

**APPROVED**

MINUTES OF THE REGULAR MEETING OF THE AUDIT COMMITTEE AND  
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., MONDAY, AUGUST 18, 2022

*This meeting was conducted by teleconference pursuant to the Governor's  
Executive Order N-29-20.*

PRESENT: Gina V. Sanchez, Chair

Joseph Kelly, Vice Chair (Joined the meeting at 8:06 a.m.)

Patrick L. Jones, Secretary

Alan J. Bernstein (Left the meeting at 8:47 a.m.)

Keith Knox

Wayne Moore

Herman B. Santos

MEMBERS AT LARGE

Vivian Gray, Board of Retirement

Onyx Jones, Board of Investments

STAFF, ADVISORS, PARTICIPANTS

Santos H. Kreimann, Chief Executive Officer

Luis A. Lugo, Deputy Chief Executive Officer

Jonathan Gabel, Chief Investment Officer

STAFF, ADVISORS, PARTICIPANTS (Continued)

Laura Guglielmo, Assistant Executive Officer

JJ Popowich, Assistant Executive Officer

Steven P. Rice, Chief Counsel

Jasmine Bath, Senior Staff Counsel

Ted Granger, Interim Chief Financial Officer

Leisha E. Collins, Principal Internal Auditor

Christina Logan, Principal Internal Auditor

Nathan K. Amick, Senior Internal Auditor

George Lunde, Senior Internal Auditor

Kristina Sun, Senior Internal Auditor

Gabriel Tafoya, Senior Internal Auditor

Alyssa Martin, Engagement Partner, Weaver & Tidwell, LLP

Adam Jones, Strategic Governance Director, Weaver & Tidwell, LLP

Marci Sundbeck, Process Evaluation Lead, Weaver & Tidwell, LLP

Robert H. Griffin, Audit Committee Consultant

I. CALL TO ORDER

The meeting was called to order virtually by Chair Sanchez at 8:00 a.m.

II. APPROVAL OF MINUTES

A. Approval of the Minutes of the Special Audit Committee Meeting of

May 9, 2022

II. APPROVAL OF MINUTES (Continued)

Mr. Moore made a motion, Mr. Knox seconded, to approve the minutes of the Special Audit Committee meeting of May 9, 2022. The motion passed (roll call) with Messrs. Bernstein, Jones, Knox, Moore, Santos and Ms. Sanchez voting yes. Mr. Kelly was absent from the vote.

III. PUBLIC COMMENT

There were no requests from the public to speak.

IV. CONSENT ITEMS

- A. Recommendation as submitted by Steven P. Rice, Chief Council: That, under AB 361 and Government Code Section 54953(e)(3) of the Brown Act, the Audit Committee consider whether to find that the Governor's COVID-19 State of Emergency continues to directly impact the ability of the Committee to meet safely in person and that the County of Los Angeles and other agencies still recommend social distancing such that the Committee shall hold teleconference meetings for the next 30 days, so long as the State of Emergency remains in effect, and direct staff to comply with the agenda and public comment requirements of the statute. (Memo dated July 25, 2022)

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

Mr. Santos made a motion, Mr. Knox seconded, to approve staff's recommendations. The motion passed (roll call) with Messrs. Bernstein, Jones, Knox, Moore, Santos and Ms. Sanchez voting yes. Mr. Kelly was absent from the vote.

- A. Recommendation as submitted by Richard P. Bendall, Chief Audit Executive: That the Audit Committee review and approve the Fiscal Year Ending 2023 Audit Plan. (Memo dated August 5, 2022)

V. NON-CONSENT ITEMS (Continued)

Ms. Logan provided a brief presentation. Mr. Kreimann and Ms. Guglielmo were present and answered questions from the Committee.

Mr. Bernstein made a motion, Mr. Knox seconded, to accept staff's recommendation. The motion passed (roll call) with Messrs. Bernstein, Jones, Kelly Knox, Moore, Santos and Ms. Sanchez voting yes.

- B. Recommendation as submitted by Christina Logan, Principal Internal Auditor and Nathan K. Amick, Senior Internal Auditor: The Audit Committee approve our request to release a Request for Proposal (RFP) for a Financial Auditor. The RFP will request certified public accounting firms submit bids to audit LACERA's annual financial statements for fiscal years ending June 30, 2023 – 2027, with an option to extend for up to two years. (Memo dated August 1, 2022)

Mr. Amick provided a brief presentation. Messrs. Kreimann, Lugo and Grabel and Ms. Logan were present and answered questions from the Committee.

Mr. Kelly made a motion, Mr. Knox seconded, to approve staff's recommendation. The motion passed (roll call) with Messrs. Jones, Kelly, Knox, Moore, Santos, and Ms. Sanchez voting yes. Mr. Bernstein was absent from the vote.

(Mr. Bernstein left the meeting at 8:47 a.m.)

- C. Recommendation as submitted by Richard P. Bendall, Chief Audit Executive and Kathryn Ton, Senior Internal Auditor: That the Audit Committee approve the engagement of KPMG LLP (KPMG) to perform a consulting review of LACERA's Investment Office's Operational Due Diligence Program and Processes. (Memo dated August 1, 2022)

V. NON-CONSENT ITEMS (Continued)

This item was pulled by staff for further development.

D. Recommendation as submitted by Christina Logan, Principal Internal Auditor and Kristina Sun, Senior Internal Auditor: That the Audit Committee review and discuss the Organizational Governance Assessment and take 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 August 1, 2022)

Ms. Martin, Ms. Sundbeck and Mr. Jones provided a brief presentation.

Messrs. Kreimann, Griffin and Ms. Logan were present and answered questions from the Committee.

Mr. Kelly made a motion, Mr. Moore seconded, to accept and file staff's recommendation and request a management response for each recommendation in alignment with the strategic planning efforts. The motion passed (roll call) with Messrs. Jones, Kelly, Knox, Moore, Santos, and Ms. Sanchez voting yes. Mr. Bernstein was absent from the vote.

V. NON-CONSENT ITEMS (Continued)

E. Recommendation as submitted by Kristina Sun, Senior Internal Auditor: That the Audit Committee review and discuss the Risk and Control Assessment - Retired Healthcare Division and take 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 July 22, 2022)

Mr. Kelly made a motion, Mr. Knox seconded, to accept and file staff's report and include the observations from the report on the Recommendation Follow-up Report and further define consulting engagements. The motion passed (roll call) with Messrs. Jones, Kelly, Knox, Moore, Santos, and Ms. Sanchez voting yes. Mr. Bernstein was absent from the vote.

F. Recommendation as submitted by Nathan K. Amick, Senior Internal Auditor: That the Audit Committee review and discuss the Audit of LACERA's Rehired Retiree Program and take 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 August 8, 2022)

V. NON-CONSENT ITEMS (Continued) (Mr. Kelly joined at 8:06 a.m.)

Mr. Kelly made a motion, Mr. Knox seconded, to accept and file staff's recommendation. The motion passed (roll call) with Messrs. Jones, Kelly, Knox, Moore, Santos, and Ms. Sanchez voting yes. Mr. Bernstein was absent from the vote.

VI. REPORTS

- A. FYE 2022 Internal Audit Annual Performance Report  
Leisha E. Collins, Principal Internal Auditor  
(Presentation) (Memo dated August 8, 2022)

Ms. Collins provided a brief presentation. Ms. Collins and Ms. Logan were present and answered questions from the Committee. This item was received and filed.

- B. Fiscal Year Ending (FYE) 2023 Internal Audit Goals  
Richard P. Bendall, Chief Audit Executive  
(Memo dated July 22, 2022)

Ms. Collins and Ms. Logan were present and answered questions from the Committee. This item was received and filed.

- C. Census Testing Report – Limited Scope Memo  
Christina Logan, Principal Internal Audit  
Kristina Sun, Senior Internal Auditor  
Nathan K. Amick, Senior Internal Auditor  
(Memo dated July 25, 2022)

Mr. Amick was present and answered questions from the Committee. This item was received and filed.

VI. REPORTS (Continued)

- D. Status Update on Staff Bonus Policy  
Santos H. Kreimann, Chief Executive Officer  
Carly Ntoya, Director of Human Resources  
(Memo dated July 25, 2022)

Ms. Logan, Ms. Ntoya and Mr. Lugo were present and answered questions from the Committee. This item was received and filed.

- E. Recommendation Follow-Up Report  
Kristina Sun, Senior Internal Auditor  
(Memo dated August 1, 2022)

Ms. Sun was present and answered questions from the Committee. This item was received and filed.

- F. Recommendation Follow-Up for Sensitive Information Technology Areas  
Christina Logan, Principal Internal Auditor  
Gabriel Tafoya, Senior Internal Auditor  
(Memo dated August 1, 2022)

Mr. Tafoya was present and answered questions from the Committee. This item was 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)

Ms. Collins was present and answered questions from the Committee. This item was received and filed.

- H. Internal Audit Staffing Activity Report  
Richard P. Bendall, Chief Audit Executive  
(Verbal Presentation)

This item was received and filed.



## VI. REPORTS (Continued)

- I. Ethics Hotline Status Report  
Kathryn Ton, Senior Internal Auditor  
(For Information Only) (Memo dated August 1, 2022)

This item was received and filed.

## VII. CONSULTANT COMMENTS

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

Mr. Griffin provided brief comments on best practices and risk assessment for audits to the Committee.

## VIII. ITEMS FOR STAFF REVIEW

Mr. Bernstein requested that staff adjust font and paper size for better readability. Mr. Knox requested staff to provide an update regarding the staff on loan from Internal Audit division and the hiring plan. Mr. Santos requested staff to include the Diversity, Equity, and Inclusion due diligence in the RFP process. Staff will look at the Committee Charters and bring back to the respective Committees for review. Mr. Kelly requested staff to further define consulting engagement and provide observations items on the recommendation follow-up reports. Mr. Kelly requested staff to address the rehire of retirees during the budget season and add a new goal of tracking budgeted to actual hours used on engagements. Lastly, Mr. Moore requested staff to address how race and gender are used in the census data.

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IX. GOOD OF THE ORDER  
(For Information Purposes Only)

The Committee thanked staff for their work.

XI. ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 10:53 a.m.