

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., THURSDAY, NOVEMBER 17, 2022

This meeting was conducted by the Audit Committee, Board of Investments, and Board of Retirement both in person and by teleconference under California Government Code Section 54953(e).

COMMITTEE TRUSTEES

PRESENT: Gina V. Sanchez, Chair (In-Person)
Patrick L. Jones, Secretary (Teleconference)
Alan J. Bernstein (Teleconference)
Keith Knox (Teleconference)
Wayne Moore (Teleconference)
Herman B. Santos (Teleconference)

ABSENT: Joseph Kelly, Vice Chair

OTHER TRUSTEES

Shawn R. Kehoe, BOR/BOI Trustee

STAFF, ADVISORS AND 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

Richard P. Bendall, Chief Audit Executive

Christina Logan, Principal Internal Auditor

Nathan K. Amick, Senior Internal Auditor

George Lunde, Senior Internal Auditor

Kristina Sun, Senior Internal Auditor

Kathryn Ton, Senior Internal Auditor

Gabriel Tafoya, Senior Internal Auditor

Ted Granger, Interim Chief Financial Officer

Carly Ntoya, Director of Human Resources

Kathy Delino, Interim Chief Information Technology Officer

Summy Voong, Interim Assistant Information Systems Manager

KPMG, LLP

Mark McKeever, Director

Larry Godin, Principal

STAFF, ADVISORS, PARTICIPANTS (Continued)

Plante & Moran, PLLC
Terry Olejnik, Partner
Kyle Cawley, Senior Manager
Jean Young, Partner
Amanda Cronk, Senior Manager

Robert H. Griffin, Audit Committee Consultant

I. CALL TO ORDER

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

II. APPROVAL OF MINUTES

A. Approval of the Minutes of the Regular Meeting of August 18, 2022

Trustee Knox made a motion, Trustee Bernstein seconded, to approve the minutes of the regular meeting of August 18, 2022. The motion passed by the following roll call vote:

Yes: Bernstein, Jones, Knox, Moore, Santos, Sanchez

No: None

Absent: Kelly

III. PUBLIC COMMENT

There were no requests from the public to speak.

VI. CONSENT ITEMS

A. **Approval of the Use of Teleconference Meeting**

Recommendation as submitted by Steven P. Rice, Chief Counsel: That, under AB 361 and Government Code Section 54953(e)(3) of the Brown Act, the Audit Committee consider whether

VI. CONSENT ITEMS (Continued)

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 other public agencies still recommend social distancing such that the Committee shall hold teleconference meetings for the next 30 days as part of hybrid meetings also in person, so long as the State of Emergency remains in effect, and direct staff to comply with the agenda and public comment requirements of statute. (Memo dated October 31, 2022)

Trustee Knox made a motion, Trustee Jones seconded, to approve staff's recommendation. The motion passed by the following roll call vote:

Yes: Bernstein, Jones, Knox, Moore, Santos, Sanchez

No: None

Absent: Kelly

V. NON-CONSENT ITEMS

A. **Approval of KPMG LLP to Perform an Investment Operational Due Diligence Consulting Review**

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 October 28, 2022)

Mr. Bendall provided a brief presentation. Mr. McKeever, Mr. Godin from KMPG, Mr. Grabel, Mr. Lugo, and Ms. Ton were present and answered questions from the Committee.

Trustee Knox made a motion, Trustee Bernstein seconded, to approve staff's recommendation. The motion passed by the following roll call vote:

V. NON-CONSENT ITEMS (Continued)

Yes: Bernstein, Jones, Knox, Moore, Santos, Sanchez

No: None

Absent: Kelly

B. **One-Year Extension Request for Plante Moran to Perform a System of Operation Controls (SOC-1)**

Recommendation as submitted by Christina Logan, Principal Internal Auditor and Gabriel Tafoya, Senior Internal Auditor: That the Audit Committee review and approve a one-year extension for Plante Moran (PM) to perform a SOC-1 Type 2 (SOC) audit for Fiscal Year Ending (FYE) June 2023. (Memo dated October 21, 2022)

Ms. Logan provided a brief presentation and was present to answer any questions from the Committee.

Trustee Bernstein made a motion, Trustee Jones seconded, to approve staff's recommendation. The motion passed by the following roll call vote:

Yes: Bernstein, Jones, Knox, Moore, Santos, Sanchez

No: None

Absent: Kelly

C. **Los Angeles County's Compliance with Requirements for Rehired Retirees - Fiscal Year Ended June 30, 2021**

Recommendation as submitted by George Lunde, Senior Internal Auditor: That the Audit Committee review and discuss the Los Angeles County's Compliance with Requirements for Rehired Retirees - Fiscal Year Ended June 30, 2021 and take the following action(s):

V. NON-CONSENT ITEMS (Continued)

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 November 7, 2022)

Mr. Lunde provided a brief presentation. Mr. Lugo, Mr. Bendall, Ms. Logan were present to answer questions from the Committee.

Trustee Bernstein made a motion, Trustee Moore seconded, to accept and file the report and forward the report as an agenda item to the Board of Retirement and Board of Investments and to the Los Angeles County Executive Office and Human Resources with the recommendation that they consider implementing the recommended actions. The motion passed by the following roll call vote:

Yes: Bernstein, Jones, Knox, Moore, Santos, Sanchez

No: None

Absent: Kelly

D. **BoardVantage Secure Document Access Review**

Recommendation as submitted by George Lunde, Senior Internal Auditor: That the Audit Committee review and discuss the BoardVantage Secure Document Access Review 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 October 28, 2022)

V. NON-CONSENT ITEMS (Continued)

Ms. Logan provided a brief presentation and was present to answer any questions from the Committee.

Trustee Knox made a motion, Trustee Bernstein seconded, to approve staff's recommendation. The motion passed by the following roll call vote:

Yes: Bernstein, Jones, Knox, Moore, Santos, Sanchez

No: None

Absent: Kelly

VI. REPORTS

A. **Audited Financial Statements**

Nathan K. Amick, Senior Internal Auditor
(Presentation) (Memo dated November 8, 2022)

Ms. Young and Ms. Cronk of Plante Moran provided a presentation and addressed questions from the Committee. This item was received and filed.

B. **Management's Response to Plante Moran's Comments to Management**

Luis A. Lugo, Deputy Chief Executive Officer
(Memo dated November 1, 2022)

Mr. Lugo and Mr. Bendall were present and addressed questions from the Committee. This item was received and filed.

C. **FYE 2023 Audit Plan Status Report**

Nathan K. Amick, Senior Internal Auditor
(Presentation) (Memo dated November 1, 2022)

Mr. Amick provided a presentation. Mr. Amick, Mr. Bendall, Ms. Logan were present and addressed questions from the Committee. This item was received and filed.

VI. REPORTS (Continued)

D. **Review of Privacy Audit Recommendations – FYE 2022 Update**

Kristina Sun, Senior Internal Auditor
(Memo dated October 25, 2022)

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

E. **Recommendation Follow-Up Report**

Kristina Sun, Senior Internal Auditor
(Memo dated October 25, 2022)

Ms. Sun was present and addressed 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 October 15, 2022)

Ms. Logan was present and addressed 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)

Mr. Bendall was present and addressed questions from the Committee. This item was received and filed.

H. **Internal Audit Staffing Activity Report**

Richard P. Bendall, Chief Audit Executive
Gabriel Tafoya, Senior Internal Auditor
(Verbal Presentation)

Mr. Bendall was present and addressed questions from the Committee. This item was received and filed.

VII. REPORTS (Continued)

I. **Continuous Auditing Program (CAP)**

George Lunde, Senior Internal Auditor

(For Information Purposes Only) (Memo dated November 1, 2022)

This item was received and filed.

J. **Ethics Hotline Status Report**

Kathryn Ton, Senior Internal Auditor

(For Information Purposes Only) (Memo dated October 31, 2022)

This item was received and filed.

VIII. ITEMS FOR STAFF REVIEW

(This item summarizes requests and suggestions by individual trustees during the meeting for consideration by staff. These requests and suggestions do not constitute approval or formal action by the Board, which can only be made separately by motion on an agenda item at a future meeting.)

Trustee Santos requested that the RFP analysis and due diligence such as Towards Inclusion Diversity and Equity (TIDE) fulfillment be provided in materials moving forward. Trustee Knox requested that an update be provided regarding the engagement between LACERA and the County on the Retiree Rehire enforcement policy and process.

IX. ITEMS FOR FUTURE AGENDAS

(This item provides an opportunity for trustees to identify items to be included on a future agenda as permitted under the Board's Regulations.)

There was nothing to report.

X. GOOD OF THE ORDER

(For Information Purposes Only)

The Committee thanked staff for their work.

XI. EXECUTIVE SESSION

A. **Potential Threats to Public Services or Facilities**

(Pursuant to Subdivision (a) of California Government Code Section 54957)

Consultation with: Plante Moran, Terry Olejnik, Engagement Partner, Kyle Cawley, Engagement Senior Manager, LACERA Chief Executive Officer Santos H. Kreimann, Deputy Chief Executive Officer Luis Lugo, Systems Division Interim Chief Information Technology Officer Kathy Delino, Chief Information Security Officer Bob Schlotfeld, and Other LACERA Staff.

There was nothing to report.

B. Performance Evaluation – Chief Audit Executive Goals Report

(Pursuant to Government Code Section 54957(b)(1))

(FOR AUDIT COMMITTEE ONLY PER COUNTY SALARY ORDINANCE 6.127.040.S.1)

Title: Chief Audit Executive

The Committee met in Executive Session with staff with regards to the Chief Audit Executive's performance evaluation and goals report. There was

There was nothing to report.

XI. ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 9:36 a.m.