

**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

9:00 A.M., FRIDAY, FEBRUARY 19, 2021

*This meeting was conducted by the Audit Committee by teleconference under the Governor's  
Executive Order No. N-29-20.*

PRESENT: Joseph Kelly, Chair  
Shawn R. Kehoe, Vice Chair  
Vivian H. Gray, Secretary  
Alan J. Bernstein  
Keith Knox  
Ronald A. Okum  
Gina V. Sanchez (Left at 11:30 a.m.)

MEMBERS AT LARGE

William Pryor (Arrived at 9:27 a.m.)

STAFF, ADVISORS, PARTICIPANTS

Santos H. Kreimann, Chief Executive Officer

Richard P. Bendall, Chief Audit Executive

Steven P. Rice, Chief Counsel

Leisha E. Collins, Principal Internal Auditor

STAFF, ADVISORS, PARTICIPANTS (Continued)

Christina Logan, Principal Internal Auditor

Kristina Sun, Senior Internal Auditor

Kathryn Ton, Senior Internal Auditor

George Lunde, Senior Internal Auditor

Gabriel Tafoya, Senior Internal Auditor

Nathan K. Amick, Internal Auditor

Bob Schlotfelt, Interim Chief Information Security Officer

Debbie Biddle-Castillo, KPMG

Sami Salam, KPMG

Robert H. Griffin, Audit Committee Consultant

I. CALL TO ORDER

The meeting was virtually called to order at 9:00 a.m.

II. ELECTION OF OFFICERS (Election of Chair, Vice Chair, and Secretary)

A. Chair of the Audit Committee

Mr. Kelly was nominated to the position of Chair of the Audit Committee by Mr. Kehoe and Ms. Sanchez was nominated to the position of Chair of the Audit Committee by Mr. Okum.

Mr. Knox announced that Mr. Kelly was elected to the position of Chair of the Audit Committee by a roll call vote with Messrs. Bernstein, Kehoe, Kelly, Okum voting yes; and Ms. Gray and Ms. Sanchez voting no and, Mr. Knox abstaining.

### III. ELECTION OF OFFICERS (Election of Chair, Vice Chair, and Secretary)

#### B. Vice Chair of the Audit Committee

Mr. Kehoe was nominated to the position of Vice Chair of the Audit Committee by Mr. Kelly. Hearing no other nominations, Mr. Kehoe was declared Vice Chair of the Committee for 2021.

### III. APPROVAL OF THE MINUTES

#### A. Approval of the Minutes of the Special Audit Committee Meeting of December 11, 2020

Ms. Gray made a motion, Mr. Knox seconded, to approve the minutes of the Special Audit Committee meeting of December 11, 2020. The motion passed (roll call) with Messrs. Kehoe, Kelly, Knox, Okum, Ms. Gray, Ms. Sanchez voting yes; and Mr. Bernstein abstaining.

### IV. PUBLIC COMMENT

There were no requests from the public to speak.

### V. NON-CONSENT ITEMS

#### A. Recommendation as submitted by Richard P. Bendall, Chief Audit Executive: That the Audit Committee review the 2021 meeting calendar and schedule Audit Committee Meetings for April, June, August, October and December of 2021. (Memo dated February 1, 2021)

Mr. Kelly made a motion, Mr. Bernstein seconded, to approve April 23<sup>rd</sup>, June 24<sup>th</sup>, August 26<sup>th</sup>, October 21<sup>st</sup> and December 2<sup>nd</sup> for the 2021 Audit Committee meetings. The motion passed (roll call) with Messrs. Kehoe, Bernstein, Kelly, Knox,

V. NON-CONSENT ITEMS (Continued)

Okum, Ms. Gray and Ms. Sanchez voting yes.

- B. Recommendation as submitted by Richard P. Bendall, Chief Audit Executive, Leisha E. Collins, Principal Internal Auditor and Christina Logan, Principal Internal Auditor: That the Audit Committee approve the Internal Audit Proposed FYE 2022 Budget and a contingent budget for additional work-related audit findings or other unplanned work. (Memo dated February 2, 2021)

(Ms. Sanchez left the meeting at 11:30 a.m.)

(This item was held after item VI. C.)

Mr. Kelly made a motion, Mr. Kehoe seconded, to approve the Internal Audit Proposed FY 2022 Budget and set the contingency budget to zero. The motion failed (roll call) with Messrs. Kehoe, Kelly, Knox, voting yes; Mr. Okum, Mr. Bernstein and Ms. Gray voting no.

Mr. Bernstein made a motion, Mr. Okum seconded, to approve the Internal Audit Proposed FY 2022 Budget and to amend the contingency to \$250,000. The motion passed (roll call) with Messrs. Kehoe, Bernstein, Kelly, Knox, Okum, and Ms. Gray voting yes.

- C. Recommendation as submitted by Steven P. Rice, Chief Counsel: That the Committee review and approve the KPMG Recommendation Follow-Up Audit and provide the following action(s):

1. Accept and file report;
2. Instruct staff to forward report to Boards or Committees;
3. Make recommendations to the Boards or Committees regarding actions as may be required based on audit findings; and/or
4. Provide further instruction to staff.

(Memo dated February 9, 2021)

V. NON-CONSENT ITEMS (Continued)

Mr. Kelly made a motion, Ms. Sanchez seconded, to accept and file the report. Furthermore, the Committee directed staff to provide quarterly updates to the Audit Committee of Recommendations Follow-Up until fully implemented and commission KPMG to perform follow-up of audit for next fiscal year.

The motion passed (roll call) with Messrs. Kehoe, Bernstein, Kelly, Knox, Okum, Ms. Gray and Ms. Sanchez voting yes.

D. Recommendation as submitted by Richard P. Bendall, Chief Audit Executive and George Lunde, Senior Internal Auditor: That the Committee review and approve the Social Security Number Verification System Audit and provide the following action(s):

1. Accept and file report;
2. Instruct staff to forward report to Boards or Committees;
3. Make recommendations to the Boards or Committees regarding actions as may be required based on audit findings; and/or
4. Provide further instruction to staff.  
(Memo dated February 3, 2021)

Mr. Kelly made a motion, Ms. Sanchez seconded, to accept and file the report. The motion passed (roll call) with Messrs. Kehoe, Bernstein, Kelly, Knox, Okum, Ms. Gray and Ms. Sanchez voting yes.

V. NON-CONSENT ITEMS (Continued)

E. Recommendation as submitted by Richard P. Bendall, Chief Audit Executive and Nathan K. Amick, Internal Auditor: That the Committee review and discuss the Death Legal Unit Audit and provide the following action(s):

1. Accept and file report;
2. Instruct staff to forward report to Boards or Committees;
3. Make recommendations to the Boards or Committees regarding actions as may be required based on audit findings; and/or
4. Provide further instruction to staff.  
(Memo dated February 5, 2021)

Mr. Kelly made a motion, Mr. Kehoe seconded, directing staff to return to the Audit Committee and correct factual inaccuracies and bring original report. The motion passed (roll call) with Messrs. Kehoe, Bernstein, Kelly, Knox, Okum, Ms. Gray and Ms. Sanchez voted yes.

VI. REPORTS

A. Information Security Update  
Robert Schlotfelt, Interim Chief Information Security Officer  
(Presentation and Memo dated February 1, 2021)

Messrs. Schlotfelt and Rice were present and answered questions from the Committee. This report was received and filed.

B. Audit Planning for Fiscal Year 2021-2022  
Richard P. Bendall, Chief Audit Executive  
Christina Logan, Principal Internal Auditor  
Kristina Sun, Senior Internal Auditor  
(Presentation and Memo dated February 2, 2021)

Ms. Logan and Ms. Sun presented a brief presentation and answered questions from the Committee.

VI. REPORTS (Continued)

- C. FYE 2021 Audit Plan Status Report  
Richard P. Bendall, Chief Audit Executive  
Leisha E. Collins, Principal Internal Auditor  
(Memo dated February 2, 2021)

Mr. Bendall and Ms. Collins were present and answered questions from the Committee.

- D. Recommendation Follow-Up Information Technology Areas  
Richard P. Bendall, Chief Audit Executive  
Christina Logan, Principal Internal Auditor  
Gabriel Tafoya, Senior Internal Auditor  
(Memo dated February 2, 2021)

Messrs. Bendall, Tafoya and Ms. Logan were present and answered questions from the Committee.

- E. Recommendation Follow-Up  
Richard P. Bendall, Chief Audit Executive  
Gabriel Tafoya, Senior Internal Auditor  
(Memo dated February 10, 2021)

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

- F. Continuous Auditing Program (CAP)  
Richard P. Bendall, Chief Audit Executive  
Gabriel Tafoya, Senior Internal Auditor  
Nathan K. Amick, Internal Auditor  
(Memo dated February 3, 2021)

Messrs. Tafoya and Amick were present and answered questions from the Committee.

The following items were received and filed.

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

VI. REPORTS (Continued)

- H. Internal Audit Staffing Activity Report  
Richard P. Bendall, Chief Audit Executive  
(Verbal Presentation)
  
- I. Real Estate Administration and Performance Conversion Update Esmeralda del Bosque, Senior Investment Officer  
Trina Sanders, Investment Officer  
Cindy Rivera, Senior Investment Analyst  
Calvin Chang, Senior Investment Analyst  
Michael Huang, Accounting Officer II  
Margaret Lei Chwa, Senior Accountant  
(For Information Only) (Memo dated February 5, 2021)
  
- J. Real Estate Manager Review Report  
Richard P. Bendall, Chief Audit Executive  
Kathryn Ton, Senior Internal Auditor  
(For Information Only) (Memo dated January 29, 2021)

Messrs. Bendall and Rice, and Ms. Ton were present to answer questions from the

Committee.

- K. Ethics Hotline Status Report  
Richard P. Bendall, Chief Audit Executive  
Kathryn Ton, Senior Internal Auditor  
(For Information Only) (Memo dated January 29, 2021)

This Item was received and filed.

VII. CONSULTANT COMMENTS

Robert H. Griffin, Audit Committee Consultant  
(Verbal Presentation)

Mr. Griffin provided comments to the Committee.



#### VIII. REPORT ON STAFF ACTION ITEMS

The Committee requested that staff agendaize the Audit Committee Charter for further review at the April 2021 meeting and provide the Committee with the Internal Audit organizational chart including staff names.

#### IX. GOOD OF THE ORDER

The Committee thanked staff for their work.

#### X. ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 12:03 p.m.