

OPERATIONS OVERSIGHT COMMITTEE AGENDA 12-15-11

MEMBERSHIP

Yves Chery, Chair
William de la Garza, Vice Chair
Shawn R. Kehoe
Ed C. Morris
Simon S. Russin, Alternate

I. APPOINTMENT OF VOTING MEMBER(S) IN THE EVENT ONE OR MORE REGULAR COMMITTEE MEMBERS ARE ABSENT

II. APPROVAL OF THE MINUTES OF THE REGULAR MEETING OF OCTOBER 13, 2011

III. FOR INFORMATION

- A.** FY 2010-2011 Final Budget Control Report
Shamila Freeman
Kaelyn Ung
- B.** Disaster Recovery Test 2011 (oral presentation)
Kimberly Hines
JJ Popowich
James Pu
- C.** Quality Assurance Review for Fiscal Year 2010-2011
Mike Mikhail

IV. MISCELLANEOUS

V. PUBLIC COMMENT

VI. GOOD OF THE ORDER

(For discussion purposes only)

VII. ADJOURNMENT

OPERATIONS OVERSIGHT COMMITTEE MINUTES 12-15-11

PRESENT

Yves Chery, Chair
William de la Garza, Vice Chair
Ed C. Morris
Simon S. Russin, Alternate

ABSENT

Shawn R. Kehoe

ALSO ATTENDING:

BOARD MEMBERS AT LARGE

Marvin Adams
Sadonya Antebi
Alan Bernstein
Les Robbins

STAFF, ADVISORS, PARTICIPANTS

Janice Golden
Robert Hill
Derwin Brown
Shamila Freeman
Kimberly Hines
Mike Mikhail
JJ Popowich
James Pu
Kaelyn Ung

The meeting was called to order by Chairman Chery at 12:05 p.m.

I. APPOINTMENT OF VOTING MEMBER(S) IN THE EVENT ONE OR MORE REGULAR COMMITTEE MEMBERS ARE ABSENT

The Chair appointed Mr. Russin a voting member of the Committee.

II. APPROVAL OF THE MINUTES OF THE REGULAR MEETING OF OCTOBER 13, 2011

A motion was made by Mr. Morris, seconded by Mr. Russin, to approve the minutes of the regular meeting of October 13, 2011. The motion passed unanimously.

III. FOR INFORMATION

A. FY 2010–2011 Final Budget Control Report Shamila Freeman, Kaelyn Ung

Shamila Alam and Kaelyn Ung presented the final Budget Control Report for fiscal year 2010–2011, based on actual expenditures through June 30, 2011. Total operating expenses for the LACERA Administrative Budget were \$50 million, an underexpenditure of approximately \$3 million from LACERA's operating budget.

The Retiree Health Care Benefits Program Budget's total operating expenses were \$3.5 million. This represents an underexpenditure of \$246,335 from the operating budget.

B. Disaster Recovery Test 2011 (oral presentation)

Kimberly Hines
JJ Popowich
James Pu

Kimberly Hines, JJ Popowich, and James Pu discussed the disaster recovery test held in September of this year. This was a surprise test of business continuity plan documentation, communication flow, and system recovery. This test exercise is conducted annually to ensure that we are able to continue to produce, protect, and provide the promised benefit to our members. The number one priority is to make sure we can initiate payroll, communicate with our members, and prioritize other objectives depending upon how long we are unable to occupy our facility. The disaster recovery test is comprised of four components. The disaster is declared, communication begins and continues throughout the test, the system is recovered and then validated. This year's exercise was more of a surprise than in other years, with new staff involved, and some key staff unavailable. The test objectives were clearly defined,

coordination of the event was smooth, and staff performance was excellent.

C. Quality Assurance Review for Fiscal Year 2010–2011

Mike Mikhail
Derwin Brown

Mike Mikhail presented the quality assurance review for 2010–2011. During that period 21 processes were audited. There were 10,730 samples audited, reflecting an overall increase of approximately 15% from the previous year. Of the total samples, there were 1,318 exceptions resulting in a 2.45% increase in the number of exceptions from the previous fiscal year. There are 57 outstanding exceptions for the Claims Processing division and none for the Member Services division.

Overall, the accuracy rate decreased by .42% over the last fiscal year. This was due to the increased number of samples audited. Of the 21 processes audited, 18 met the targeted accuracy rate of 95% and above. In fact, three processes reached 100% accuracy.

In the 2011–2012 fiscal year, quality reviews will continue to focus on processes that have financial impact, such as the new retiree payroll, new retiree payment adjustments, disability adjustments, and retirement benefit adjustments. Derwin Brown gave a report on special projects/data clean-up. The 1996 Contribution Rate Error Report project was completed in this fiscal year.

The 1982–1991 Membership Date project applies to any member hired between January 1, 1982 and December 31, 1991. Their membership began the first month following their plan election. If a member did not make a plan election by December 31, 1991, they were defaulted to Plan E effective January 1, 1992. The Board approved allowing these employees to have their membership start the month following their permanent date. The project contained 5,371 members potentially affected. Since inception of the project in April 2011, we have processed 3,732 cases, 70% of the total amount. This will be advantageous to members who will be able to get additional service credit added to their membership.

The July 1, 2011 Contribution Rate Change Project is almost completed, with only one case remaining. On July 1, 2011, Los Angeles County had a mass contribution rate change that was occurring for the first time under the new eHR payroll system. Quality Assurance did beta testing on a sample of the total membership to ensure the correct rate would be applied under the new system, with 876 discrepancies discovered in the contribution rates of some members. The project consisted of immediately correcting contribution rates going forward, and calculating retro adjustments. Project research discovered 274 overpayments and 149 underpayments.

The next project to be worked is the multiple Sworn Statements, which involves research and correction as needed for 2,822 member accounts to ensure correct retirement plan, eligibility for redeposit, correct contribution rate, and any other potential discrepancies. There is a high degree of probability that members involved in this project have too much service credit and those records must be corrected.

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