

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

9:00 A.M., THURSDAY, DECEMBER 14, 2023

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(f).

COMMITTEE TRUSTEES

PRESENT: Gina V. Sanchez, Acting Chair
Patrick L. Jones, Secretary
Elizabeth Ginsberg, Alternate Ex-Officio
Antonio Sanchez, Trustee

ABSENT: Onyx Jones, Chair
Keith Knox, Vice Chair
Jason E. Green, Trustee
Shawn R. Kehoe, Trustee

STAFF, ADVISORS AND PARTICIPANTS

Santos H. Kreimann, Chief Executive Officer

Luis A. Lugo, Deputy Chief Executive Officer

Laura Guglielmo, Assistant Executive Officer

JJ Popowich, Assistant Executive Officer

STAFF, ADVISORS, PARTICIPANTS (Continued)

Steven P. Rice, Chief Counsel

Jonathan Grabel, Chief Investment Officer

Ted Granger, Interim Chief Financial Officer

Carly Ntoya, Human Resources Director

Kathy Delino, Chief Information Technology Officer

Summy Voong, Information Technology Manager

Richard P. Bendall, Chief Audit Executive

Leisha E. Collins, Principal Internal Auditor

Christina Logan, Principal Internal Auditor

Nathan K. Amick, Senior Internal Auditor

George Lunde, Senior Internal Auditor

Larry Jensen, Audit and Risk Management Services

Plante & Moran, PLLC

Jean Young, Engagement Partner

Amanda Cronk, Engagement Principal

Sarah Pavelek, Engagement Partner

Jenny Trotta, Engagement Principal

Robert H. Griffin, Audit Committee Consultant

I. CALL TO ORDER

This meeting was called to order by Acting Chair Gina Sanchez at 9:02 a.m. in the Board Room of Gateway Plaza.

II. PLEDGE OF ALLEGIANCE

Mr. A. Sanchez led the Trustees and staff in reciting the Pledge of Allegiance.

III. PROCEDURE FOR TELECONFERENCE MEETING ATTENDANCE UNDER AB 2449

- A. Just Cause
- B. Action on Emergency Circumstance Requests
- C. Statement of Persons Present at Teleconference Locations

No requests were received for Just Cause (A) or Emergency Circumstances (B).

III. APPROVAL OF MINUTES

- A. Approval of the Minutes of the Regular Meeting of August 31, 2023

Trustee P. Jones made a motion, Trustee A. Sanchez seconded, to approve the minutes of the regular meeting of August 31, 2023. The motion passed by the following roll call vote:

Yes: P. Jones, A. Sanchez, G. Sanchez, Ginsberg

No: None

V. PUBLIC COMMENT

There were no requests from the public to speak.

VI. NON-CONSENT ITEMS

- A. **Los Angeles County's Compliance with Requirements for Rehired Retirees – Fiscal Year Ended June 30, 2023**

Recommendation as submitted by George Lunde, Senior Internal Auditor: That the Committee review and discuss the following engagement report and take the following action(s).

1. Accept and file;
2. Instruct staff to forward memo to Boards or Committees;

VI. NON-CONSENT ITEMS (Continued)

3. Make recommendations to the Boards or Committees regarding actions as may be required based on the engagement and/or

4. Provide further instruction to staff.
(Memo dated November 27, 2023)

Mr. Lunde provided a brief presentation. Messrs. Bendall, Kreimann and Popowich were present to answer questions from the Committee.

Trustee P. Jones made a motion, Alternate Ex-Officio Ginsberg seconded, to accept and file the report. The motion passed by the following roll call vote:

Yes: P. Jones, A. Sanchez, G. Sanchez, Ginsberg

No: None

B. **Review of Chief Executive Officer's Credit Card Expenditures**

Recommendation as submitted by Gabriel Tafoya, Senior Internal Auditor: That the Committee review and discuss the engagement and take the following action(s):

1. Accept and file;
2. Instruct staff to forward memo to Boards or Committees;
3. Make recommendations to the Boards or Committees regarding actions as may be required based on the engagement; and/or
4. Provide further instruction to staff.
(Memo dated November 15, 2023)

Ms. Collins provided a brief presentation and answered questions from the Committee.

Trustee P. Jones made a motion, Trustee A. Sanchez seconded, to accept and file the report. The motion passed by the following roll call vote:

Yes: P. Jones, A. Sanchez, G. Sanchez, Ginsberg

No: None

VI. NON-CONSENT ITEMS (Continued)

C. **Replacement Benefit Plan Process 415(b)**

Recommendation as submitted by George Lunde, Senior Internal Auditor: That the Committee review and discuss the engagement report 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 November 30, 2023)
(Memo dated November 11, 2023/Attorney-Client Privileged/
Confidential Memo)

Mr. Lunde provided a brief presentation. Mr. Bendall was present to answer questions from the Committee.

Trustee P. Jones made a motion, Trustee Ginsberg seconded, to accept and file the report. The motion passed by the following roll call vote:

Yes: P. Jones, A. Sanchez, G. Sanchez, Ginsberg

No: None

D. **Consulting on Internal Controls over Financial Reporting – Cash and Treasury**

Recommendation as submitted by Nathan K. Amick, Senior Internal Auditor: That the Committee review and discuss the engagement report 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

VI. NON-CONSENT ITEMS (Continued)

4. Provide further instruction to staff.
(Memo dated November 15, 2023)

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

Trustee A. Sanchez made a motion, Trustee P. Jones seconded, to accept and file the report. This item was received and filed. The motion passed by the following roll call vote:

Yes: P. Jones, A. Sanchez, G. Sanchez, Ginsberg

No: None

E. **Audit Committee Consultant Interviews and Selection**

Recommendation as submitted Leisha E. Collins, Principal Internal Auditor: That the Committee interview candidates and select an Audit Committee Consultant and upon selection of Audit Committee Consultant, direct staff to negotiate a three-year agreement, with two-one-year extensions for consulting services to begin in January 2024. (Presentation) (Memo dated November 30, 2023)

Ms. Collins provided a brief presentation. Messrs. Bendall, Kreimann, Grabel, Granger, Rice were present to answer questions from the Committee.

Trustee P. Jones made a motion, Trustee Ginsberg seconded, to negotiate and execute a three-year agreement, with two one-year extensions for consulting services to begin in January 2024 with Larry Jenson, Audit and Risk Management Services, LLC. The motion passed by the following roll call vote:

Yes: P. Jones, A. Sanchez, G. Sanchez, Ginsberg

No: None

VI. NON-CONSENT ITEMS (Continued)

F. **Fiscal Year 2024 Internal Audit Plan Amendments**

Recommendation as submitted by Richard P. Bendall, Chief Audit Executive and Nathan K. Amick, Senior Internal Auditor: That the Committee review and discuss the engagement report. (Presentation) (Memo dated November 30, 2023)

Mr. Amick provided a brief presentation. Mr. Bendall was present to answer questions from the Committee.

Trustee A. Sanchez made a motion, Trustee Ginsberg seconded, to approve Amendments. The motion passed by the following roll call vote:

Yes: P. Jones, A. Sanchez, G. Sanchez, Ginsberg

No: None

G. **Audit Committee Annual Report to Boards**

Recommendation as submitted by Onyx Jones, Audit Committee Chair and Richard P. Bendall, Chief Audit Executive: The Audit Committee provide suggested revisions and/or approve the issuance of the Audit Committee Annual Report to the Boards and direct staff to issue the report to the boards at their respective January 2024 meetings. (Memo dated November 30, 2023)

Mr. Bendall was present to answer questions from the Committee.

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

Yes: P. Jones, A. Sanchez, G. Sanchez, Ginsberg

No: None

VII. REPORTS

A. **Plante Moran Financial Audit Reports**

Nathan K. Amick, Senior Internal Auditor
(Presentation) (Memo dated November 15, 2023)

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

B. **Ethics Hotline Status Report**

Richard P. Bendall, Chief Audit Executive
Leisha E. Collins, Principal Internal Auditor
(Presentation) (Memo dated November 30, 2023)

Ms. Collins provided a brief presentation. Messrs. Bendall and Griffin were present to answer questions from the Committee. This item was received and filed.

C. **Internal Audit Charter Assessment**

Christina Logan, Principal Internal Auditor
(For Information Only) (Memo dated November 15, 2023)

This item was received and filed.

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

George Lunde, Senior Internal Auditor
(For Information Only) (Memo dated November 16, 2023)

This item was received and filed.

E. **Recommendation Follow-Up**

Kristina Sun, Senior Internal Auditor
(For Information Only) (Memo dated August 16, 2023)

This item was received and filed.

F. **Recommendation Follow-Up Sensitive Information Technology Areas**

Gabriel Tafoya, Senior Internal Auditor
(For Information Only) (Memo dated August 15, 2023)

This item was received and filed.

VII. REPORTS

G. **Internal Audit Staffing Activity Report**

Richard P. Bendall, Chief Audit Executive

(For Information Only) (Memo dated November 27, 2023)

This item was received and filed.

H. **Status of Other External Audits not conducted at the Discretion of Internal Audit**

Richard P. Bendall, Chief Audit Executive

(Verbal Update)

This item was received and filed.

VIII. CONSULTANT COMMENTS

Robert H. Griffin,

Audit Committee Consultant

(Verbal Presentation)

Mr. Griffin provided comments to the Committee.

IX. 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.)

X. 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.)

XI. GOOD OF THE ORDER

(For Information Purposes Only)

The Committee thanked staff for their work.

XII. EXECUTIVE SESSION

- A. Potential Threats to Public Services or Facilities
(Pursuant to Subdivision (a) of California Government Code Section 54957)

Consultation with Terry Olejnik, Colleague Partner, Jenny Trotta, Engagement Principal, Sarah Pavelek, Engagement Partner from Plante Moran, Richard P. Bendall, Chief Audit Executive, Santos H. Kreimann, Chief Executive Officer, Luis Lugo, Deputy Chief Executive Officer, Kathy Delino, Chief Information Technology Officer, Chaitanya Errande, Information Security Officer 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 nothing to report.

XII. ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 11:54 a.m.