

APPROVED

MINUTES OF THE REGULAR 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

9:00 A.M., THURSDAY, AUGUST 31, 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).

COMMITTEE TRUSTEES

PRESENT: Onyx Jones, Chair
 Keith Knox, Vice Chair
 Patrick L. Jones, Secretary
 Jason E. Green
 Shawn R. Kehoe
 Antonio Sanchez
 Gina V. Sanchez

STAFF, ADVISORS AND PARTICIPANTS

Santos H. Kreimann, Chief Executive Officer

Luis A. Lugo, Deputy Chief Executive Officer

Laura Guglielmo, Assistant Executive Officer

JJ Popowich, Assistant Executive Officer

STAFF, ADVISORS, PARTICIPANTS (Continued)

Steven P. Rice, Chief Counsel

Richard P. Bendall, Chief Audit Executive

Leisha E. Collins, Principal Internal Auditor

Christina Logan, Principal Internal Auditor

Nathan K. Amick, Senior Internal Auditor

George Lunde, Senior Internal Auditor

Kristina Sun, Senior Internal Auditor

Gabriel Tafoya, Senior Internal Auditor

Robert H. Griffin, Audit Committee Consultant

I. CALL TO ORDER

This meeting was called to order by Chair Onyx Jones at 9:02 a.m. in the Board Room of Gateway Plaza.

II. PLEDGE OF ALLEGIANCE

Mr. P. Jones led the Trustees and staff in reciting the Pledge of Allegiance.

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

III. PROCEDURE FOR TELECONFERENCE MEETING ATTENDANCE UNDER AB 2449 (Continued)

No requests were received for Just Cause (A) or Emergency Circumstances (B).

IV. APPROVAL OF MINUTES

A. Approval of the Minutes of the Regular Meeting of June 1, 2023

Trustee G. Sanchez made a motion, Trustee Kehoe seconded, to approve the minutes of the regular meeting of June 1, 2023. The motion passed by the following roll call vote:

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

No: None

V. PUBLIC COMMENT

There were no requests from the public to speak.

VI. NON-CONSENT ITEMS

A. **Consulting on Investment Office's Operational Due Diligence**

Recommendation as submitted by Richard P. Bendall, Chief Audit Executive and Christina Logan, Principal Internal Auditor: That the Committee review and discuss the results from the engagement and provide the following action(s).

1. Accept and file;
2. Instruct staff to forward memo to Boards or Committees;
3. Make recommendations to the Boards or Committees regarding actions as may be required based on the engagement and/or
4. Provide further instruction to staff.
(Memo dated July 20, 2023)

VI. NON-CONSENT ITEMS (Continued)

Mr. Bendall and Ms. Logan provided a brief presentation. Mr. Grabel was present to answer questions from the Committee.

Trustee G. Sanchez made a motion, Trustee Kehoe seconded, to accept and file the report. The motion passed by the following roll call vote:

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

No: None

B. Consulting on the Organizational Records & Information Management (RIM) Policy

Recommendation as submitted by Kristina Sun, Senior Internal Auditor: That the Committee review and discuss the engagement and take the following action(s):

1. Accept and file;
2. Instruct staff to forward memo to Boards or Committees;
3. Make recommendations to the Boards or Committees regarding actions as may be required based on the engagement; and/or
4. Provide further instruction to staff.
(Memo dated August 16, 2023)

Ms. Sun provided a brief presentation. Messrs. Bendall, Lugo and Beasley were present to answer questions from the Committee.

Trustee G. Sanchez made a motion, Trustee Knox seconded, to accept and file the report. The motion passed by the following roll call vote:

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

No: None

VI. NON-CONSENT ITEMS (Continued)

C. **State Street Bank Wire Transfers Audit**

Recommendation as submitted by Leisha E. Collins, Principal Internal Auditor: That the Committee review and discuss the engagement report 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 July 24, 2023)

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

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

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

No: None

D. **Audit of Corporate Credit Cards**

Recommendation as submitted by Gabriel Tafoya, Senior Internal Auditor: That the Committee review and discuss the engagement report 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 August 16, 2023)

VI. NON-CONSENT ITEMS (Continued)

Mr. Tafoya provided a brief presentation. Messrs. Bendall, Granger and Ms. Guglielmo were present to answer questions from the Committee.

Trustee G. Sanchez made a motion, Trustee O. Jones seconded, to accept and file the report, and to reclassify the finding risk ratings from low to high for purposes of Recommendation Follow-Up. This item was received and filed. The motion passed by the following roll call vote:

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

No: None

E. **Los Angeles County's Compliance with Requirements for Rehired Retiree - Fiscal Year Ended June 30, 2022**

Recommendation as submitted George Lunde, Senior Internal Auditor: That the Committee review and discuss the engagement report 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 August 11, 2023)

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

Trustee Kehoe made a motion, Trustee G. Sanchez seconded, to accept and file the report. The motion passed by the following roll call vote:

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

No: None

VI. NON-CONSENT ITEMS (Continued)

F. **LACERA's Rehired Retiree Program - Fiscal Year Ended June 30, 2022**

Recommendation as submitted by Kimberly D. Hines, Senior Internal Auditor: That the Committee review and discuss the engagement report 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 August 14, 2023)

Mr. Bendall provided a brief presentation and answered questions from the Committee.

Trustee Kehoe made a motion, Trustee Knox seconded, to accept and file the report. The motion passed by the following roll call vote:

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

No: None

G. **Request for Proposal for Audit Committee Consultant**

Recommendation as submitted by Leisha E. Collins, Principal Internal Auditor and Kimberly D. Hines, Senior Internal Auditor: That the Committee authorize staff to release a Request for Proposal (RFP) to select a qualified Audit Committee Consultant for a three-year term, with an option to extend the contract for up to two additional one-year terms. (Memo dated August 15, 2023)

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

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

VI. NON-CONSENT ITEMS (Continued)

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

No: None

VII. REPORTS

A. **Internal Audit Annual Performance Report – Fiscal Year Ended 2023**

Nathan K. Amick, Senior Internal Auditor
(Presentation) (Memo dated August 15, 2023)

Messrs. Amick and Bendall provided a brief presentation. Messrs. Bendall, Lugo and Kreimann were present to answer questions from the Committee. This item was received and filed.

B. **Fiscal Year Ending (FYE) 2024 Internal Audit Goals**

Richard P. Bendall, Chief Audit Executive
(Memo dated August 14, 2023)

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

C. **Audit Committee Update – OneMeeting Implementation**

Richard Bendall, Chief Audit Executive
(For Information Only) (Memo dated July 21, 2023)

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

D. **Organizational Governance Follow-Up**

Christina Logan, Principal Internal Auditor
(For Information Only) (Memo dated July 28, 2023)

This item was received and filed.

VII. REPORTS

E. **Recommendation Follow-Up**

Kristina Sun, Senior Internal Auditor

(For Information Only) (Memo dated August 16, 2023)

This item was received and filed.

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

Gabriel Tafoya, Senior Internal Auditor

(For Information Only) (Memo dated August 15, 2023)

This item was received and filed.

G. **Ethics Hotline Status Report**

Richard P. Bendall, Chief Audit Executive

(For Information Only) (Memo dated August 10, 2023)

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

This item was received and filed.

H. **Status of Other External Audits not conducted at the Discretion of Internal Audit**

Richard P. Bendall, Chief Audit Executive

(Verbal Update)

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

This item was received and filed.

I. **Internal Audit Staffing Activity Report**

Richard P. Bendall, Chief Audit Executive

(Verbal Update)

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

This item was received and filed.

VIII. CONSULTANT COMMENTS

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

Mr. Griffin provided comments to the Committee.

IX. ITEMS FOR STAFF REVIEW

Trustee G. Sanchez requested to expand testing of future wire transfer audits to include testing of wire transactions from the prior audit reporting period end to the most current year end. Trustee Kehoe requested that staff define who the Key Stakeholder are in the Internal Audit goals.

X. ITEMS FOR FUTURE AGENDAS

Trustee Kehoe requested that information regarding Internal Audit staffing vacancies be included in the agendized staffing report on each Audit Committee meeting moving forward.

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 10:54 a.m.