

MINUTES OF THE REGULAR MEETING OF THE AUDIT COMMITTEE
AND BOARD OF RETIREMENT AND/OR BOARD OF INVESTMENTS*
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
300 N. LAKE AVENUE, SUITE 810, PASADENA, CALIFORNIA 91101

8:00 A.M., THURSDAY, NOVEMBER 30, 2017

PRESENT: Joseph Kelly, Chair

Michael S. Schneider, Vice Chair

Shawn Kehoe

David Green

ABSENT: Vivian Gray, Secretary

STAFF, ADVISORS, AND PARTICIPANTS

Richard Bendall, Chief Audit Executive

Steven Rice, Chief Legal Counsel

Rick Wentzel, Audit Committee Consultant

Quoc Nguyen, Principal Internal Auditor

Leisha Collins, Principal Internal Auditor

Christina Logan, Senior Internal Auditor

Michelle Watterworth, CPA, Managing Partner

Amanda Cronk, CPA, Senior Audit Manager

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I. CALL TO ORDER

The meeting was called to order at 8:00 a.m. in the Boardroom of Gateway Plaza by Mr. Kelly, Chair of the Committee.

II. PLEDGE OF ALLEGIANCE

Mr. Schneider led the Board Members and staff in reciting the Pledge of Allegiance.

III. APPROVAL OF THE MINUTES

- A. Approval of the Minutes of the Regular Audit Committee Meeting of August 16, 2017.

Mr. Schneider made a motion, Mr. Kehoe seconded, to approve the minutes of the regular Audit Committee meeting of August 16, 2017. The motion passed unanimously.

IV. REPORT ON CLOSED SESSION ITEMS

There were no items to report.

V. PUBLIC COMMENT

There were no requests from the public to speak.

VI. NON-CONSENT ITEMS

- A. Recommendation that the Audit Committee approve the proposed changes to the Audit Committee Charter as submitted by Richard Bendall, Chief Audit Executive, Leisha Collins, Principal Internal Auditor, and Christina Logan, Senior Internal Auditor. (Memo dated: November 15, 2017)

VI. NON-CONSENT ITEMS (Continued)

Mr. Kehoe made a motion, Mr. Green seconded, to approve staff's recommendation including the following revision: to add a conflict and ethics section to Board of Retirees Charter. The motion passed unanimously.

- B. Recommendation that the Audit Committee approve the proposed changes to the Internal Audit Charter as submitted by Richard Bendall, Chief Audit Executive, and Leisha Collins, Principal Internal Auditor, and Christina Logan, Senior Internal Auditor. (Memo dated: November 15, 2017)

Mr. Kehoe made a motion, Mr. Green seconded, to approve staff's recommendation including the following revisions: the March 2017 Institute of Internal Auditor's model internal audit charter updates and clarification of Internal Audit's access authority to LACERA's records. The motion passed unanimously.

- C. Recommendation, as submitted by Richard Bendall, Chief Audit Executive, that the Audit Committee review and discuss the following engagement reports to take the following action(s):

1. Accept and file report and/or,
2. Instruct staff to forward report to Boards or Committees and/or,
3. Provide further instruction to staff.

(Memo dated: November 15, 2017)

- a. Los Angeles County Rehired Retirees Audit
Nathan Amick, Internal Auditor
(Report dated: October 31, 2017)

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VI. NON-CONSENT ITEMS (Continued)

- b. Member Death Verification Process
Gabriel Tafoya, Senior Internal Auditor
(Report dated: October 31, 2017)

Mr. Kehoe made a motion, Mr. Green seconded, to approve the agenda item with direction to staff to separate audit reports as distinct non-consent agenda items and to forward the Member Death Verification Process report to the Operations Oversight Committee for review. The motion passed unanimously.

VII. REPORTS

These items were received and filed.

- A. Plante Moran Presentation of the Reports – June 30, 2017
Agenda and Reports from Plante Moran et. al.
 - Report on Internal Control Over Financial Reporting and on Compliance
 - Required Communications to the Audit Committee
Michelle Watterworth, CPA, Managing Partner
Amanda Cronk, CPA, Senior Audit Manager
(Memo dated: October 12, 2017)

Michelle Watterworth was present and answered questions from the Board.

- B. Pensionable Pay Code Testing
Quoc Nguyen, Principle Internal Auditor
Gabriel Tafoya, Senior Internal Auditor
(Presentation dated: November 30, 2017)

Mr. Nguyen was present and answered questions from the Board.

- C. Internal Audit Staffing Report
Richard Bendall, Chief Internal Auditor
(Verbal presentation)

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VII. REPORTS (Continued)

- D. Audit Plan Status Report
Richard Bendall, Chief Audit Executive
(Report dated: October 31, 2017)

- E. Recommendation Follow-Up Report
Quoc Nguyen, Principal Internal Auditor
Gabriel Tafoya, Senior Internal Auditor
(Memo dated: October 31, 2017)

- F. Privacy Audit Recommendation Follow-Up
Richard Bendall, Chief Audit Executive
Darla Vidger, Internal Auditor
(Memo dated: November 14, 2017)

- G. Attorney-Client Privilege/Confidential Memo
Human Resources Compliance Audit [by Liebert Cassidy Whitmore]
Recommendation Follow-Up
Richard Bendall, Chief Audit Executive
(Memo dated: November 15, 2017)

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

VIII. CONSULTANT COMMENTS

Rick Wentzel, Audit Committee Consultant

Mr. Wentzel commended staff on the successful completion of the annual financial audit.

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IX. GOOD OF THE ORDER

(For information purposes only)

Mr. Schneider commended staff regarding their efficiency and asked staff to comment on the Association of Certified Fraud Examiners' most recent Report to the Nations on Occupational Fraud and Abuse at the next meeting.

X. REPORT ON STAFF ACTION ITEMS

There was nothing to report.

XI. ADJOURNMENT

There being no further business to come before the Audit Committee, the meeting was adjourned at 8:45 a.m.

VIVIAN GRAY, SECRETARY

JOSEPH KELLY, CHAIR