

AGENDA

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, CA 91101**

March 21, 2012 – 9:00 a.m.

2012 COMMITTEE MEMBERS:

Simon S. Russin, 2011 Chair
Michael Schneider, 2011 Vice Chair
Ed C. Morris
Les Robbins
Herman Santos
Leonard Unger

CONSULTANT:

Vacant - Pending Search and Selection

- I. ELECTION OF AUDIT COMMITTEE CHAIR, VICE CHAIR, AND SECRETARY FOR CALENDAR YEAR 2012

- II. APPROVAL OF THE MINUTES OF THE REGULAR AUDIT COMMITTEE MEETING OF December 1, 2011 (attached)

- III. PUBLIC COMMENT

- IV. ACTION ITEMS
 - A. Recommendation as submitted by Richard Bendall, Chief-Internal Audit and Leisha Collins, Senior Internal Auditor:
Interview Audit Committee Consultant candidates and select individual to hire for the Audit Committee Consultant position.
(Memo dated March 5, 2012)

V. REPORTS

- A. Internal Audit Staffing Report
Richard Bendall, Chief Internal Auditor
(Verbal presentation only)
- B. Internal Audit Project Reporting – YTD ending February 29, 2012
Richard Bendall, Chief Internal Auditor
Sarah Marks, Principal Internal Auditor
(Memo dated March 9, 2012)
- C. Status of Other External Audits Not Conducted at the Discretion of Internal Audit
Richard Bendall, Chief Audit Executive
(Verbal presentation only)

VI. FOR INFORMATION ONLY

- A. None

VII. CONSULTANT COMMENTS

Position vacant - None

VIII. GOOD OF THE ORDER

(For discussion purposes only)

IX. ADJOURNMENT

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***The Board of Retirement and Board of Investments have adopted a policy permitting any member of the Boards to attend a standing committee meeting open to the public. In the event five (5) or more members of either Board of Retirement and/or the Board of Investments (including members appointed to the Committee) are in attendance, the meeting shall constitute a joint meeting of the Committee and the Board of Retirement and/or Board of Investments. Members of the Board of Retirement and Board of Investments who are not members of the Committee may attend and participate in a meeting of a Board Committee but may not vote on any matter discussed at the meeting. Except as set forth in the Committee's Charter, the only action the Committee may take at the meeting is approval of a recommendation to take further action at a subsequent meeting of the Board.**

Agenda – Regular Meeting of the Audit Committee

March 21, 2012

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Minutes of the Audit Committee

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, CA 91101**

March 21, 2012 – 9:00 a.m.

COMMITTEE MEMBERS

Present: Simon S. Russin, Chair
Michael Schneider, Vice Chair
Ed C. Morris, Secretary
Herman Santos
Leonard Unger

Absent: Les Robbins

BOARD MEMBERS AT LARGE

None

AUDIT COMMITTEE CONSULTANT

Timothy O'Brien

STAFF, ADVISORS, PARTICIPANTS

| | |
|---------------------|----------------|
| Gregg Rademacher | Sarah Marks |
| John Popowich | Leisha Collins |
| Richard Bendall | George Lunde |
| Bernie Buenaflor | David Redman |
| James Pu | Darla Vidger |
| Jeannine Smart | Sylvia Botros |
| John Nogales | Elvia Gonzalez |
| Robb Van Der Volgen | Quoc Nguyen |
| Cindy Guider | Nathan Amick |

I. ELECTION OF AUDIT COMMITTEE CHAIR, VICE CHAIR, AND SECRETARY FOR CALENDAR YEAR 2012

Mr. Santos nominated Mr. Schneider for Audit Committee Chair. Mr. Schneider declined the nomination. Mr. Morris nominated Mr. Russin for Audit Committee Chair. The motion was seconded by Mr. Schneider. No further nominations were made for Audit Committee Chair. Mr. Russin was elected Chair of the Audit Committee in a unanimous vote.

Mr. Morris nominated Mr. Schneider for Audit Committee Vice Chair. The motion was seconded by Mr. Santos. No further nominations were made for Audit Committee Vice Chair. Mr. Schneider was elected Vice Chair of the Audit Committee in a unanimous vote.

Chairman Russin nominated Mr. Morris for Audit Committee Secretary. The motion was seconded by Vice Chair Schneider. No further nominations were made for Audit Committee Secretary. Mr. Morris was elected Secretary of the Audit Committee in a unanimous vote.

II. APPROVAL OF THE MINUTES OF THE REGULAR AUDIT COMMITTEE MEETING OF March 21, 2011

A motion was made by Secretary Morris to approve minutes with the amendment to reflect Mr. Robbins as being present to the December 1, 2010 meeting. The motion to approve the Audit Committee minutes, as amended, for the December 1, 2011 meeting passed. Chair Russin, Vice Chair Schneider, and Secretary Morris voted aye. Mr. Santos and Mr. Unger abstained.

III. PUBLIC COMMENT

No items to Report

IV. ACTION ITEMS

- A. Recommendation as submitted by Richard Bendall, Chief Audit Executive and Leisha Collins, Senior Internal Auditor:
Interview Audit Committee Consultant candidates and select individual to hire for the Audit Committee Consultant position.
(Memo dated March 5, 2012)

Prior to the candidate presentations, Leisha Collins, Senior Internal Auditor, gave a brief description of the process performed to identify the Audit Committee Consultant candidates.

A Request for Proposal for the Audit Committee Consultant was issued February 7, 2012. The Audit Committee Consultant contract is for three years with a possible two year extension. Five proposals were received and reviewed. Four of the five proposals were identified as being qualified candidates.

The Committee discussed the fees proposed by the candidates, prior to their presentations.

The following is a brief summary of each of the four candidate presentations:

Robert Griffin

Mr. Griffin is a managing partner at Williams Adley & Co. based in Oakland, California. He has accounting and auditing experience in public accounting as well as private industry. He has also performed risk assessments and provided auditing and consulting services for several retirement systems.

Steve Harding

Mr. Harding is an independent consultant based in Clifton Park, New York. Mr. Harding has experience in internal auditing and management consulting in the public pension industry. He was the Principal Internal Auditor for NYERS and has also served as Audit Committee Consultant for the Texas Municipal Retirement System.

David MacCabe

Mr. MacCabe is an independent consultant based in Austin, Texas. Mr. MacCabe has held positions as the Chief Audit Executive and Internal Audit Director for several pension funds. He has also provided consulting services and quality assurance reviews for public pension funds and private companies.

Timothy O'Brien

Mr. O'Brien served as LACERA's Audit Committee Consultant from July 2006 through April 2012. He is an independent consultant based in Denver, Colorado with experience as the Colorado State Auditor, an Investment Consultant, and pension and public company board member.

After the candidate presentations, the Committee discussed the merits of each candidate and the various qualities and skill sets they would bring to the Audit Committee Consultant position. Based on experience, knowledge of the pension fund industry, and a proven professional relationship with

LACERA, Mr. Unger motioned to retain Timothy O'Brien as Audit Committee Consultant. The motion was seconded by Vice Chair Schneider. The Audit Committee voted unanimously to retain the services of Timothy O'Brien as the Audit Committee Consultant.

V. REPORTS

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

Richard Bendall, Chief Internal Auditor, gave a brief overview of the most recent new hires, and informed the Committee that Internal Audit is fully staffed.

- B. Internal Audit Project Reporting – YTD ending February 29, 2012
Richard Bendall, Chief Internal Auditor
Sarah Marks, Principal Internal Auditor
(Memo dated March 9, 2012)

Mr. Bendall briefly described the nature of the 2011 -2012 Audit plan, and how it details organizational risk for each division and how Internal Audit allocates resources based on identified risk. At this time, Richard fielded questions from the Audit Committee relating to any risks identified or projects performed, as noted in the memo. The inquiries discussed were as follows:

- Princeville Hotel
- External real estate audit and tax services
- Upcoming RFP for external real estate audit and tax service
- Materiality of external real estate audits
- Health plan carrier due diligence

- C. Status of Other External Audits Not Conducted at the Discretion of Internal Audit

Nothing Noted.

VI. FOR INFORMATION ONLY

- A. None

VII. CONSULTANT COMMENTS

Mr. O'Brien thanked the Audit Committee for their continuing relationship.

VIII. GOOD OF THE ORDER

Mr. Unger was glad to be back on the committee. Chair Russin got an email regarding some possible issues to the "final average calculation". He would like staff to look into it further and report on it in the next meeting.

IX. ADJOURNMENT

The meeting was adjourned at 10:42 a.m.

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