

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE OF THE
BOARD OF RETIREMENT AND BOARD OF INVESTMENTS*
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

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

9:00 A.M., WEDNESDAY, MARCH 21, 2018

PRESENT: Michael S. Schneider, Chair

Vivian Gray, Vice Chair

Herman Santos, Secretary

David Green

ABSENT: Joseph Kelly

Shawn R. Kehoe

STAFF, ADVISORS, PARTICIPANTS

Richard Bendall, Chief Audit Executive

Steven P. Rice, Chief Legal Counsel

Rick Wentzel, Audit Committee Consultant

Quoc Nguyen, Principal Internal Auditor

Christina Logan, Senior Internal Auditor

Gabriel Tafoya, Senior Internal Auditor

Kathryn Ton, Senior Internal Auditor

Tamara Caldwell, Disability Retirement Specialist Supervisor

James Brekk, Interim Chief Deputy

I. CALL TO ORDER

The meeting was called to order at 9:06 a.m., in the Board Room of Gateway Plaza.

II. APPROVAL OF THE MINUTES

A. Approval of the Minutes of the Regular Meeting of November 30, 2017

Mr. Green made a motion, Mr. Santos seconded, to approve the minutes of the regular meeting of November 30, 2017. The motion passed unanimously.

III. PUBLIC COMMENT

There were no requests from the public to speak.

IV. NON-CONSENT AGENDA

A. Recommendation as submitted by Richard Bendall, Chief Audit Executive: That the Committee review the Audit Committee Meeting Schedule and provide direction to staff on changes. (Memo Dated on March 1, 2018)

Mr. Santos made a motion, Ms. Gray seconded, to approve staff's recommendation. The motion passed unanimously.

B. Recommendation as submitted by Richard Bendall, Chief Audit Executive, Leisha Collins, Principal Internal Auditor, and Christina Logan, Senior Internal Auditor: That the Committee:

1. Provide direction to staff on the proposed updates to the Audit Committee Charter, and
2. Upon approval, recommend to the Board of Retirement and Board of Investments to adopt the revised Audit Committee Charter. (Memo Dated on March 1, 2018)

IV. NON-CONSENT AGENDA (Continued)

Mr. Santos made a motion, Ms. Gray seconded, to adopt the revised Audit Committee Charter recommendation. The motion passed unanimously.

C. Recommendation as submitted by Richard Bendall, Chief Audit Executive: That the Committee review and discuss the Retiree Healthcare Benefits Program Funding Audit engagement report and take the following action(s):

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 on March 1, 2018)

Kathryn Ton was present to answered questions from the Committee.

Mr. Santos made a motion, Mr. Green seconded, to accept and file the report. The motion passed unanimously.

D. Recommendation as submitted by Richard Bendall, Chief Audit Executive: That the Committee review and discuss the External Penetration Test engagement report and take the following action(s):

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 on March 1, 2018)

Mr. Santos made a motion, Mr. Green seconded, to accept and file the report. The motion passed unanimously.

IV. NON-CONSENT AGENDA (Continued)

E. Recommendation as submitted by Richard Bendall, Chief Audit Executive: That the Committee review and discuss the Data Backup and Retention engagement report to take the following action(s):

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 on March 1, 2018)

Mr. Santos made a motion, Mr. Green seconded, to accept and file the report. The motion passed unanimously.

F. Recommendation as submitted by Richard Bendall, Chief Audit Executive: That the Committee review and discuss the Physician Selection, Monitoring, and Compensation Audit engagement report and take the following action(s):

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 on March 1, 2018)

Christina Logan, Tamara Caldwell, and James Brekk were present to answer

questions from the Committee.

Mr. Santos made a motion, Mr. Green seconded, to accept and file report. The motion passed unanimously.

V. REPORT

A. Internal Audit Risk Assessment Report
Richard Bendall, Chief Audit Executive
(Memo Dated on March 1, 2018)

Mr. Bendall was present and answered questions from the Committee. This report was received and filed.

V. REPORT (Continued)

- B. Audit Plan Status Report
Richard Bendall, Chief Audit Executive
(Report Updated on March 1, 2018)

Mr. Bendall was present and answered questions from the Committee. This report was received and filed.

- C. Recommendation Follow-Up Report
Quoc Nguyen, Principal Internal Auditor
(Report Updated on March 1, 2018)

Messrs. Nguyen and Tafoya were present and answered questions from the Committee. This report was received and filed.

- D. Attorney-Client Privilege/Confidential Memo
Privacy Audit Recommendation Follow-Up
Steven Rice, Chief Legal Counsel
Richard Bendall, Chief Audit Executive (Memo Dated on March 1, 2018)

Messrs. Bendall and Rice were present and answered questions from the Committee.

- E. Attorney-Client Privilege/Confidential Memo
Human Resources Compliance Audit [by Liebert Cassidy Whitmore]
Steven Rice, Chief Legal Counsel
Richard Bendall, Chief Audit Executive
(Memo Dated on March 1, 2018)

Mr. Bendall was present and answered questions from the Committee.

- F. Status of Other External Audits Not Conducted at the Discretion of Internal Audit
Richard Bendall, Chief Audit Executive
(Verbal Presentation)

Mr. Bendall was present and answered questions from the Committee.

March 21, 2018

Page 6

V. REPORT (Continued)

- G. Internal Audit Goal Report
Richard Bendall, Chief Audit Executive
(Updated on March 1, 2018)

Mr. Bendall was present and answered questions from the Committee.

VI. REPORT ON STAFF ACTION ITEMS

There was nothing to report.

- VII. GOOD OF THE ORDER
(For information purposes only)

Committee members thanked staff for their hard work.

VIII. ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 10:50 a.m.