

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

**AUDIT COMMITTEE MEETING
Wednesday, April 5, 2023
9:30 A.M.**

MINUTES

OPEN SESSION

Chair Oates called the meeting to order at 9:31 a.m.

Recording Secretary administered the Roll Call attendance.

Attendance was as follows:

Present: Richard Oates, Chair; Charles Packard, Vice Chair; Adele Tagaloa, Board Member; Shari Freidenrich, Ex-Officio Member

Also Present: Steve Delaney, Chief Executive Officer; Suzanne Jenike, Assistant CEO, External Operations; Brenda Shott, Assistant CEO, Internal Operations; Gina Ratto, General Counsel; David Kim, Director of Internal Audit; Jeff Lamberson, Director of Member Services; Matthew Eakin, Director of Information Security; Jon Gossard, Information Security Manager; Mark Adviento, Internal Auditor; Esther Hong, Internal Auditor; Marielle Horst, Recording Secretary; Anthony Beltran, Audio Visual Technician

Guests: Aaron Hamilton, Jeff Roybal, and Laurie Tish, Moss Adams

PUBLIC COMMENT

None

INFORMATION ITEM

I-1 2022 FINANCIAL STATEMENT AUDIT – ENTRANCE CONFERENCE

Presentation by Aaron Hamilton and Jeff Roybal, Moss Adams

Mr. Hamilton and Mr. Roybal presented the 2022 Financial Statement Audit process and deliverables timeline. Mr. Hamilton thanked staff for their corporation, noting they were ahead of schedule and do not foresee delays as they are fully staffed.

CONSENT AGENDA

C-1 APPROVE AUDIT COMMITTEE MEETING MINUTES

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Audit Committee Meeting Minutes

February 14, 2023

MOTION by Ms. Tagaloa, **seconded** by Mr. Packard, to approve the Minutes.

The motion passed **unanimously**.

ACTION ITEMS

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

None

A-2 THE CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY EMPLOYER AUDIT

Presentation by Mark Adviento, Senior Internal Auditor

Recommendation: Receive and file.

Discussion: Mr. Adviento presented the observation in which previously separated members were classified as active. Ms. Jenike noted members who are not making contributions could be on leave and not necessarily separated. Staff is working with employers to improve the process of separation notification, as well as running reports and checklists. An audit of the OCERS Employer Payroll team by Internal Audit is scheduled for the upcoming third quarter.

After discussion, **MOTION** by Mr. Packard, **SECONDED** by Ms. Tagaloa to adopt staff's recommendation.

The motion passed **unanimously**.

A-3 THE ORANGE COUNTY SUPERIOR COURT EMPLOYER AUDIT

Presentation by Mark Adviento, Senior Internal Auditor

Recommendation: Receive and file

MOTION by Mr. Packard, **SECONDED** by Ms. Freidenrich to adopt staff's recommendation.

The motion passed **unanimously**.

The Board recessed for break at 10:19 a.m.

The Board reconvened from break at 10:32 a.m.

Recording Secretary administered the Roll Call attendance.

A-4 AUDIT OF ALAMEDA BENEFIT RECALCULATIONS

Presentation by David Kim, Director of Internal Audit

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Recommendations:

1. Receive and file; and
2. Provide direction as to sample size for further testing:
 - a. test the remaining 36 recalculations as initially planned; or
 - b. modify the sample size accordingly

Discussion: Mr. Kim presented observations regarding FAS recalculations. The Management Action Plan includes following the documented processes, training, as well as providing more time for QA. Ms. Jenike noted the errors were from contractors, who have since rechecked their work to ensure the error has not been duplicated. In addition, QA is performed by experienced staff while also performing QA reviews for the regular retiree payroll. Due to the short timeframe needed to perform both the Alameda and regular retiree payroll, Management will now extend the time to perform the QA process.

After discussion, **MOTION** by Mr. Packard, **SECONDED** by Ms. Freidenrich to adopt staff's recommendation to receive and file, and directed staff to test the remaining sample of 36 recalculations as initially planned from a sample of Alameda recalculations not covered by the December 20, 2022 County Board of Supervisors Resolution.

The motion passed **unanimously.**

A-5 TRIENNIAL REVIEW OF THE ETHICS, COMPLIANCE AND FRAUD HOTLINE POLICY

Presentation by David Kim, Director of Internal Audit

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

MOTION by Ms. Tagaloa, **SECONDED** by Mr. Packard to adopt staff's recommendation.

The motion passed **unanimously.**

CLOSED SESSION ITEMS

Adjourned to closed session at 11:06 a.m.

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; Suzanne Jenike, Asst. CEO; Gina M. Ratto, General Counsel; and David Kim, Director of Internal Audit.

Recommendation: Take appropriate action.

Returned to open session at 11:46 a.m.

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No reportable action taken.

WRITTEN REPORTS

R-1 MANAGEMENT ACTION PLAN VERIFICATION REPORT
Written Report

R-2 STATUS UPDATE OF 2023 AUDIT PLAN
Written Report

COMMITTEE MEMBER COMMENTS
None

STAFF COMMENTS
None

CHIEF EXECUTIVE OFFICER
None

COUNSEL COMMENTS
None


ADJOURNMENT

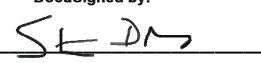
Chair Oates adjourned the meeting at 11:47 a.m.

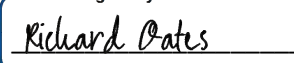
Submitted by:

Submitted by:

Approved by:

DocuSigned by:

David Kim 38477...
Committee Liaison

DocuSigned by:

Steve Delaney...
Secretary to the Board

DocuSigned by:

Richard Oates...
Chair