

APPROVED

MINUTES OF THE REGULAR MEETING OF THE AUDIT COMMITTEE OF THE 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, OCTOBER 21, 2021

This meeting was conducted by teleconference pursuant to the Governor's Executive Order N-29-20.

PRESENT: Joseph Kelly, Chair

Shawn R. Kehoe, Vice Chair

Vivian H. Gray, Secretary

Alan J. Bernstein

Elizabeth Ginsberg (Chief Deputy to Keith Knox)

Gina V. Sanchez

ABSENT: Keith Knox

Roland A. Okum

STAFF, ADVISORS, PARTICIPANTS

Santos H. Kreimann, Chief Executive Officer

Luis Lugo, Deputy Chief Executive Officer

Laura Guglielmo, Assistant Executive Officer

JJ Popowich, Assistant Executive Officer

Steve Rice, Chief Legal Counsel

Richard Bendall, Chief Audit Executive

STAFF, ADVISORS, PARTICIPANTS (Continued)

Leisha Collins, Principal Internal Auditor

Christina Logan, Principal Internal Auditor

Kathryn Ton, Senior Internal Auditor

George Lunde, Senior Internal Auditor

Nathan Amick, Senior Internal Auditor

Gabriel Tafoya, Senior Internal Auditor

Bob Schlofelt, Interim Chief Information Security Officer

Bernie Buenaflor, Quality Assurance Division Manager

Louis Gittens, Benefits Section Head

Kevin Hawkins, Benefits Retirement Specialist

Summy Voong, Interim Assistant Information System Manager

Kathy Delino, Interim Systems Division Manager

Sarah Pavelek, Engagement Partner, Plante Moran

Jenny Trotta, Engagement Sr. Manager, Plante Moran

Robert H. Griffin, Audit Committee Consultant

I. CALL TO ORDER

The meeting was called to order virtually at 9:00 a.m. by Chair Kelly.

II. APPROVAL OF THE MINUTES

A. Approval of the Minutes of the Special Audit Committee Meeting of

August 26, 2021.

This item was returned to staff and will be placed for approval at the December 2, 2021 Audit Committee Meeting.

III. PUBLIC COMMENT

There were no requests from the public to speak.

IV. CONSENT ITEMS

- A. Recommendation as submitted by Steven P. Rice, Chief Counsel: That the Audit Committee approves that, under AB 361 and Government Code Section 54953(e)(3) of the Brown Act, the Board of Retirement consider whether to find that the Governor's COVID-19 State of Emergency continues to directly impact the ability of the Board and its Committees to meet safely in person and that the County of Los Angeles and other agencies still recommend social distancing such that the Board and its Committees shall hold teleconference meetings for the next 30 days, and if so, direct staff to comply with the agenda and public comment requirements of the statute.
(Memo dated October 14, 2021)

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

Mr. Kehoe made a motion, Mr. Kelly seconded, to approve staff's recommendation and to add this to the Consent agenda in future meetings. The motion passed (roll call) with Messrs. Bernstein, Kehoe, Kelly, Ms. Gray, and Ms. Sanchez voting yes.

V. NON-CONSENT ITEMS

- A. Recommendation as submitted by Richard P. Bendall, Chief Audit Executive, Leisha E. Collins, Principal Internal Auditor and Christina Logan, Principal Internal Auditor: That the Audit Committee approve the engagement of IIA Quality Services, LLC to conduct the External Quality Assessment of the Internal Audit Division. (Memo dated October 13, 2021)

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

Mr. Kehoe made a motion, Ms. Gray seconded, for staff to develop an RFP Review Committee that does not consist of majority of Internal Audit to review the RFPs submitted and resubmit recommendations to the Committee. Also, for the Chair to have

V. NON-CONSENT ITEMS (Continued)

the opportunity to survey the Committee and see if any trustees are interested in participating in this RFP process. The motion passed (roll call) with Messrs. Bernstein, Kehoe, Kelly, Ms. Gray and Ms. Sanchez voting yes.

- B. Recommendation as submitted by Richard P. Bendall, Chief Audit Executive, Leisha Collins, Principal Internal Auditor, Christina Logan, Principal Internal Auditor, and Kathryn Ton, Senior Internal Auditor: That the Audit Committee approve engagement of Eide Bailly, LLC to perform an external review of the Human Resources Division's recruiting process (Memo dated October 14, 2021)

Ms. Ton was present to answer questions from the Committee.

Mr. Bernstein made a motion, Ms. Sanchez seconded, to approve staff's recommendations. The motion passed (roll call) with Messrs. Bernstein, Kehoe, Kelly, Ms. Gray and Ms. Sanchez voting yes.

VI. REPORTS

- A. Recommendation Follow-Up
Richard P. Bendall, Chief Audit Executive
Christina Logan, Principal Internal Auditor
(Memo dated October 13, 2021)

Messrs. Tafoya, Bendall, Lugo and Kreimann were present and answered questions from the Committee. This item was received and filed.

- B. Recommendation Follow-Up Sensitive Information Technology Areas
Richard P. Bendall, Chief Audit Executive
Christina Logan, Principal Internal Auditor
Gabriel Tafoya, Senior Internal Auditor
(Memo dated October 13, 2021)

Mr. Tafoya was present and answered questions from the Committee. This item was received and filed.

VI. REPORTS (Continued)

- C. Recommendation Follow-Up KPMG's External Quality Assessment (EQA)
Richard P. Bendall, Chief Audit Executive
Christina Logan, Principal Internal Auditor
(Memo dated October 12, 2021)

Ms. Logan was present and answered questions from the Committee. This item was received and filed.

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

Mr. Bendall was present and answered questions from the Committee. This item was received and filed.

- E. Ethics Hotline Status Report
Richard P. Bendall, Chief Audit Executive
Kathryn Ton, Senior Internal Auditor
(For Information Only) (Memo dated October 13, 2021)

Ms. Ton was present and answered questions from the Committee. This item was received and filed.

- F. FYE 2022 Audit Plan Status Report
Richard P. Bendall, Chief Audit Executive
Leisha Collins, Principal Internal Auditor
(For Information Only) (Memo dated October 13, 2021)

Ms. Collins was present and answered questions from the Committee. This item was received and filed.

VI. CONSULTANT COMMENTS

Robert H. Griffin, Audit Committee Consultant
(Verbal Presentation)

Mr. Griffin provided comments to the Committee.

VII. REPORT ON STAFF ACTION ITEMS

There was nothing to report.

VIII. GOOD OF THE ORDER

The Committee thanked staff for their work.

IX. EXECUTIVE SESSION

A. Potential Threats to Public Services or Facilities

(Pursuant to Subdivision (a) of California Government Code Section 54957)

Consultation with: Sarah Pavelek, Plante Moran Engagement Partner; Jenny Trotta, Plante Moran Engagement Senior Manager; Terry Olejnik, AICPA Colleague Partner; Richard Bendall, LACERA Chief Audit Executive; Christina Logan, Principal Internal Auditor; Santos H. Kreimann, Chief Executive Officer; Luis A. Lugo, Deputy Chief Executive Officer; Kathy Delino, Systems Division Interim Manager; Bob Schlotfeld, Chief Information Security Officer; and Other LACERA Staff.

The Committee met in Executive Session pursuant to Government Code Section 54957 (a). There will be a closed session follow-up regarding certain information technology issues at an upcoming OOC meeting.

B. Conference with Legal Counsel – Anticipated Litigation

Significant Exposure to Litigation (Pursuant to Paragraph (2) of Subdivision (d) of California Government Code Section 54956.9) and Initiation of Litigation (Pursuant to Paragraph (4) of Subdivision (d) of California Government Code Section 54956.9)

No. Of Cases: 1

The Committee met in Executive Session pursuant to Government Code Section 54956.9 (d). The Committee took action, which will be reported out at a later date under the Brown Act.

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IX. ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 10:15 a.m.