

APPROVED

MINUTES OF THE REGULAR 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, APRIL 23, 2021

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: Joseph Kelly, Chair

 Shawn R. Kehoe, Vice Chair

 Vivian H. Gray, Secretary

 Alan J. Bernstein

 Keith Knox

 Ronald A. Okum

 Gina V. Sanchez

MEMBERS AT LARGE

Patrick Jones

Herman Santos

STAFF, ADVISORS, PARTICIPANTS

Santos H. Kreimann, Chief Executive Officer

Richard Bendall, Chief Audit Executive

Leisha Collins, Principal Internal Auditor

Christina Logan, Principal Internal Auditor

STAFF, ADVISORS, PARTICIPANTS (Continued)

Kathryn Ton, Senior Internal Auditor

Nathan K. Amick, Internal Auditor

Johanna Fontenot, Interim Chief Counsel

Robert H. Griffin, Audit Committee Consultant

I. CALL TO ORDER

The meeting was called to order at 9:00 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 February 19, 2021.

Ms. Gray made a motion, Mr. Okum seconded, to approve the minutes of the Special Audit Committee meeting of February 19, 2021. The motion passed (roll call) with Messrs. Kehoe, Bernstein, Kelly, Knox, Okum, 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 P. Bendall, Chief Audit Executive and Christina Logan, Principal Internal Auditor: That the Committee provide direction to staff on the proposed revisions to the Audit Committee Charter, and upon approval, recommend to the Board of Retirement and Board of Investments to adopt the revised Audit Committee Charter. (Memo dated April 15, 2021)

IV. NON-CONSENT ITEMS (Continued)

Mr. Knox made a motion, Mr. Bernstein seconded, to approve and recommend to the Board of Retirement and Board of Investments the Audit Committee Charter with the following revisions: 1) Delete the requirement that the Committee recommend a contingent budget; and 2) Include the addition of the following language: LACERA will provide appropriate funding, as determined by the Audit Committee, for compensation to the Financial Auditor, to any Professional Service Provider that the Audit Committee chooses to engage, and for payment of ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

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

- B. Recommendation as submitted by Richard P. Bendall, Chief Audit Executive and Christina Logan, Principal Internal Auditor: That the Committee approve a One-Year Extension Request for Plante Moran Financial Audit Contract. (Memo dated April 15, 2021)

Mr. Okum made a motion, Mr. Knox seconded, to approve staff's recommendations. The motion passed (rollcall) with Messrs. Kehoe, Bernstein, Kelly, Knox, Okum, Ms. Gray and Ms. Sanchez voting yes.

- C. Recommendation as submitted by Richard P. Bendall, Chief Audit Executive and Leisha Collins, Principal Internal Auditor: That the Committee authorize staff to issue a Request for Proposal for an External Assessment of the Internal Audit Division. (Memo dated March 31, 2021)

IV. NON-CONSENT ITEMS (Continued)

Mr. Bernstein made a motion, Mr. Okum seconded, to approve staff's recommendations. The motion passed (rollcall) 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, Leisha E. Collins, Principal Internal Auditor and Kathryn Ton, Senior Internal Auditor: That the Committee (1) Review and approve the proposed firms to be included in the pre-qualified pool; and (2) Direct staff to work with the Legal Office to finalize the master contracts with each firm.

(Memo dated April 7, 2021)

Ms. Sanchez made a motion, Mr. Okum seconded, to approve staff's recommendations. The motion passed (rollcall) with Messrs. Kehoe, Bernstein, Kelly, Knox, Okum, Ms. Gray and Ms. Sanchez voting yes.

- 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 Amendment to Report 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 March 30, 2021)

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

V. NON-CONSENT ITEMS (Continued)

F. Recommendation as submitted by Richard P. Bendall, Chief Audit Executive and Kristina Sun, Senior Internal Auditor: That the Committee review and discuss the Quality Assurance Operations Review 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 April 15, 2021)

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

V. REPORTS

A. The Institute for Internal Auditor's Three Lines Model
Richard P. Bendall, Chief Audit Executive
Nathan K. Amick, Internal Auditor
(Presentation) (Memo dated March 30, 2021)

Mr. Amick presented a brief presentation and answered questions from the
Committee

B. 2021 Risk Assessment Survey Results of LACERA
Richard P. Bendall, Chief Audit Executive
Kristina Sun, Senior Internal Auditor
(Presentation) (Memo dated April 15, 2021)

Mr. Bendall presented a brief presentation and answered questions from the
Committee

V. REPORTS

The following items were received and filed.

C. Status of Other External Audits Not Conducted at the Discretion of Internal Audit

Richard P. Bendall, Chief Audit Executive
(Verbal Presentation)

D. Legal Review of Incorrect SSNs on Form 1099-Rs

Steven Rice, Chief Counsel
(For Information Only) (Memo dated April 9, 2021)

E. FYE 2021 Audit Plan Status Report

Richard P. Bendall, Chief Audit Executive
Leisha E. Collins, Principal Internal Auditor
(For Information Only) (Memo dated April 15, 2021)

F. Ethics Hotline Status Report

Richard P. Bendall, Chief Audit Executive
Kathryn Ton, Senior Internal Auditor
(For Information Only) (Memo dated March 30, 2021)

VI. CONSULTANT COMMENTS

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

Mr. Griffin provided additional comments regarding Item IV. A.

VII. REPORT ON STAFF ACTION ITEMS

Staff to provide the Committee the CalPers Article of Embezzlement.

VIII. GOOD OF THE ORDER

There was nothing to report during Good of the Order.

IX. ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 10:14 a.m.