



Date: May 16, 2019
To: Members of the Audit Committee
From: Henry C. Levy, Chair
Subject: Summary of the May 16, 2019, Audit Committee Meeting

Audit Committee Chair Henry Levy called the May 16, 2019, Audit Committee meeting to order at 1:00 pm. Other Committee members present were Tarrell Gamble, Dale Amaral, and Elizabeth Rogers. Other Board members present were Ophelia Basgal, Jaime Godfrey, Liz Koppenhaver, and Alternate Retiree Member Nancy Reilly. Members of the Staff present were David Nelsen, Chief Executive Officer; Margo Allen, Fiscal Services Officer; Harsh Jadhav, Chief of Internal Audit; Kathy Mount, Chief Counsel; Vijay Jagar, Retirement Chief Technology Officer; and Victoria Arruda, Human Resources Officer.

PUBLIC COMMENT

None

ACTION ITEMS

At the Committee Chair's direction, Item 1 was moved to the end of the calendar for Action Items.

External Audit:

2. Discussion and possible motion to recommend adoption of the Government Accounting Standards Board (GASB) Statement No. 67 Actuarial Valuation as of December 31, 2018

Staff explained that their review and evaluation of the GASB Statement No. 67 Actuarial Valuation as of December 31, 2018 was completed.

Staff asked that the Audit Committee recommend to the Board of Retirement that the Board adopt the GASB Statement No. 67 Actuarial Valuation as of December 31, 2018.

Trustee Amaral moved, and Trustee Basgal seconded that the Audit Committee recommend to the Board of Retirement that the Board adopt the GASB Statement No. 67 Actuarial Valuation as of December 31, 2018.

The motion carried 5 yes (*Amaral, Basgal, Godfrey, Koppenhaver, Levy, and*), 0 no, 0 abstentions.

3. Discussion and possible motion to recommend adoption of the Government Accounting Standards Board (GASB) Statement No. 74 Actuarial Valuation as of December 31, 2018

Staff explained that their review and evaluation of the GASB Statement No. 74 Actuarial Valuation as of December 31, 2018 was completed.

Staff asked that the Audit Committee recommend to the Board of Retirement that the Board adopt the GASB Statement No. 74 Actuarial Valuation as of December 31, 2018.

Trustee Amaral moved, and Trustee Koppenhaver seconded that the Audit Committee recommend to the Board of Retirement that the Board adopt the GASB Statement No. 74 Actuarial Valuation as of December 31, 2018.

The motion carried 5 yes (*Amaral, Basgal, Godfrey, Koppenhaver, Levy, and*), 0 no, 0 abstentions.

4. Discussion and possible motion to recommend adoption of the Addendums to the Governmental Accounting Standards Board (GASB) Statement No. 67 and Statement No 74 Actuarial Valuations as of December 31, 2018.

Staff explained that their review and evaluation of the Addendums to the GASB Statement No. 67 and the GASB Statement 74 Actuarial Valuation as of December 31, 2018 was completed.

Staff asked that the Audit Committee recommend to the Board of Retirement that the Board adopt the Addendums to the GASB Statement No. 67 and the GASB Statement No. 74 Actuarial Valuation as of December 31, 2018.

Trustee Amaral moved, and Trustee Koppenhaver seconded that the Audit Committee recommend to the Board of Retirement that the Board adopt the GASB Statement No. 74 Actuarial Valuation as of December 31, 2018.

The motion carried 5 yes (*Amaral, Basgal, Godfrey, Koppenhaver, and Levy*), 0 no, 0 abstentions.

1. Discussion and possible motion to recommend approval of the December 31, 2018 Audited Financial Statements and Independent Auditor's Report

Staff explained that Williams Adley & Company-CA. LLP (WACO) had completed its independent audit of ACERA's 2018 financial statements, and introduced Audrey Elbert, and Kenneth Yu from WACO, who briefly commented on their responsibilities.

Staff requested approval to accept and file the December 31, 2018, Audited Financial Statements and Independent Auditors Report.

Trustee Basgal moved, and Trustee Koppenhaver seconded that the Audit Committee recommend to the Board of Retirement that the Board accept and file the December 31, 2018, Audited Financial Statements and Independent Auditors' Report.

The motion carried 7 yes (*Amaral, Basgal, Gamble, Godfrey, Koppenhaver, Levy, and Rogers*), 0 no, 0 abstentions.

INFORMATION ITEMS

Internal Audit

1. Progress report on the Internal Audit Plan

Staff expressed that the Internal Audit Department is on target to complete the series of internal and compliance audits/reviews as specified on the audit program. The Alameda Health System (AHS) and Superior Courts employer audits are moving forward.

2. Presentation of completed audits

Staff said that the Internal Audit staff has been working on several internal initiatives in both an audit and consulting capacity to enhance internal controls for cybersecurity and preventing benefit overpayments.

Some of the more notable projects include developing a phishing program to test and educate our employees to avoid clicking harmful links to malicious websites, and reviewing the current cybersecurity insurance policy.

Staff has also reviewed the first draft of the Watchlist Audit Report with Investment staff. Investment staff will review the draft audit report with Verus (Investment Consultant) for their input.

TRUSTEE COMMENT

None.

ESTABLISHMENT OF NEXT MEETING DATE

June 20, 2019, at 1:00 pm

MEETING ADJOURNED

The meeting adjourned at 1:45 pm