment to excellence, we are actively exploring potential opportunities to further strengthen our death verification process. This endeavor aims to ensure an even higher level of accuracy and efficiency in our operations.

#### Certideath vs. Standard Product:

Pros for Acquiring CertiDeath:

- PBI researches all death data and provides only the confirmed deaths to LACERA through API.
- No more manual processing, reducing LACERA resource hours.
- More efficient process, ensuring more timely death reporting.
- Potential to prevent more Overpayments (OPs).
- PBI fully supports CertiDeath Product.
- Continuous Process and Product Improvement by PBI.
- No Need to Maintain Internal PBI Database.

#### Cons for Acquiring CertiDeath:

• Significant Cost Increase

Pros with Continuing with Current Standard Product:

• Less Expensive, allowing us to continue with current processes without disruption.

Cons with Continuing with Current Standard Product:

• Manual processing, with potential for human error.

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- LACERA resources (6) required involving Benefits and Systems staff.
- PBI internal database maintenance.
- PBI will not be improving the Standard Product and may discontinue the Standard Product at any time.

#### Explanation of Fraud Prevention Measures:

Both the existing Standard and CertiDeath Products contribute significantly to preventing fraud by ensuring accurate and timely death reporting. CertiDeath uses the same basic data sources to identify possible cases as the Standard product, however CertiDeath does have an extended reach into other data sources and there is a possibility that additional sources accessed by CertiDeath could identify further cases and it's algorithms automate much of the review efforts that our staff employ once a case has been identified. While some parallel comparisons were provided by PBI, the evaluation team did not think there was enough experience available yet with the new process to justify the increase in costs. This could change in the future.

RFI Results for Death Audit Services Operations Oversight Committee October 19, 2023 Page 3 of 3

#### **RESULT**:

This comprehensive evaluation reaffirms our confidence in the value proposition of our existing PBI product. While our current contract is set to conclude in April 2024, we are actively exploring avenues for process automation at a reasonable cost to further enhance operational efficiency. We remain steadfast in our commitment to continuous improvement, and as we approach contract renewal, we are resolute in delivering the highest level of service to our esteemed retired members and survivors.

NOTED AND REVIEWED:

JJ Popowich Assistant Executive Officer

## FOR INFORMATION ONLY

#### October 24, 2023

TO:	Operations Oversight Committee Alan Bernstein, Chair Herman B. Santos, Vice Chair Antonio Sanchez Keith Knox Jason E. Green, Alternate
FROM:	Kevin Hawkins Process Management Group, Benefits Division
FOR:	Operations Oversight Committee on November 1, 2023
SUBJECT:	Change to LACERA's Pay Stub for Monthly Benefits

## **Executive Summary**

Beginning with the January 2024 monthly disbursements, we will start providing a revised version of the LACERA pay stub that has a slightly different layout and some new information fields. The event that prompted the change was the recent revision of the W-4P tax withholding form by the IRS and the new data entry fields added to the form. Our implementation plan for the revised pay stub includes providing written advanced notice of the change to all LACERA monthly benefit recipients when they receive their November and December 2023 paper checks or direct deposit statements, creating a new page on lacera.com with details about the change, and creating a letter to be distributed on demand to members who want more details in writing and do not use the internet.

#### **Background and Analysis**

In 2023, LACERA started using the significantly revised version of the W-4P tax withholding election form as required by the IRS. The revised W-4P form has new data entry fields for additional tax withholding election details, and LACERA's current pay stub (see Attachment A) does not have a designated space for displaying the information from the new fields because it is based on the previous version of W-4P. There are no federal or California regulations for information retirement plans must include on a pay stub for retirement benefits, and the California Labor Code guidelines for employee pay stubs do not require the inclusion of any tax withholding election details. However, the generally accepted practice among retirement plans and employers has traditionally been to include tax withholding election details on their pay stubs.

Re: LACERA Pay Stub Changes October 24, 2023 Page 2

In the absence of federal or state regulations for retirement benefit pay stub information, LACERA has historically used the Los Angeles County Auditor-Controller's pay stubs as a reference for determining which details to include on the pay stubs for LACERA monthly benefit recipients. Although the California Labor Code guidelines are specifically for employee pay stubs, it makes sense for LACERA to use the Auditor-Controller's pay stubs as a reference because monthly retirement benefits are taxed like employee wages. When the IRS revised Form W-4 in 2020, it added new fields to collect more tax withholding election details from employees, and the Auditor-Controller responded to the change by adding new fields to its employee pay stub to display the information from the new W-4 fields. We are now responding similarly to the revision of Form W-4P.

## Pay Stub Changes

The revised W-4P form has new fields for payees to provide additional taxable income amounts for jobs, other pensions, or other income for which no withholding is deducted by the payer. The revised form also has new fields for claiming tax credits and an alternative deductions amount. Accordingly, new fields (see Attachment B) have been added to the LACERA pay stub to display the additional W-4P details if members include them in their tax withholding elections.

We found information that the California Labor Code requires for employee pay stubs that would also be worth adding to the LACERA pay stub. These additions include using the LACERA ID as an employee ID (we use the LACERA ID as an alternative to a County employee number or Social Security number) and LACERA's street address (see Attachment B). So, in addition to responding to the W-4P revision, the changes to LACERA's pay stub will also further align it with California Labor Code and the pay stub guidelines therein that can also apply to retirement plan distributions.

#### Member Notification and Education

First, to begin our member notification and education campaign, we will provide an insert that includes information about the upcoming change with the November 2023 monthly disbursements. Members who receive automatic deposit receipts (ADRs) and paper checks by mail will receive a paper insert in the envelope. Members who receive their ADRs electronically will receive an electronic copy (PDF) of the insert. A notice about the change will be posted in members' My LACERA accounts. We will provide a similar insert and notification with the December 2023 monthly disbursements.

The insert will be smaller than a full sheet of paper and is intended to notify members that the change is coming and give them a brief overview of what to expect. The insert will briefly explain why we are making the change and list the notable changes. The document will also include an image of the pay stub section where the notable changes were made and highlight the changes. The web address for the new pay stub page on lacera.com Re: LACERA Pay Stub Changes October 24, 2023 Page 3

will be included on the insert so members who use the internet can go there to get more details if needed.



Example of insert back page with annotated pay stub image. See attachments C and D for larger examples of both pages.

When we provide the November inserts, the new pay stub page will be live on lacera.com. This page will reiterate the changes mentioned in the insert and explain how the changes will impact members depending on their tax withholding election details. In anticipation of increased member interest about the pay stub contents once we provide the inserts, the pay stub page will include definitions for all the different pay stub fields rather than just the ones impacted by the changes.

Finally, we will make a letter available on demand for members who do not use the internet and request more details in writing than what will be included on the inserts (we do not expect this population to comprise a large number of members). The letter will reiterate the changes mentioned in the insert and explain how the changes will impact members depending on their tax withholding election details. The letter will also include a comprehensive list of definitions for all the different pay stub fields and an image of the full pay stub overlaid with visual cues to connect each field with its corresponding definition. Additionally, the letter will be available on the lacera.com pay stub page as a downloadable PDF so that members who use the internet can get the information with the full image of the annotated pay stub. Embedding the full image in the webpage would be problematic because it would need to scale in size in line with the website's responsive design aesthetic, and it would be unreadable when viewed on mobile devices with small screens.

<ol> <li>Payee's LACE is different tha</li> <li>Reference No</li> <li>Payment Typ</li> <li>Total Gross Y amount on the</li> <li>Total Taxable the 1099-R for</li> <li>Total Non-Tax benefit types of</li> </ol>	RA ID: Unique identification number in a County employee number or Soc b.: Reference number assigned to the e: The retirement benefit type, such (TD: Total year-to-date gross amoun e 1099-R form is based on the amour e YTD: Total year-to-date taxable am- rm is based on the amounts from this xable YTD: Total year-to-date nontax other than service-connected disabilit component of the payment. The emplo	cial Security number. e payment. as service or disability. It paid for the Payment Type. Th hts from this field. Jount for the Payment Type. The s field. xable amount for the Payment T ty, the amount represents the re-	e gross distribution taxable amount on ype. For retirement covered after-tax
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Example of pay stub field definitions and corresponding field locations from the letter.

#### **Conclusion**

In summary, although the change in the appearance of LACERA's pay stub is not significant, it is a change that every member who receives a monthly benefit from LACERA will see. Therefore, it is in our best interests to provide information about the change well in advance to help prevent a flood of inquiries for our Member Services staff to address all at once in January 2024. Our goal is to provide our members with the information they need to know about the pay stub changes upfront so they will not be surprised when they see them, which aligns with LACERA's member experience initiative.

LG:kh

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TOTAL ALLOWANCES		9,047.8	57	TOTAL DE	DUCTIONS		1,116	.09	NET PAY 8,202.78

## Attachment A – Current LACERA Pay Stub

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MARRIED	exemptions		00.00	25.00		500.00		15.000.00
	rnia State Withhold		100.00	20,00	0.00	500.00	_	13,000.00
Tax Withholding Status	Exemptions	_	tni/Desig.					
MARRIED	03							
					Dec	luctions		
Allowances	Current	1	Taxes/De	ductions	С	urrent	Y	ear - to - Date
NONTAXABLE TAXABLE COLA PENSION RS	25.: 992.0 2,001 6,028.3	00 42 93	FED TAX 502 DEN/ 243 ANTH		1,	.116.09		8,754.81
TOTAL ALLOWANCES	9,047.8	37	TOTAL DE		1	,116.09		NET PAY 8,202.78

#### Attachment B – Revised LACERA Pay Stub

- 1. New LACERA's street address (from California Labor Code guidelines)
- 2. New Payee's LACERA ID (from California Labor Code guidelines, will be truncated to show only last four characters)
- 3. Change From Additional Withheld to Additional to fit in narrower field
- 4. New Revised W-4P tax withholding election detail
- 5. New Revised W-4P tax withholding election detail
- 6. New Revised W-4P tax withholding election detail
- Change From Additional Withheld to Addtnl/Desig, which is an abbreviation for Additional/Designated to indicate that the displayed amount could be an additional or designated California withholding amount depending on what the member elected
Re: LACERA Pay Stub Changes October 24, 2023 Page 7

#### Attachment C – Example of Insert Front Page

# L&CERA Your Paystub Will Soon Look Slightly Different

What is changing and why?

**LACERA** is updating the monthly paystub to

include information requested on the most recent versions of the federal and state tax withholding forms used by retired members and to be consistent with information provided on paystubs by other California employers. We are also moving to a new paystub envelope style. Here are the notable paystub changes:

- We are adding a Payee ID field. (This number is the last four characters of your LACERAassigned ID, *not* your County ID or Social Security number.)
- We are expanding the federal withholding field categories to accommodate information requested on the recently revised federal W-4P tax withholding form.
- We are changing the federal and state field headers from Additional Withheld to Additional and Addtnl/Desig. respectively, to match information requested on the withholding forms (field header title changes only; the calculated amounts are not changing).

When is this happening? The changes will be effective with your January 2024 allowance payment.

A sample showing the changes is provided on the back of this page. Visit lacera.com/rest of link for full details about your paystub and more information about the upcoming changes.

Re: LACERA Pay Stub Changes October 24, 2023 Page 8



### Attachment D – Example of Insert Back Page

Noted and Reviewed:

JJ Popowich Assistant Executive Officer

### FOR INFORMATION ONLY

October 20, 2023

- TO: Operations Oversight Committee Alan Bernstein, Chair Herman B. Santos, Vice Chair Keith Knox Antonio Sanchez Jason Green, Alternate
- FROM: Bernie Buenaflor Chief, Quality Assurance & Metrics Division
- FOR: November 1, 2023, Operations Oversight Committee Meeting

#### SUBJECT: Annual Quality Assurance Audit Report

Enclosed is the annual Quality Assurance Division (QA) audit report to the Operations Oversight Committee (OOC) outlining the results of the year-round quality audit for fiscal year 2022-2023. QA Staff will be present at the November 1, 2023, OOC meeting to provide an overview of the report and answer any questions or concerns that you may have.

QA conducted two Core Benefits Training classes: one completed on October 5, 2022, and the second completed on October 19, 2022. A new trainee class began May 1, 2023, and will conclude April 30, 2024. In addition, QA maintained all scheduled audits of member transactions and kept pace with the peak production season, known as "March Madness."

FY 2022-2023 had other achievements as well. The following positive developments in QA's audit work also occurred within the last fiscal year:

- To improve the member experience and accuracy, over 80% of current audit work, aside from first payment and data input audits, are performed on a pre-completion basis. Pre-completion audits enable LACERA to correct errors before they impact the member and to coach Staff before errors can be repeated. Note that errors are still recorded for purposes of QA's assessment.
- QA improved the audit workflow and reporting generated through the Member Operations Group Audit Platform (MOGAP), which is the audit management application developed last fiscal year jointly with Systems and the Process Management Group (PMG).

Memo to Operations Oversight Committee Re: Annual QA Audit Report October 20, 2023 Page 2

- 3) The effectiveness of three audit processes was enhanced. These processes are:
  - a. QA Referrals: These are audit recommendations associated with a member's account but not directly connected with the transaction which gave rise to the recommendation. QA and the Benefits Division enhanced their collaboration to ensure that QA referrals are addressed appropriately and in a timely manner.
  - b. Other Recommendations: These are improvement recommendations associated with a process but not with a specific member or transaction. QA has established a new protocol for handling such recommendations that includes a periodic review of Management's response, action plan and timeline for addressing the recommendation.
  - c. Agreed Upon Procedures (AUP): These are audits performed on an ad-hoc basis, where the audit parameters, as well as the specifications of the audited process itself, are collaboratively established between QA and MOG management just prior to the audit work. This audit process is particularly helpful for addressing high risk transactions that either are not yet audited on a regular basis or involve a unique combination of production processes and/or audit parameters.
- 4) QA continues to provide independent reviews and consulting for various special projects, such as:
  - a. The Alameda Court Decision implementation
  - b. PEPRA FAC and Embedded Earnings Implementation
  - c. Retro-Salary Contribution Deduction Implementation
  - d. Temporary Time Salary Data Implementation
  - e. Triannual Actuarial Factors Testing
  - f. Pay Codes Pensionability Testing
  - g. Testing of various Systems Tables and operational worksheets
  - h. Account Settlements and Collection Policy review and process improvement
- 5) QA continues to provide technical training to MOG staff, for which there were significant developments, such as:
  - a. For new hire training, combining Call Center training with the existing Core Benefits class to form the newly rebranded "Specialist Basic Training Program."
  - b. Partnering with the Call Center Staff, PMG and various MOG Subject Matter Experts to develop and deliver PEPRA training to Call Center and Benefits Staff.

Memo to Operations Oversight Committee Re: Annual QA Audit Report October 20, 2023 Page 3

- c. Exploring and introducing modern online learning and artificial intelligence tools to enhance the training materials and delivery options for MOG staff.
- 6) QA has developed and submitted for executive approval three governance documents, namely:
  - a. QA Key Performance Indicators
  - b. QA Staff Development and Training Standards
  - c. 2023/2024 Annual QA Production/Audit Plan

Looking forward, QA plans to pursue the following initiatives in its audit work:

- 1) Reorganize for greater independence and objectivity
- 2) Achieve full staffing for the QA Division
- 3) Expand the scope of audits based on risk levels. (This goal is dependent on staffing.)
  - a) More processes
  - b) Call monitoring
  - c) Member Surveys
- Work with our partners to explore new tools and techniques for clearing member account exceptions, including artificial intelligence (AI) and robotic process automation (RPA)
- 5) Instill the "auditor mindset" and analytical skills into all MOG Staff through Advanced CERL Education (ACE) training. We believe this is necessary to empower MOG Staff to adapt to a future where our members' needs will be best served by well-rounded and highly analytical staff who can work with advanced automated tools to:
  - a. Counsel and directly serve members through any channel of the member's choosing,
  - b. Provide thorough and reliable quality assurance for member accounts, transactions and data,
  - c. Develop, maintain, and troubleshoot efficient and reliable automated business processes in collaboration with LACERA's Systems Division, and

Memo to Operations Oversight Committee Re: Annual QA Audit Report October 20, 2023 Page 4

> d. Adapt LACERA's business processes to LACERA's ever-evolving legislative, judicial, and policy-driven operating environment in collaboration with LACERA's Legal Office, Management and Executive Team, and LACERA's Boards.

QA continues to diligently pursue its mission of providing a critical quality control function for the MOG. By independently and objectively measuring the accuracy of the work performed by the MOG teams, using a systematic and risk-based approach, QA is able to report that the MOG teams (excluding new hires) performed their work during the fiscal year ending June 30, 2023, at the standard of quality set by LACERA, achieving an overall accuracy rating of 98% (97.82% for pre-completion audits and 98.81% for post-completion audits). Furthermore, the graduates of the Core Benefits Training Program were able to achieve a 97.09% accuracy level at the close of training which, historically, has boded well for their future success in the MOG.

Noted and Reviewed:

JJ Popowich Assistant Executive Officer

Encl.



# **EXECUTIVE SUMMARY**

## **INTRODUCTION TO QUALITY ASSURANCE**

The Executive Office has defined QA's responsibilities and aligned them with LACERA's strategic plans. LACERA's Quality Assurance Division (QA) provides independent and objective quality monitoring to support the accurate, efficient, and timely delivery of benefits provided by LACERA's Member Operations Group (MOG). To do this QA has designed an audit plan that categorizes transactions according to the level of risk and applies a sampling plan that is appropriate to their risk level.

The Quality Auditors and Administrative staff are:





## BACKGROUND

During Fiscal Year 2022-2023, Quality Assurance's scope of auditing is below its capacity due to the prolonged shortage of staff but continues to audit at the same level as the prior fiscal year.

### STAFF SHORTAGES

Starting November 2020, QA lost to normal attrition almost all its division leadership, including the Division Manager and 4 out of 5 Senior Auditors. At the peak of this staffing shortage, 9 out of 19 budgeted positions experienced turnover. As of this reporting, there are still 5 vacancies (3 Senior Auditors and 2 Auditor II's). Despite our efforts to fill the vacancies, QA was only able to fill one Senior position. QA's staff shortages hindered its capacity and potential opportunities to expand its audit scope or implement significant process improvements. In the coming fiscal year, QA will work with HR to address this issue.

Despite the setbacks, Quality Assurance did have noteworthy achievements.

#### **NEW AUDIT AREAS**

- Account Settlement Transactions (primarily collection activities)
- Agreed Upon Procedures (flexible testing parameters and procedures to address high risk transactions for which standardized testing parameters and procedure are not yet available)

#### **INCREASE PRE-COMPLETION AUDITS**

QA has significantly shifted its audits from Post-completion to Pre-completion audits to help ensure that the end-product that is delivered to our members is correct. 20 out of 24 processes are audited on a pre-completion basis (83.30%).

## **INTRODUCTION TO QUALITY AUDITS**

Executive Management has determined a target accuracy rating of 98% overall for all audited transactions. The Quality Assurance performs three (3) types of audits:

- **Pre-Completion Auditing** is performed prior to the delivery of a MOG transaction endproduct to the member. This helps ensure that the transaction meets LACERA's quality standards upon delivery.
- **Post Completion Auditing** assesses the accuracy of a completed MOG transaction to help management in overseeing the associated business processes and staff performance and to correct transactions requiring rework.
- **Specialist Basic Training Audit** is performed prior to the delivery of a Trainee's live production end-product to the member. This helps ensure that the transaction meets



LACERA's quality standards upon delivery. It also helps Management evaluate the trainee's performance in support of their hiring decision.

QA, in conjunction with MOG Divisions, reviews and revises the existing Audit Criteria on an annual basis, as business rules evolve or as recommended through process-specific risk assessments. The MOG Division Management role is to ensure that the subject production process is accurately presented in the audit criteria, while QA's role is to design the sampling and testing parameters that best address the assessed risks for that process. After approval by MOG Division Management, QA, and the Executive Office, these criteria are posted in the MOGAP database, where they are used by auditors to rate the accuracy of each audited transaction.

When a Retirement Benefit Specialist uploads a case to the MOGAP, a Risk Level is assigned to that specific case. Risk Levels are based on the characteristics of a particular case that are known from audit experience to pose various levels of risk to the accuracy of the case. QA audits 100% of high-risk cases while random samples of lower-risk cases are audited on a predetermined percentage basis.

The Audit conducted by QA generates feedback regarding work performed by MOG Staff in the form of Audit Review Notes. This feedback is provided to the MOG Staff's immediate Supervisor, Section Head, and Division Manager. Periodically, QA prepares audit reports for the respective Division Management, the Executive Office, and the Operations Oversight Committee of LACERA's Board of Retirement. There are three kinds of QA Audit Review Notes, as follows:

- Action Items are conditions resulting from a tested transaction that did not meet (or pass) the established quality standards. The impact of an action item on a transaction's accuracy rating is calculated based on the associated audit criteria and that criteria's predetermined weighting. LACERA requires all action items to be addressed or rejected by the appropriate level of management before an auditor can close those action items, as well as the underlying test selection. If QA Action Items were not issued, the test selection is deemed 100% accurate.
- **QA Referrals** are conditions not resulting from the audited work, but which warrant follow up to ensure the integrity of the related member's account. For each QA Referral, an auditor will issue a service request to the appropriate work queue so that the necessary follow-up can be performed by the appropriate party.
- **Other Recommendations** are audit observations not directly relevant to the member whose transaction was audited, but which are relevant to the quality, timeliness or efficiency of the process or business unit being audited.

### OVERALL PRODUCTION ACCURACY, SAMPLES, AND ACTION ITEMS BY AUDIT TYPE FY 2022-2023

				TABLE 1
	Pre- Completion Audit	Post Completion Audit	Specialist Basic Training Audit	Totals
Accuracy	97.82%	98.81%	97.09%	97.91%
Samples	6,601	1,305	1,316	9,222
Action Items	866	46	246	1,158
Outstanding Action Items	0	0	0	0

## **PRE-COMPLETION AUDIT**

The purpose of the Pre-Completion Audit is to help ensure accurate processing of outgoing member requests by auditing the transaction prior to its completion and delivery to the member. While pre-completion audits can be performed by members of the MOG Division, as well as QA, for purposes of independence and objectivity, QA only factors in the audit work performed by QA when it reports on the quality of the work performed. Any pre-completion audits performed by the MOG Division Staff are excluded from QA's reports, but they do help Management to manage their processes and staff performance.

In fiscal year 2022-2023, the Pre-Completion Audit reviewed 20 business processes. The sampling method is based on an agreement with the Benefits Division that staff upload 100% of the production in the MOGAP for Pre-Completion Audit. QA currently audits 46.87% of the total production for the 20 processes.

The number of members' transactions audited in the MOG Pre-Completion was 6,601, resulting in 866 Action Items. Staff strive to resolve all Action Items within a pre-defined timeframe to minimize the negative impact on members.

Overall, the accuracy rate increased from the last fiscal year by 0.05% from 97.77% to 97.82% as shown in Table 2. The increase in accuracy was due to improvement in the following processes:

- Member Death
- Incremental Buy Back
- Service Retirement Agenda

TABLE 2		2022	2023
	Accuracy	97.77%	97.82%
	Samples	6,384	6,601
	Action Items	855	866

				Тав	LE 3
Organization Goal 98% and Above	%	Quality Audit Goal 95% to 98%	%	Observation Audit Below 95%	%
1. Felony Forfeiture	100.00	9. Reciprocity	97.56	15. Redeposit	94.43
2. Administrative Appeal	100.00	10. General to Safety	97.48	16. Account Settlement	93.78
3. Member Death	99.29	11. Other Public Agency	97.09	17. Retirement Estimates	93.60
4. Military/Federal	99.29	12. Termination	96.75	18. Open Window Plan Transfer	92.98
5. Sick Without Pay	98.51	13. 30 Year Cancellation	96.67	19. Plan E Rescissions	90.00
6. Temporary Time	98.31	14. Agreed Upon Procedure	96.04	20. Executive Referrals	78.13
7. Incremental Buyback	98.14				
8. Service Retirement Agenda	98.11				

There were 8 out of 17 processes that met or exceeded the target accuracy rate of 98%:

At the close of 2022-2023 Fiscal Year, all pre-completion action items have been resolved.

# POST COMPLETION AUDIT

The purpose of the Post Completion Audit is to assess the accuracy of business processes, and the staff performing the work. Post Completion Audits are performed after the subject transactions are completed. To maintain audit independence, these audits are performed solely by QA. Data from these audits are used to identify process improvement and training opportunities. The auditee division supervisors are responsible for following up with staff regarding action items to ensure immediate correction, and thus minimize delay in completing work. QA auditors must verify that Staff have addressed the Action Items connected with their work before QA auditors can close out their test selection.

In fiscal year 2023, the Post Completion Audit reviewed 4 business processes using random sample selections from completed transactions. The number of members' transactions audited was 1,305, resulting in 46 Action Items. Staff resolved all Action Items within a fixed timeframe to minimize the negative impact on members.



Overall, the accuracy rate increased from the last fiscal year by 0.49% from 98.32% to 98.81% as shown in Table 4. The increase in sample size may have affected the increase in accuracy of Post Completion Audits.

TABLE 4		2022	2023
	Accuracy	98.32%	98.81%
	Samples	1,140	1,305
	Action Items	54	46

There were 3 out of 4 processes that met or exceeded the target accuracy rate of 98%:

				ТА	BLE 5
Organization Goal 98% and Above	%	Quality Audit Goal 95% to 98%	%	Observation Audit Below 95%	%
1. Direct Deposit	99.91	4. First Payment	97.76		
2. Beneficiary Change	98.36				
3. Federal/State Tax	98.30				

To help improve the First Payment accuracy, the Benefits Division, along with the Systems Division, is implementing mitigating controls in the new Case Management System (CMS) as follows:

- Standardized Certification Process of Retirement Agenda
- Automatic Identification of Inflated Salaries that Post after Agenda
- Pay Holds if First Payment Disbursement is not Reviewed or Approved

As always, QA shares their observations and insights with the MOG to help improve the accuracy and efficiency of their processes. PMG helps define, document, and improve MOG processes and, along with QA and the MOG Management, provides coaching and training to MOG Division Staff.

At the close of 2022-2023 Fiscal Year, all post-completion action items have been resolved.



## SPECIALIST BASIC TRAINING AUDIT

The purpose of the Specialist Basic Training Audit is to assess new hires' abilities in processing members' requests based on foundational core business processes and to provide audit feedback in a safe learning environment. This work is performed by a cross-functional team, consisting of members of the MOG Divisions in partnership with members of QA. MOG Division Managers and QA use the combined accuracy measurements to evaluate the performance of the students in the training class and to help determine how training can be adjusted or augmented to improve trainees' performance prior to completion of training.

In fiscal year 2022-2023, the Training Audit reviewed 11 business processes using 100% sampling. The number of members' transactions audited was 1,316, resulting in 246 action items. The Training Audit ensures that trainees process members' requests in compliance with business rules, and all action items are required to be resolved prior to completion and delivery of the end-product to the member.

Overall, the accuracy rate increased from the last fiscal year by 0.41% from 96.68% to 97.08% as shown in Table 6.

TABLE 6		2021	2022
	Accuracy	96.68%	97.08%
	Samples	1,352	1,316
	Action Items	271	246

There were 10 out of 11 processes that met or exceeded the Specialist Basic Training target accuracy rate of 95%:

				TABLE	7
Organization Goal 98% and above	%	Specialist Basic Training Audit Goal 95% to 98%	%	Observation Audit Below 95%	%
1. Incremental Buyback	98.24	3. Military/Federal	97.84	11. Redeposit	94.69
2. 30 Year Cancellation	98.13	4. Termination	97.59		
		5. Reciprocity	97.46		
		6. Other Public Agency	97.10		
		7. Temporary Time	96.98		
		8. Sick Without Pay	96.77		
		9. Retirement Estimates	96.40		
		10. General to Safety	95.29		



## **QA REFERRALS**

QA Referrals are conditions not resulting from the audited work, but which warrant follow up to ensure the integrity of the related member's account. For each QA Referral, an auditor will issue a service request to the appropriate work queue to address the additional item(s) that fall outside the criteria of the audited transaction.

During fiscal year 2022-2023, out of 9,222 Benefits Transactions audited by QA, 125 referrals were issued as shown in Table 8. At the close of 2022-2023 Fiscal Year, all QA Referrals have been resolved.

			TABLE 8
Description	Number of Referrals Issued	Number of Referrals Outstanding	Percentage Outstanding (%)
Account Settlement	76	0	0.00%
Refunds or Discharge Cancellation	26	0	0.00%
General	23	0	0.00%
Total	125	0	0.00%

## **OTHER RECOMMENDATIONS**

Other Recommendations are issues resulting from an audit observation unrelated to a specific member transaction or account. It is applicable to the quality, timeliness or efficiency of the process or business unit being audited. The associated MOG Division Manager, Section Head, and QA Senior Auditor review and respond to other recommendations by indicating their occurrence or nonoccurrence, as well as any action plan and timeline for addressing the described issues.

During the fiscal year 2022-2023, two recommendations were issued. The two Other Recommendations, were as follows:

- Present Value Worksheet (PV) requiring updating. Subsequent to the Other Recommendations it was updated to reflect the 2023 Actuarial factors and automation of full months and partial days in months calculation.
- Temporary Time as OPA service credit calculation of hours is not aligned with the County Municipal Code and Interpretive Manual. The issue of this change is currently under review with the Legal Office and MOG Division Managers. Policies and Procedures will be issued or updated as appropriate.



## **CLOSING COMMENTS**

The Quality Assurance Division is committed to improving processes through continuous planning, monitoring, assessments, and evaluations. We incorporate data from the three (3) audits to design and develop additional training to address areas of potential improvement.

Despite the challenges previously described, QA continues to make progress and is looking forward to pursuing the following initiatives in the future, with the support of the Board of Retirement:

- Develop a formalized QA Annual Audit Plan
- Develop Key Performance Indicators for QA
- Further Re-organize of Quality Assurance to enhance its independence and objectivity
- Conduct onboarding Exams through HR to fully staff the Division
- Increase QA's scope of audits to include more processes and allocate resources to those processes based on their relative risk
- Take on additional audit-related functions in support of LACERA's goal of improving the Member Journey, such as Call Monitoring, reviewing Member Correspondence, and Member Surveys
- Continue to increase the proportion of audits performed on a Pre-Completion basis so we can continue to catch errors before they affect our members
- Work with our partners to explore new tools and techniques for clearing member account exceptions
- Create an Account Certification module to perform a comprehensive analysis, documentation, rectification, and certification of the accuracy and completeness of an account
- Instill the "auditor mindset" and greater analytical skills into all MOG staff through Advanced CERL Education (ACE) training so that they are better prepared to support LACERA's vision of multi-channel service, including self-service.

The Quality Assurance Division strives to contribute to LACERA's quality eco-system, which includes continual improvement activities. QA will continue to consult with their partners throughout LACERA, such as the other MOG Divisions and Systems, to enhance QA's value to LACERA and its members. We are hopeful that these efforts will lead to additional increases in accuracy, better member experiences, and process efficiency, with the ultimate goal being 100% accuracy.

# **Pre-Completion Audit**

# Chart A – Pre-Completion Audit: Comparative Accuracy Rates, Fiscal Years ending 2019-2023

Director		2022	2022	2021	2020	2010		% Increase	(-Decrease)	
Process		2023	2022	2021	2020	2019	2022-23	2021-22	2020-21	2019-20
30 Year Cancellation		96.67%	99.17%	98.00%	77.50%	97.37%	-2.50%	1.17%	20.50%	-19.87%
Account Settlement		93.78%	-	-	-	-	-	-	-	-
Administrative Appeal		100.00%	-	-	-	-	-	-	-	-
Agreed Upon Procedures		96.04%	-	-	-	-	-	-	-	-
Executive Referrals		78.13%	-	-	-	-	-	-	-	-
Felony Forfeiture		100.00%	-	-	-	-	-	-	-	-
Member Death		99.29%	98.79%	-	98.53%	97.34%	0.50%	-	-	1.19%
Plan E Rescission		90.00%	-	-	-	-	-	-	-	-
Plan Transfer										
a) Open Window		92.98%	94.04%	100.00%	72.06%	91.58%	-1.06%	-5.96%	27.94%	-19.52%
b) Incremental Buy Back		98.14%	97.52%	95.25%	96.53%	95.67%	0.62%	2.27%	-1.28%	0.86%
Previous Service Contracts										
a) General to Safety		97.48%	96.77%	95.92%	98.31%	95.21%	0.71%	0.85%	-2.39%	3.10%
b) Military / Federal Time		99.29%	98.77%	96.45%	98.14%	98.72%	0.52%	2.32%	-1.69%	-0.58%
c) OPA		97.09%	95.54%	95.58%	97.35%	98.18%	1.55%	-0.04%	-1.77%	-0.83%
d) Redeposit		94.43%	96.70%	95.31%	98.27%	95.11%	-2.27%	1.39%	-2.96%	3.16%
e) SWOP		98.51%	98.07%	98.64%	98.41%	98.48%	0.44%	-0.57%	0.23%	-0.07%
f) Temporary Time		98.31%	98.28%	98.20%	98.55%	98.10%	0.03%	0.08%	-0.35%	0.45%
Reciprocity		97.56%	97.56%	97.41%	100.00%	95.61%	0.00%	0.15%	-2.59%	4.39%
Retirement Estimate		93.60%	98.37%	97.78%	100.00%	100.00%	-4.77%	0.59%	-2.22%	0.00%
Service Retirement Agenda		98.11%	97.86%	97.20%	96.69%	97.94%	0.25%	0.66%	0.51%	-1.25%
Termination Letters		96.75%	94.16%	91.91%	-	95.00%	2.59%	2.25%	-	-
	AVERAGE	97.82%	97.77%	96.74%	94.64%	96.74%	0.05%	1.03%	2.10%	-2.09%

#### Chart B – Percent of Pre-Completion Cases Audited – Fiscal Years ending 2019-2023

		2023			2022			2021			2020			2019			% Increase (-E	Joereacel	
Process	Pre-					,													
	Completion	Audited	%	2022-23	2021-22	2020-21	2019-20												
30 Year Cancellation	70	15	21.43%	294	24	8.16%	53	5	9.43%	37	4	10.81%	100	4	4.00%	13.27%	-1.27%	-1.38%	6.81%
Account Settlement	903	106	11.74%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative Appeal	1	1	100.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agreed Upon Procedures	21	21	100.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Executive Referrals	16	16	100.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Felony Forfeiture	1	1	100.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Member Death	154	154	100.00%	129	129	100.00%	-	-	-	77	77	100.00%	111	111	100.00%	0.00%	-	-	0.00%
Plan E Rescission	2	2	100.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plan Transfer																			
a) Open Window	51	29	56.86%	83	33	39.76%	30	8	26.67%	11	4	36.36%	84	66	78.57%	17.10%	13.09%	-9.70%	-42.219
b) Incremental Buy Back	249	94	37.75%	327	118	36.09%	153	104	67.97%	142	103	72.54%	281	239	85.05%	1.67%	-31.89%	-4.56%	-12.529
Previous Service Contracts																			
a) General to Safety	331	147	44.41%	322	141	43.79%	119	96	80.67%	111	82	73.87%	161	102	63.35%	0.62%	-36.88%	6.80%	10.52%
b) Military / Federal Time	763	216	28.31%	612	207	33.82%	329	238	72.34%	413	168	40.68%	556	200	35.97%	-5.51%	-38.52%	31.66%	4.71%
c) OPA	1015	360	35.47%	864	296	34.26%	407	208	51.11%	655	190	29.01%	900	321	35.67%	1.21%	-16.85%	22.10%	-6.66%
d) Redeposit	120	82	68.33%	118	64	54.24%	59	48	81.36%	58	41	70.69%	149	113	75.84%	14.10%	-27.12%	10.67%	-5.15%
e) SWOP	1443	458	31.74%	966	336	34.78%	520	377	72.50%	570	308	54.04%	676	285	42.16%	-3.04%	-37.72%	18.46%	11.88%
f) Temporary Time	3303	1135	34.36%	2318	824	35.55%	1197	1011	84.46%	1739	884	50.83%	1925	1031	53.56%	-1.19%	-48.91%	33.63%	-2.72%
Reciprocity	427	109	25.53%	363	60	16.53%	68	13	19.12%	69	3	4.35%	83	29	34.94%	9.00%	-2.59%	14.77%	-30.599
Retirement Estimate	498	93	18.67%	849	77	9.07%	290	14	4.83%	431	376	87.24%	6	5	83.33%	9.61%	4.24%	-82.41%	3.91%
Service Retirement Agenda	3340	3340	100.00%	4048	3983	98.39%	3454	3454	100.00%	3248	3248	100.00%	3133	3133	100.00%	1.61%	-1.61%	0.00%	0.00%
Termination Letters	1204	142	11.79%	1318	73	5.54%	275	12	4.36%	38	0	0.00%	76	1	1.32%	6.26%	1.18%	4.36%	-1.32%
TOTALS / AVERAGE % Audited	13,912	6,521	46.87%	12,611	6.365	50.47%	6,954	5,588	80.36%	7,599	5,488	72.22%	8,241	5,640	68.44%	-3.60%	-29.88%	8.14%	3.78%

## **Post-Completion Audit**

## Chart C – Post Completion Audit: Comparative Accuracy Rates from Fiscal Years ending 2019-2023

Drosses	2022	2022	2021	2020	2019		% In	crease (-Decre	ase)
Process	2023					2022-23	2021-22	2020-21	2019-20
Beneficiary Change	98.36%	97.50%	98.58%	97.15%	97.54%	0.86%	-1.08%	1.43%	-0.39%
Direct Deposit	99.91%	99.81%	99.79%	99.80%	99.90%	0.10%	0.02%	-0.01%	-0.10%
Federal / State Tax	98.30%	98.61%	99.09%	99.81%	99.44%	-0.31%	-0.48%	-0.72%	0.37%
First Retirement Payment	97.76%	97.29%	96.62%	96.34%	98.54%	0.47%	0.67%	0.28%	-2.20%
AVERAGE	98.81%	98.32%	98.76%	98.11%	98.91%	0.49%	-0.44%	0.65%	-0.80%

# Chart D – Post Completion Audit: Number of Samples from Fiscal Years ending 2019-2023

Process	2023	2022	2021	2020	2019	# Increase (-Decrease)			
Process	2025		2021			2022-23	2021-22	2020-21	2019-20
Beneficiary Change	428	351	330	270	360	77	21	60	-90
Direct Deposit	428	360	330	270	360	68	30	60	-90
Federal / State Tax	353	359	330	270	360	-6	29	60	-90
First Retirement Payment	96	70	238	542	231	26	-168	-304	311
TOTAL	1,305	1,140	1,228	1,352	1,311	165	-88	-124	41

# Post-Completion Audit

Chart E – Post Completion Audit: Action Items for FY 2021 - 2022 and 2022 - 2023									
Process		Samples /							
					Action	n Items			
	F١	( 22-23	F١	21-22	FY 22-23	FY 21-22			
	Sample / Accuracy		Sample	e / Accuracy	Α	Α			
Beneficiary Change	428	98.36%	351	97.50%	20	25			
Direct Deposit	428	99.91%	360	99.81%	2	2			
Fed & State Tax	353	98.30%	359	98.61%	12	10			
First Payment	96 97.76%		70	97.29%	12	7			
TOTALS	1,305	98.81%	1,140	98.32%	46	44			

Chart F – Post Completion Audit: Number of Action Items from Fiscal Years ending 2019-2023									
Process 2023 2022 2021 2020 2019 # Increase (-Decrease)									se)
Process	2023	2022	2021	2020	2019	2022-23	2021-22 2020-21	2020-21	2019-20
Beneficiary Change	20	25	13	15	21	-5	12	-2	-6
Direct Deposit	2	2	2	1	1	0	0	1	0
Federal / State Tax	12	10	5	1	4	2	5	4	-3
First Retirement Payment	12	7	32	77	12	5	-25	-45	65
TOTAL	46	44	52	94	38	2	-8	-42	56

# Specialist Basic Training Audit

Chart G – Training Audi	Chart G – Training Audit: Action Items / QA Referrals for FY 2021 - 2022 and 2022 - 2023									
Process		Samples /	Accura	асу	Exceptions					
					Actior	Items	QA Re	ferrals	То	tal
	FY	22-23	FY	21-22	FY 22-23	FY 21-22	FY 22-23	FY 21-22	FY 22-23	FY 21-22
PLAN TRANSFER		mple / curacy		mple / curacy	Α	Α	R	R		
Incremental Buy Back	142	98.24%	-	-	22	-	-	-	22	-
Open Window	-	-	-	-	_	-	_	-	-	-
PREVIOUS SERVICE										
General to Safety	104	95.29%	-	-	29	-	-	-	29	-
Mil Fed	118	97.84%	117	98.08%	21	14	0	0	21	14
OPA	232	97.10%	237	95.85%	33	37	0	0	33	37
Reciprocity	127	97.46%	95	99.02%	15	5	0	0	15	5
Redeposit	16	94.69%	39	93.01%	6	17	0	0	6	17
SWOP	118	96.77%	334	96.98%	29	61	0	0	29	61
Temporary Time	199	96.98%	530	96.41%	51	137	0	0	51	137
30 Year Cancellation	16	98.13%	-	-	1	-	-	-	1	-
Termination Letter	110	97.59%	-	-	14	-	-	-	14	-
Retirement Estimate	134	96.40%	-	-	25	-	-	-	25	-
TOTALS	1,316	97.09%	1,352	96.68%	246	271	0	0	246	271



# **Chart H – Trainee Production: Accuracy Rates**

Process	2023	2022	% Increase (-Decrease)
Incremental Buy Back	98.24%	-	-
Open Window Plan Transfer	-	-	-
Previous Service			
a) General to Safety	95.29%	-	-
b) Military / Federal Time	97.84%	98.08%	-0.24%
c) OPA	97.10%	95.85%	1.25%
d) Redeposit	94.69%	93.01%	1.68%
e) SWOP	96.77%	96.98%	-0.21%
f) Temporary Time	96.98%	96.41%	0.57%
Reciprocity	97.46%	99.02%	-1.56%
30 Year Cancellation	98.13%	-	-
Termination Letter	97.59%	-	-
Retirement Estimates	96.40%	-	-
AVERAGE	97.09%	96.68%	0.41%

# **APPENDIX A - QUALITY ASSURANCE AUDIT METHODOLOGY**

The Quality Assurance and Metrics Division performs regular audits of benefit-related transactions to measure the accuracy and quality of the work, to ensure that the end-product meets LACERA's standards of quality as expressed in the audit criteria, and to identify areas of improvement. A risk assessment was conducted to determine which processes were going to be included in the audit plan.

#### AUDIT CRITERIA

Each process was broken down into several agreed upon audit criteria (approved and accepted by Management) shown as follows. For example, the Previous Service process has the following criteria, risk levels and weight of each criterion.

		TABLE 9
Criteria	Risk	Weight
Eligibility	HIGH	35%
Worksheet	HIGH	35%
Salaries (if applicable)	AVERAGE	15%
Data Entry (if applicable)	AVERAGE	15%
Service Credit	AVERAGE	10%
<ul><li>Cost Letters/</li><li>Documents scanned</li></ul>	AVERAGE	5%

### **MOGAP QUALITY AUDIT REVIEW NOTES**

Quality Audit Review Notes	Description
QA Action Item	Conditions resulting from the audited work that adversely impact the accuracy or effectiveness of the audited transaction and require immediate corrective action. QA will monitor the status of Action Items until they are satisfactorily addressed or are rejected by someone at least two supervisory levels above the individual performing the audited work.
QA Referral	Conditions not resulting from the audited work, but which warrant follow up to ensure the integrity of the member's account and its related transactions. QA closes the QA Referral once the auditor issues one or more Service Requests in Workspace to address the concerns documented in the QA referral. It is the responsibility of the MOG Division to complete the service request in accordance with normal MOG processes.
Other Recommendations	Audit observations not directly relevant to the audited member's account, but relevant to the quality, timeliness or efficiency of the process being audited or to the general operations of the audited business unit. A QA Supervisor monitors Other Recommendations until they are addressed to the satisfaction of both QA and the MOG Division Manager.

#### THE THREE COMPONENTS OF A REVIEW NOTE

The Audit Review Note consists of three components which communicate Quality Assurance's observations to the auditee.

#### 1. Criteria

LACERA'S official standard by which the accuracy of a process is measured as adopted by Quality Assurance and its counterparts in Member Operations Group and approved by the Executive Office.

#### 2. Conditions / Causes

The conditions are the relevant facts and evidence supporting the assessment and accuracy of the audit.

The causes are the reasons that the conditions do not meet the criteria.

#### 3. Recommendations and Corrective Action Plan

These are the steps that Quality Assurance suggests be taken to resolve any issues identified in the audit and to meet the standard of the established criteria.

The three qualities of a good recommendation and corrective action plan addresses the following:

- 1. Historical conditions to correct past issues
- 2. Immediate current transactions
- 3. Root case to prevent future issues

#### ACTION ITEMS

Action Items are issued when the tested transaction did not meet (or pass) the standards of the quality audit criteria. All action items are communicated to the divisions and are distributed to supervisors and staff for immediate corrective actions. After the divisions have corrected the action items, they are returned to QA for approval. QA reviews the responses to the action items and marks each action item as one of the following:

TABLE 10

Approved	=	Accepted (action item was resolved)
Action Required	=	Correction still Required
NA	=	No longer Applicable (the exception is no longer an issue due to changes in the member's account subsequent to the audit)

As required by LACERA, all action items must be corrected before reaching the member or before being implemented into our system for the payment of benefits. After the action item is resolved, the member's request can be completed. If no QA Action Items are issued for the transaction, it is deemed 100% accurate. If a QA Action Item is issued for the transaction, the transaction's accuracy rating is measured based on which audit criteria was involved. Each audit criterion is assigned a weight, which allows QA to calculate a weighted, risked-based accuracy rating and an unweighted, stratified accuracy rating.

TABLE 10

# APPENDIX B – QA AUDIT – SAMPLE ACCURACY CALCULATIONS

#### Calculation of accuracy rates using Weighted Criteria

As mentioned earlier, each sample is measured against the agreed upon criteria or check points. Accuracy is calculated based on the number of action items issued and which audit criteria is involved.

EXAMPLE: in the audit month, the total of audited work objects for the Sick Without Pay process is three. Workflow shows that Specialist A completed two of these work objects while Specialist B completed one and the table on the next page shows the results of the audit review.

	Eligibility	Worksheet	Salaries	Lump Sum Cost	Data Entry	Service Credit	Cost Letter / Documentation	
	35%	10%	15%	10%	15%	10%	5%	= 100%
	7	2	3	2	3	2	1	= 20
Sample 1 Specialist <b>A</b>	Pass	Fail	Fail	Pass	Fail	Pass	Pass	
Sample 2 Specialist <b>A</b>	Pass	Pass	Pass	Pass	Pass	Pass	Fail	
Sample 3 Specialist <b>B</b>	Pass	Fail	N/A	N/A	Fail	Fail	Pass	

To be able to calculate the accuracy rate, we know that Sick Without Pay has 7 criteria or check points. We then assign each criterion a value depending on the assigned weighted value, which is based on the level of risk and the criterion's importance to the business process.



#### ACCURACY RATE FOR SPECIALIST A

The criterion factors used to determine the accuracy rate of the two Sick Without Pay transactions completed by Specialist A can be viewed as shown here. The % value for each criterion is shown on line 2 (total = 100%); the weighted numeric value assigned to each criterion is shown on line 3 (total = 20).

							TABLE 11	
	Eligibility	Worksheet	Salaries	Lump Sum	Data Entry	Service Credit	Cost letter / Documents scanned	
	35%	10%	15%	10%	15%	10%	5%	= 100%
	7	2	3	2	3	2	1	= 20 value
Sample 1 Specialist <b>A</b>	Pass	Fail	Fail	Pass	Fail	Pass	Pass	<b>12</b> /20 = (60%)
Sample 2 Specialist <b>A</b>	Pass	Pass	Pass	Pass	Pass	Pass	Fail	<b>19</b> /20 = (95%)
Accuracy by individual criterion	14/14 = 100%	2/4 = 50%	3/6 = 50%	4/4 = 100%	3/6 = 50%	2/2 = 100%	1/2 = 50%	[ <b>31</b> /40 = total accuracy 77.5%]

Specialist A's accuracy rate is then calculated using the data for all the samples. The overall accuracy rate for Sick Without Pay would be calculated as follows:

1. the total value of the criteria with the "Pass" mark

(Sample 1, value 12 + Sample 2, value 19 = 31 total)

- is divided by the total value of all applicable criteria in this sample (Sample 1, value 20 + Sample 2, value 20 = 40 total)
- 3. which is equal to a 77.5% overall accuracy rate on the two Sick Without Pay transactions completed by Specialist A.



ACCURACY RATE FOR SPECIALIST B

Specialist B's accuracy rate on the single sample transaction is calculated as follows:

- 1. the total value of the criteria with the "Pass" mark (see bottom line of grid: total accuracy criteria = 8)
- 2. is divided by the total value of all applicable criteria in this sample
  - See 2<sup>nd</sup> line of grid: total value of pertinent criteria = 15 out of 20 since 5 are not applicable to Sample 3.
  - See 3<sup>rd</sup> line (audit analysis of sample) where N/A status is indicated under each inapplicable criterion.
- 3. which is equal to a 53.3% accuracy rate on the Sick Without Pay transaction completed by Specialist B

TABLE 12

	Eligibility	Worksheet	Salaries	Lump Sum	Data Entry	Service Credit	Cost letter / Documents scanned	
	35%	10%	15%	10%	15%	10%	5%	= 100%
	7	2	3	2	3	2	1	= 20 value
Sample 3 Specialist <b>B</b>	Pass	Fail	N/A	N/A	Fail	Fail	Pass	<b>8</b> /15 = (53.3%)
Accuracy by individual criterion	7/7 = 100%	0/2 = 0%	N/A	N/A	0/3 = 0%	0/2 = 0%	1/1 = 100%	[ <b>8</b> /15 = total accuracy of 53.3%]

**QA Annual Report** 

ACCURACY RATE FOR BUSINESS PROCESS – WEIGHTED

The overall accuracy rate for the Sick Without Pay process is then calculated using the data for all the samples. The overall accuracy rate for Sick Without Pay calculated as follows:

- 1. the total value of the criteria with a "Pass" mark (for all 3 samples: bottom line: total accuracy value = 39)
- 2. is divided by the total value of all applicable criteria for all 3 samples (applicable criteria total = 55)
  - See bottom line: total value of pertinent criteria = 55 out of 60 since 5 are not applicable to Sample 3.
- 3. which is equal to an overall accuracy rate of 70.9% for the Sick Without Pay business process.

TABLE 13

	Eligibility	Worksheet	Salaries	Lump Sum Cost	Data Entry	Service Credit	Cost Letter / Documents	
	35%	10%	15%	10%	15%	10%	5%	= 100%
	7	2	3	2	3	2	1	= 20 value
Sample 1 Specialist <b>A</b>	Pass	Fail	Fail	Pass	Fail	Pass	Pass	<b>12</b> /20 = (60%)
Sample 2 Specialist <b>A</b>	Pass	Pass	Pass	Pass	Pass	Pass	Fail	<b>19</b> /20 = (95%)
Sample 3 Specialist <b>B</b>	Pass	Fail	N/A	N/A	Fail	Fail	Pass	<b>8</b> /15 = (53%)
PROCESS Accuracy by individual criterion	21 / 21 = 100%	2 / 6 = 33.33%	3 / 6 = 50%	4 / 4 = 100%	3 / 9 = 33.33%	4 / 6 = 66.67%	2 / 3 = 66.67%	[ <b>39</b> /55 = TOTAL ACCURACY . 70.9%]

# QA Annual Audit Report



Presenter: Bernie Buenaflor, Chief Quality Auditor

# LI.CERA

# Organizational Structure



# **19 Budgeted Positions**

- Chief Quality Auditor
- 5 Senior Quality Auditors
- 11 Quality Auditor II
- 1 Senior Secretary
- 1 Staff Assistant

# Audit Results – FY 2022 - 2023

	Pre-Completion Audit	Post Completion Audit	Specialist Basic Training Audit	Totals
Accuracy	97.82%	98.81%	97.09%	97.91%
Samples	6,601	1,305	1,316	9,222
Action Items	866	46	246	1,158
Outstanding Action				
Items	0	0	0	0

# 3 Types of Audits

L///CERA

- 1. Pre-Completion Audit
- 2. Post Completion Audit
- 3. Specialist Basic Training Audit

# Setbacks

**Division Staffing Shortages** 

# **Other Recommendations**

• 1 Item Remained Outstanding

# Post Completion Audit: First Payment Accuracy

- New Case Management (CMS) will help improve accuracy through:
  - Standardized Certification Process of Retirement Agenda
  - Automatic Identification of Inflated Salaries and Post after Agenda
  - Pay Holds if First Payment Disbursement is not Reviewed or Approved



# Achievements

# L//.CERA

- Increase Pre-Completion Audits
  - Over 83.30%
- New Audit Areas
  - Account Settlement Transactions (primarily collection activities)
  - Agreed Upon Procedures (flexible testing parameters and procedures are not yet available)
- QA has developed and submitted for executive approval three governance documents, namely:
  - QA Key Performance Indicators
  - QA Staff Development and Training Standards
  - 2023/2024 Annual QA Production/Audit Plan

# QA's Future Initiatives

# L///CERA

- Reorganize for Greater Independence and Objectivity
- Full Staffing
- Expand Scope of Audits Based on Risk Levels
  - More Processes
  - Call Monitoring
  - Member Surveys
- Explore New Tools and Techniques for Clearing Member Account Exceptions
- Instilling the "Auditor Mindset" and Analytical skills to prepare Staff for the workplace of the future
  - Advanced CERL Education (ACE) Training

**I**1.,

Documents not attached are exempt from disclosure under the California Public Records Act and other legal authority.

For further information, contact: LACERA Attention: Public Records Act Requests 300 N. Lake Ave., Suite 620 Pasadena, CA 91101

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