

**APPROVED**

MINUTES OF THE SPECIAL MEETING OF THE AUDIT COMMITTEE  
AND BOARD OF RETIREMENT AND BOARD OF INVESTMENTS  
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, SUITE 810, PASADENA, CA 91101

1:00 P.M., THURSDAY, MARCH 2, 2023

This meeting was conducted by the Audit Committee, Board of Investments, and Board of Retirement both in person and by teleconference under California Government Code Section 54953 e(f).

*Teleconference Location for Trustees and the Public  
Estancia La Jolla Hotel & Spa - 9700 N. Torrey Pines Rd, La Jolla, CA 92037*

COMMITTEE TRUSTEES

PRESENT:        Onyx Jones, Chair (In-Person)  
                    Keith Knox, Vice Chair (In-Person)  
                    Patrick L. Jones, Secretary (In-Person)  
                    Jason E. Green (In-Person)  
                    Shawn R. Kehoe (In-Person) (Left the meeting at 3:00 p.m.)  
                    Gina V. Sanchez (Teleconference)

ABSENT:        Antonio Sanchez

STAFF, ADVISORS AND PARTICIPANTS

Santos H. Kreimann, Chief Executive Officer

Luis A. Lugo, Deputy Chief Executive Officer

Jonathan Gabel, Chief Investment Officer

Laura Guglielmo, Assistant Executive Officer

STAFF, ADVISORS, PARTICIPANTS (Continued)

JJ Popowich, Assistant Executive Officer

Steven P. Rice, Chief Counsel

Richard P. Bendall, Chief Audit Executive

Christina Logan, Principal Internal Auditor

Nathan K. Amick, Senior Internal Auditor

George Lunde, Senior Internal Auditor

Kristina Sun, Senior Internal Auditor

Kathryn Ton, Senior Internal Auditor

Gabriel Tafoya, Senior Internal Auditor

Ted Granger, Interim Chief Financial Officer

Summy Voong, Interim Assistant Information Systems Manager

Crowe LLP

Jen Aras, Engagement Partner

Hamzeh Qattan, Engagement Manager

Clifton Larson Allen LLP

Chris Rogers, Engagement Principal

Brittany Smith, Engagement Manager

Plante Moran

Kristin Hunt, Colleague Partner

Amanda Cronk, Audit Senior Manager

Robert H. Griffin, Audit Committee Consultant

I. CALL TO ORDER

This meeting was called to order by 2022 Secretary, Trustee P. Jones at 1:00 p.m. in the Board Room of Gateway Plaza.

II. ELECTIONS OF OFFICERS (Election of Chair, Vice Chair, and Secretary)

A. Chair of the Audit Committee

Trustee Onyx Jones was nominated to the position of Chair of the Audit Committee by Trustee G. Sanchez. Hearing no other nominations, the nominations were closed. Trustee P. Jones declared Ms. O. Jones as Chair of the Audit Committee for 2023.

B. Vice Chair of the Audit Committee

Trustee Knox was nominated to the position of Vice Chair of the Audit Committee by Trustee Kehoe. Hearing no other nominations, the nominations were closed. Trustee P. Jones declared Trustee Knox as Vice Chair of the Audit Committee for 2023.

C. Secretary of the Audit Committee

Trustee P. Jones was nominated to the position of Secretary of the Audit Committee by Trustee G. Sanchez. Hearing no other nominations, the nominations were closed. Trustee P. Jones declared himself as Secretary of the Audit Committee for 2023.

III. PROCEDURE FOR TELECONFERENCE MEETING ATTENDANCE UNDER AB 2449

- a. Just Cause
- b. Action on Emergency Circumstance Requests
- c. Statement of Persons Present at Teleconference Locations

Mr. Rice provided a brief update to the Committee.

A physical quorum was present at the noticed meeting location. No requests were received for Just Cause or Emergency Circumstances.

IV. APPROVAL OF MINUTES

- A. Approval of the Minutes of the Regular Meeting of November 17, 2022

Trustee G. Sanchez made a motion, Trustee Knox seconded, to approve the minutes of the regular meeting of November 17, 2022. The motion passed by the following roll call vote:

Yes: J. Green, P. Jones, Kehoe, Knox, G. Sanchez, O. Jones

Absent: A. Sanchez

V. PUBLIC COMMENT

There were no requests from the public to speak.

VI. CONSENT ITEMS

- A. **Approval of the Use of Teleconference Meeting**

If the State of Emergency is in effect on March 2, 2023, that Under AB 361 and Government Code Section 54953(e)(3) of the Brown Act, the Audit Committee consider whether to find that the Governor's COVID-19 State of Emergency continues to directly impact the ability of the Committee to meet safely in person and that other public agencies still recommend social distancing such that the Committee shall hold teleconference meetings for the next 30 days as part of hybrid meetings also in person, so long as the State of Emergency remains

VI. CONSENT ITEMS (Continued)

in effect, and direct staff to comply with the agenda and public comment requirements of the statute.

(Memo dated February 15, 2023)

This Item was pulled from the agenda.

VII. NON-CONSENT ITEMS

A. **Proposed 2023 Audit Committee Meeting Dates**

Recommendation as submitted by Richard P. Bendall, Chief Audit Executive: The Audit Committee review and approve the proposed 2023 Audit Committee meeting dates.

(Memo dated February 1, 2023)

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

Trustee O. Jones made a motion, Trustee Knox seconded, to approve staff's recommendation. The motion passed by the following roll call vote:

Yes: J. Green, P. Jones, Kehoe, Knox, G. Sanchez, O. Jones

Absent: A. Sanchez

B. **Selection of LACERA's External Financial Auditor**

Recommendation as submitted by Nathan K. Amick, Senior Internal Auditor: Internal Audit recommends the Audit Committee discuss the merits of the three firms noted below and select a firm to be LACERA's external financial auditor for fiscal years ending (FYE) June 30, 2023 – 2027. (Memo dated February 10, 2023)

Mr. Amick provided a brief presentation. Mr. Rogers, Ms. Smith from Clifton Larson Allen, LLP; Ms. Aras, Mr. Qattan from Crowe, LLP; Ms. Hunt, Ms. Cronk from Plante & Moran, PLLC; and Messrs., Bendall, Griffin, Kreimann, Grabel and Rice were present to answer questions from the Committee.

VII. CONSENT ITEMS (Continued)

Trustee Knox made a motion, Trustee G. Sanchez seconded, to select Plante Moran as LACERA's External Financial Auditor with a three-year contract and a two 1-year renewal options. The motion passed by the following roll call vote:

Yes: J. Green, P. Jones, Kehoe, Knox, G. Sanchez, O. Jones

Absent: A. Sanchez

C. **Request for Proposal for a System and Organization Controls (SOC) Audit** (Trustee Kehoe left the meeting at 3:00 p.m.)

Recommendation as submitted by Christina Logan, Principal Internal Auditor and Kimberly D. Hines, Senior Internal Auditor: Internal Audit recommends that the Audit Committee authorize staff to release a Request for Proposal (RFP) to select a qualified certified public accounting firm to perform a System and Organization Controls 1 Type 2 (SOC) audit of LACERA's Other Post-Employment Benefits (OPEB) program for fiscal years ending June 30, 2024 – 2028, with an option to extend for up to two years. (Memo dated February 2, 2023)

Ms. Logan provided a brief presentation. Mr. Bendall, Mr. Kreimann and Ms. Guglielmo were present to answer questions from the Committee.

Trustee G. Sanchez made a motion, Trustee Knox seconded, to approve staff's recommendation and make the scoring criteria align with the criteria that was applied to the Financial Auditor RFP scoring. The motion passed by the following roll call vote:

Yes: J. Green, Knox, G. Sanchez, O. Jones

No: P. Jones

Absent: A. Sanchez, Kehoe

VII. NON-CONSENT ITEMS (Continued)

- D. **Internal Audit Proposed Fiscal Year 2022 - 2023 Budget Request**  
Recommendation as submitted by Richard P. Bendall, Chief Audit Executive: The Audit Committee approve the Proposed Internal Audit Fiscal Year 2023 - 2024 Budget Request, and upon approval, direct staff to include it in LACERA's Administrative Budget for Board approval. (Memo dated February 13, 2023)

Mr. Bendall, Ms. Guglielmo and Mr. Kreimann were present to answer questions from the Committee.

Trustee Knox made a motion, Trustee J. Green seconded, to approve staff's recommendation. The motion passed by the following roll call vote:

Yes: J. Green, P. Jones, Knox, G. Sanchez, O. Jones

Absent: A. Sanchez, Kehoe

- E. **Fiscal Year 2023 Internal Audit Plan Amendments**  
Recommendation as submitted by Richard P. Bendall, Chief Audit Executive: The Audit Committee review and approve the Fiscal Year 2023 Amended Internal Audit Plan. (Memo dated January 28, 2023)

Mr. Amick provided a brief presentation. Mr. Bendall was present to answer questions from the Committee.

Trustee G. Sanchez made a motion, Trustee Knox seconded, to approve staff's recommendation. The motion passed by the following roll call vote:

Yes: J. Green, P. Jones, Knox, G. Sanchez, O. Jones

Absent: A. Sanchez, Kehoe

- F. **Audit Committee Annual Report to Boards**  
Recommendation as submitted by Gina V. Sanchez, Audit Committee Chair and Richard P. Bendall, Chief Audit Executive: The Audit Committee provide suggested revisions and/or approve the issuance

VII. NON-CONSENT ITEMS (Continued)

of the Audit Committee Annual Report to the Boards and direct staff to issue the report to the boards at their respective April 2023 Board meetings. (Memo dated February 8, 2023)

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

Trustee Knox made a motion, Trustee G. Sanchez seconded, to approve staff's recommendation. The motion passed by the following roll call vote:

Yes: J. Green, P. Jones, Knox, G. Sanchez, O. Jones

Absent: A. Sanchez, Kehoe

G. **Contract Operations Audit Report**

Recommendation as submitted by Kathryn Ton, Senior Internal Auditor: That the Committee review and discuss the Contract Operations Audit and take the following action(s):

1. Accept and file report;
2. Instruct staff to forward report to Boards or Committees;
3. Make recommendations to the Boards or Committees regarding actions as may be required based on audit findings; and/or
4. Provide further instruction to staff.  
(Memo dated February 1, 2023)

Ms. Ton provided a brief presentation and was present to answer questions from the Committee.

Trustee Knox made a motion, Trustee J. Green seconded, to accept and file this item. The motion passed by the following roll call vote:

Yes: J. Green, P. Jones, Knox, G. Sanchez, O. Jones

Absent: A. Sanchez, Kehoe

VII. NON-CONSENT ITEMS (Continued)

H. **Review of Chief Executive Officer's Credit Card Expenditures**

Recommendation as submitted by Gabriel Tafoya, Senior Internal Auditor: That the Committee review and discuss the Chief Executive Officer Credit Card and take the following action(s):

1. Accept and file report;
2. Instruct staff to forward report to Boards or Committees;
3. Make recommendations to the Boards or Committees regarding actions as may be required based on audit findings; and/or
4. Provide further instruction to staff.  
(Memo dated February 10, 2023)

Mr. Tafoya was present to answer any questions from the Committee.

Trustee Knox made a motion, Trustee J. Green seconded, to accept and file this item. The motion passed by the following roll call vote:

Yes: J. Green, P. Jones, Knox, G. Sanchez, O. Jones

Absent: A. Sanchez, Kehoe

VIII. REPORTS

A. **2023 Audit Committee Orientation**

Christina Logan, Principal Internal Auditor

Gabriel Tafoya, Senior Internal Auditor

(Presentation) (Memo dated February 7, 2023)

Mr. Tafoya and Ms. Logan provided a brief presentation. Mr. Bendall was present to answer questions from the Committee. This item was received and filed.

VIII. REPORTS (Continued)

B. **Management's Compliance Report**

Santos H. Kreimann, Chief Executive Officer  
Luis A. Lugo, Deputy Chief Executive Officer  
(Memo dated February 15, 2023)

Mr. Lugo, Mr. Bendall, Mr. Kreimann and Mr. Rice were present to answer questions from the Committee. This item was received and filed.

C. **Recommendation Follow-Up Report**

Kristina Sun, Senior Internal Auditor  
(Memo dated February 10, 2023)

Ms. Sun provided a brief presentation. Mr. Granger and Mr. Bendall were present to answer questions from the Committee. This item was received and filed.

D. **Recommendation Follow-Up Sensitive Information Technology Areas**

Christina Logan, Principal Internal Auditor  
Gabriel Tafoya, Senior Internal Auditor  
(Memo dated February 10, 2023)

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

E. **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 to answer questions from the Committee. This item was received and filed.

F. **Internal Audit Staffing Activity Report**

Richard P. Bendall, Chief Audit Executive  
Gabriel Tafoya, Senior Internal Auditor  
(Verbal Presentation)

VIII. REPORTS (Continued)

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

G. **Ethics Hotline Status Report**

Kathryn Ton, Senior Internal Auditor

(For Information Purposes Only) (Memo dated October 31, 2022)

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

IX. ITEMS FOR STAFF REVIEW

Trustee O. Jones requested that actual numbers be reflected in future budget requests. In addition, she requested that audits being revisited be stated in the memo.

X. ITEMS FOR FUTURE AGENDAS

There was nothing to report.

XI. GOOD OF THE ORDER  
(For Information Purposes Only)

The Committee thanked staff for their work.

XII. ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 4:16 p.m.