

MINUTES OF THE REGULAR MEETING OF THE AUDIT COMMITTEE  
AND BOARD OF RETIREMENT AND/OR BOARD OF INVESTMENTS\*  
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION  
300 N. LAKE AVENUE, SUITE 810, PASADENA, CALIFORNIA 91101

9:00 A.M., WEDNESDAY, AUGUST 16, 2017

PRESENT: Joseph Kelly, Chair  
Michael S. Schneider, Vice Chair  
Vivian Gray, Secretary  
David Green

ABSENT: Shawn Kehoe

STAFF, ADVISORS, AND PARTICIPANTS

Richard Bendall, Chief Audit Executive  
Steven Rice, Chief Legal Counsel  
Rick Wentzel, Audit Committee Consultant  
Quoc Nguyen, Principal Internal Auditor

I. CALL TO ORDER

The meeting was called to order at 9:00a.m., in the Boardroom of Gateway Plaza by Mr. Kelly, Chair of the Committee.

II. PLEDGE OF ALLEGIANCE

Mr. Green led the Board Members and staff in reciting the Pledge of Allegiance.

III. APPROVAL OF THE MINUTES

- A. Approval of the Minutes of the Regular Audit Committee Meeting of March 22, 2017.

Mr. Schneider made a motion, and Mr. Green seconded to approve the minutes of the regular Audit Committee meeting of March 22, 2017. The motion passed unanimously.

IV. REPORT ON CLOSED SESSION ITEMS

No items to report.

V. PUBLIC COMMENT

No items to report.

VI. NON-CONSENT ITEMS

- A. Recommendation, as submitted by Richard Bendall, Chief Audit Executive, that the Audit Committee review and discuss the following engagement reports to take the following action(s):

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1. Accept and file report and/or,
2. Instruct staff to forward report to Boards or Committees and/or,
3. Provide further instruction to staff.

(Memo dated July 31, 2017)

a. Retiree Healthcare Member Verification

Nathan Amick, Internal Auditor

(Report issued June 30, 2017)

b. Certificates Processing Review

Darla Vidger, Internal Auditor

(Report issued June 29, 2017)

c. Investment Fees Audit

Quoc Nguyen, Principal Internal Auditor

(Report issued June 28, 2017)

d. Duplicate Special Payments

Gabriel Tafoya, Senior Internal Auditor

(Report issued January 19, 2017)

Mr. Schneider directed questions to Internal Audit staff regarding item (c.) Mr. Bendall and Mr. Nguyen addressed investment Fees Audit, questions and concerns.

Mr. Kelly voiced questions/concerns regarding fee calculations. Mr. Grabel addressed Mr. Kelly's concerns.

Mr. Kehoe made a motion to accept and approved agenda items in addition to forwarding the Retiree Healthcare Member Verification Report to OOC and the Investment Fees Audit Report to BOI, Mr. Schneider seconded the approval of the agenda items with the mentioned additions. The motion passed unanimously.

- B. Recommendation that the Audit Committee review and approve the Audit Plan for Fiscal Year End 2018 as submitted by Richard Bendall, Chief Audit Executive, and Quoc Nguyen, Principal Internal Auditor (Memo dated July 31, 2017)

Mr. Kelly made a motion to approve the agenda item with the caveat of giving Internal Audit an opportunity to re-evaluate the plan and present goals that are more realistic if necessary, Mr. Green seconded the motion to approve the agenda item. The motion passed unanimously.

#### IV. REPORTS

- A. Internal Audit Staffing Report  
Richard Bendall, Chief Audit Executive  
(Verbal presentation)
- B. Internal Audit Annual Report – Fiscal Year End 2017  
Richard Bendall, Chief Audit Executive  
(Report dated June 30, 2017)
- C. Recommendation Follow-Up Report  
Quoc Nguyen, Principal Internal Auditor  
(Memo dated June 30, 2017)
- D. Privacy Audit Recommendation Follow-Up  
Richard Bendall, Chief Audit Executive  
Darla Vidger, Internal Auditor  
(Memo dated July 31, 2017)
- E. **Attorney-Client Privilege/Confidential Memo**  
Human Resources Compliance Audit [by Liebert Cassidy Whitmore]  
Recommendation Follow-Up  
Richard Bendall, Chief Audit Executive  
(Memo dated July 31, 2017)
- F. Status of Other External Audits Not Conducted at the Discretion of Internal Audit

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Richard Bendall, Chief Audit Executive (Verbal Presentation)

a. **Attorney-Client Privilege/Confidential Memo**

Audit Report of LACERA's Pay Practices [by Liebert Cassidy Whitmore]

Johanna Fontenot, Senior Staff Counsel

John Nogales, Human Resources Director

(Memo dated August 3, 2017)

G. Quality Assurance & Improvement Program Report

Richard Bendall, Chief Audit Executive

(Memo dated July 31, 2017)

H. Internal Audit Goal Report

Richard Bendall, Chief Audit Executive

(Memo dated July 31, 2017)

No questions or comment on  
any of the listed reports.

V. CONSULTANT COMMENTS

Rick Wentzel, Audit Committee Consultant

There were no comments from  
Mr. Wentzel.

VI. GOOD OF THE ORDER

There were no comments.

VII. CLOSED SESSION

A. Performance Evaluation – 2017 CAE Fiscal Year End Report  
[Pursuant to Government Code Section 54957(b)(1)]

Title: Chief Audit Executive

B. Performance Evaluation – 2018 CAE Goals & Expectations  
[Pursuant to Government Code Section 54957(b)(1)]

Title: Chief Audit Executive

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ADJOURNMENT

There being no further business to come before the Audit Committee, the meeting was adjourned at 9:45 a.m.

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VIVIAN GRAY, SECRETARY

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JOSEPH KELLY, CHAIR