

APPROVED

MINUTES OF THE SPECIAL 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 91101

8:00 A.M., FRIDAY, MAY 8, 2020

This meeting was conducted by teleconference pursuant to the Governor's Executive Order N-29-20. The public may attend the meeting at LACERA's offices.

PRESENT: Gina V. Sanchez, Chair
Keith Knox, Vice Chair
Herman B. Santos, Secretary
Vivian H. Gray
David Green

MEMBERS AT LARGE

Alan Bernstein
Shawn R. Kehoe

STAFF, ADVISORS, PARTICIPANTS

Santos H. Kreimann, Chief Executive Officer
Richard Bendall, Chief Audit Executive
Steven P. Rice, Chief Counsel
Leisha Collins, Principal Internal Auditor
Christina Logan, Senior Internal Auditor
Rick Wentzel, Audit Committee Consultant

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I. CALL TO ORDER

The meeting was called to order at 9:03 a.m., in the Board Room of Gateway Plaza.

II. APPROVAL OF THE MINUTES

A. Approval of the Minutes of the Special Audit Committee Meeting of March 4, 2020.

Mr. Knox made a motion, Mr. Green seconded, to approve the minutes of the Special Audit Committee meeting of March 4, 2020. The motion passed (roll call) with Messrs. Green, Knox, Santos and Ms. Gray and Ms. Sanchez voting yes.

III. PUBLIC COMMENT

There were no requests from the public to speak.

IV. NON-CONSENT ITEMS

A. Recommendation as submitted by Richard Bendall, Chief Audit Executive and Christina Logan, Senior Internal Auditor: That the Committee: a) Provide direction to staff on the proposed revisions to the Audit Committee Charter; and b) Upon approval, recommend to the Board of Retirement and Board of Investments to adopt the revised Audit Charter. (Memo dated May 1, 2020)

Mr. Santos made a motion, Mr. Knox seconded, to approve staff's recommendations. The motion passed (roll call) with Messrs. Green, Knox, Santos and Ms. Gray and Ms. Sanchez voting yes.

V. NON-CONSENT ITEMS (Continued)

- B. Recommendation as submitted by Richard Bendall, Chief Audit Executive and Leisha Collins, Principal Internal Auditor: That the Committee: Consider and recommend the establishment of an Audit Reserve Fund in the amount of \$500,000 to be funded from contingency monies and secure the Boards' delegated authority to access such reserve funds at the sole discretion of the Audit Committee based on a preliminary finding from existing audit activities that merit further investigation. (Memo dated May 1, 2020)

Mr. Knox made a motion, Mr. Santos seconded, to approve staff's recommendations including the following revisions: That the Audit Committee Reserve Funds be included with the report and provide the audit report to both boards at the May board meetings. The motion passed (roll call) with Messrs. Green, Knox, Santos and Ms. Gray and Ms. Sanchez voting yes.

- C. Recommendation as submitted by Richard Bendall, Chief Audit Executive and Leisha Collins, Principal Internal Auditor: That the Committee: a) Direct staff to terminate the current Audit Committee Consultant Agreement, effective July 1, 2020, and negotiate and enter into a new Audit Committee Consultant Agreement with Rick Wentzel, Sole Practitioner, at the same rate and terms as the current agreement with Grant Thornton, for the prior of July 1, 2020 to December 31, 2020, terminable at LACERA's convenience; and b) Direct staff to immediately initiate a Request for Proposal (RFP) to hire a new Audit Committee Consultant. (Memo dated May 1, 2020)

Mr. Knox made a motion, Mr. Green seconded to approve staff's recommendation. The motion passed unanimously. The motion passed (roll call) with Messrs. Green, Knox, Santos and Ms. Gray and Ms. Sanchez voting yes.

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VI. ITEMS FOR STAFF REVIEW

There were no items for staff review.

VII. GOOD OF THE ORDER

There was nothing to report during Good of the Order.

VIII. ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 9:53 a.m.