

**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
2223 E. WELLINGTON AVENUE, SUITE 100
SANTA ANA, CALIFORNIA**

**AUDIT COMMITTEE MEETING
January 13, 2020
9:00 a.m.**

MINUTES

OPEN SESSION

The Chair called the meeting to order at 9:06am.

Attendance was as follows:

Committee Members: Frank Eley, Chair; Charles Packard, Vice Chair; Shari Freidenrich

Staff: David Kim, Director of Internal Audit; Steve Delaney, Chief Executive Officer; Gina Ratto, General Counsel; Brenda Shott, Assistant CEO, Internal Operations; Mark Adviento, Internal Auditor; Sonal Sharma, Recording Secretary; Anthony Beltran, Audio Visual Technician.

PUBLIC COMMENT

None.

CONSENT AGENDA

C-1 APPROVE AUDIT COMMITTEE MINUTES

Audit Committee Meeting Minutes

November, 18, 2019

A **motion** was made by Packard, **seconded** by Freidenrich to approve the minutes.

A-1 INDIVIDUAL ACTION ON ANY ITEM TRAILED FROM THE CONSENT AGENDA

A-2 REVIEW OF OCERS' AUDIT COMMITTEE CHARTER

Presentation by David Kim, Director of Internal Audit

Recommendation: Approve, and recommend that the Board approve, revisions to the Audit Committee Charter.

A **motion** was made by Freidenrich, **seconded** by Packard to approve, and recommend that the Board approve, revisions to the Audit Committee Charter.

A-3 REVIEW OF OCERS' INTERNAL AUDIT CHARTER

Presentation by David Kim, Director of Internal Audit

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Recommendation: Approve, and recommend that the Board approve, revisions to the Internal Audit Charter.

A **motion** was made by Freidenrich, **seconded** by Packard to approve, and recommend that the Board approve, revisions to the Internal Audit Charter.

A-4 REVIEW OF OCERS' ETHICS, COMPLIANCE, AND FRAUD HOTLINE POLICY

Presentation by David Kim, Director of Internal Audit

Recommendation: Approve, and recommend that the Board approve, revisions to the Ethics, Compliance, and Fraud Hotline Policy.

After discussion by the Committee, staff was directed to bring this policy back to the Audit Committee at a future date with language clarifying the communication by the Internal Audit Director with the Audit Committee and the Audit Committee Chair regarding the outcome of the investigations.

A-5 AUDIT OF BENEFIT AND LUMP SUM PAYMENT ACCOUNTING

Presentation by David Kim, Director of Internal Audit and Mark Adviento, Internal Auditor

Recommendation: Receive and file.

A **motion** was made by Packard, **seconded** by Freidenrich to receive and file.

A-6 INVESTMENT DIVISION CONSULTING ENGAGEMENT

Presentation by David Kim, Director of Internal Audit and Mark Adviento, Internal Auditor

Recommendation: Receive and file.

A **motion** was made by Packard, **seconded** by Freidenrich to receive and file.

A-7 PRIOR INTERNAL AUDIT MANAGEMENT ACTION PLAN VERIFICATION

Presentation by David Kim, Director of Internal Audit

Recommendation: Receive and file.

A **motion** was made by Packard, **seconded** by Freidenrich to receive and file.

A-8 CONSIDERATION OF 2020 RISK ASSESSMENT AND 2020 AUDIT PLAN

Presentation by David Kim, Director of Internal Audit and Mark Adviento, Internal Auditor

Recommendation: Approve the 2020 Risk Assessment and 2020 Audit Plan.

A **motion** was made by Packard, **seconded** by Freidenrich to approve the 2020 Risk Assessment and 2020 Audit Plan

INFORMATION ITEMS

Audit Committee Meeting
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- I-1 OPERATIONAL RISK MANAGEMENT ANNUAL REPORT**
Written Report
- I-2 2019 HOTLINE SUMMARY**
Written Report
- I-3 STATUS UPDATE OF 2019 AUDIT PLAN**
Written Report

The Committee took a ten minute break.

The Committee recessed into Closed Session at 11:00am.

CLOSED SESSION

E-1. THREAT TO PUBLIC SERVICES OR FACILITIES (GOVERNMENT CODE SECTION 54957)

Adjourn into Closed Session pursuant to Government Code section 54957 to consult with Steve Delaney, CEO, Brenda Shott, Asst. CEO; Matthew Eakin, Director of Information Security; Jenny Sadoski, Director of Information Technology; Jon Gossard, Information Security Manager; and Gina M. Ratto, General Counsel

Recommendation: Take appropriate action.

E-2. PUBLIC EMPLOYEE PERFORMANCE EVALUATION (GOVERNMENT CODE §54957(b))

Title: Director of Internal Audit

Adjourn pursuant to Government Code section 54957(b) to continue to evaluate the performance of the Director of Internal Audit

Recommendation: Take appropriate action.

******* END OF CLOSED SESSION AGENDA *******

The Committee resumed into Open Session at 12:05pm.

The Chair reported no reportable action.

COMMITTEE MEMBER COMMENTS

None.

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

None.

COUNSEL COMMENTS

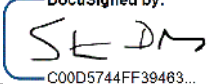
None.

ADJOURNMENT

The Chair adjourned the meeting at 12:08pm.

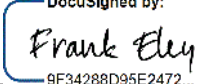
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Submitted by:

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Steve Delaney
Secretary to the Board

Approved by:

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Frank Eley
Chair