



**Alameda County Employees' Retirement Association
BOARD OF RETIREMENT**

**AUDIT COMMITTEE/BOARD MEETING
NOTICE and AGENDA**

ACERA MISSION:

To provide ACERA members and employers with flexible, cost-effective, participant-oriented benefits through prudent investment management and superior member services.

Thursday, February 15, 2024
12:30 p.m.

ZOOM INSTRUCTIONS	COMMITTEE MEMBERS	
The public can view the Teleconference and comment via audio during the meeting. To join this Teleconference, please click on the link below. https://zoom.us/join Webinar ID: 879 6337 8479 Passcode: 699406 For help joining a Zoom meeting, see: https://support.zoom.us/hc/en-us/articles/201362193 Call-in Number: 1 669 900 6833	HENRY LEVY, CHAIR	TREASURER
	TARRELL GAMBLE, VICE-CHAIR	APPOINTED
	JAIME GODFREY	APPOINTED
	KELLIE SIMON	ELECTED GENERAL
	GEORGE WOOD	ELECTED GENERAL

This is a meeting of the Audit Committee if a quorum of the Audit Committee attends, and it is a meeting of the Board if a quorum of the Board attends. This is a joint meeting of the Audit Committee and the Board if a quorum of each attends.

The order of agenda items is subject to change without notice. Board and Committee agendas and minutes, and all documents distributed to the Board or a Committee in connection with a public meeting (unless exempt from disclosure), are available online at www.acera.org.

Note regarding public comments: Public comments are limited to four (4) minutes per person in total.

If you require a reasonable modification or accommodation for a disability, please contact ACERA between 9:00 a.m. and 5:00 p.m. 72 hours prior to the meeting at accommodation@acera.org or at 510-628-3000

AUDIT COMMITTEE/BOARD MEETING

NOTICE and AGENDA, Page 2 of 2 - Thursday, February 16, 2023

Call to Order

12:30 p.m.

Roll Call

Public Comment (Time Limit: 4 minutes per speaker)

Action Items: Matters for Discussion and Possible Motion by the Committee

- 1. Presentation, discussion, and possible motion to approve the external audit scope of work and timeline of services for the Financial Statements ended December 31, 2023, performed by Williams, Adley & Company-CA, LLP**

- Robert Griffin, Partner
- Kenneth Yu, Sr. Manager
Williams, Adley & Company-CA, LLP
- Erica Haywood

Recommendation:

The Audit Committee recommends to the Board of Retirement that the Board approve the external audit scope of work and timeline of services for the Financial Statements ended December 31, 2023, to be performed by Williams, Adley & Company-CA, LLP.

Information Items: These items are not presented for Committee action but consist of status updates and cyclical reports

External Audit

- 1. 2024 Audit Committee Work Plan (Proposed)**

- Lisa Johnson

Internal Audit

- 1. Review of Annual Risk Assessment**

- Harsh Jadhav

- 2. Presentation of the 2024 Internal Audit Plan (Proposed)**

- Harsh Jadhav

Trustee Comment

Future Discussion Items

Establishment of Next Meeting Date

April 18, 2024



MEMORANDUM TO THE AUDIT COMMITTEE

DATE: February 15, 2024
TO: Members of the Audit Committee
FROM: Erica Haywood, Fiscal Services Officer *EAH*
SUBJECT: **Williams, Adley & Co. LLP., 2023 Financial Statement External Audit**

The Fiscal Services Department has reviewed the 2023 external audit scope of work and timeline of services to be performed by Williams, Adley, & Co. LLP, ACERA is prepared to commence with its annual financial statement audit for year ended December 31, 2023. The allotted time frame of the audit field work is approximately 60 days, ending approximately the third week in April 2024.

Throughout the audit period, bi-weekly status meetings with the Fiscal Services Department will be conducted. Likewise, status meetings with Senior Leaders will also be scheduled on an as needed basis. The Fiscal Services Officer will oversee the audit process and is responsible for ensuring the completeness and accuracy of all financial information provided to Williams, Adley, & Co. LLP.

Recommendation

Staff recommends that the Audit Committee recommend to the Board of Retirement that the Board approve the 2023 Financial Statement External Audit Scope of Work and Timeline of Services to be performed by Williams, Adley & Co. LLP.



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Audit and Communications Plan for the Year Ended
December 31, 2023



Confidence Earned

Agenda

- ▶ Engagement Team
- ▶ Auditor Responsibilities
- ▶ Management Responsibilities
- ▶ Audit Committee Responsibilities
- ▶ Our Risk-Based Audit Approach
- ▶ Areas of Significant Focus
- ▶ Areas of Audit Emphasis
- ▶ Timeline
- ▶ New GASB Reporting Standards

Engagement Team

- ▶ Robert Griffin, CPA, Engagement Partner
 - ▶ Has overall responsibility for the engagement, including service levels and adherence to timelines. Responsible for the engagement, including the content of reports and compliance with firm and professional standards.
- ▶ Kenneth Yu, CPA, Project Manager
 - ▶ Primarily responsible for the achievement of engagement objectives and quality control of the audit procedures performed and the reports issued. He will serve as the primary liaison between ACERA staff and WACO team members and have responsibility for achieving the audit objectives.

Auditor Responsibilities

- ▶ Our responsibility under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards* is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. GAAP. Provide an in-relation to opinion on the other supplementary information.
- ▶ Issue report on internal controls and compliance (no opinion) based on results of tests of compliance with certain provisions of laws, regulations, contracts and grants
- ▶ Perform an audit of the GASB 68 & GASB 75 schedules in accordance with GAAS.
- ▶ Express opinions on whether the GASB 68 & GASB 75 schedules are fairly presented in conformity with U.S. GAAP.
- ▶ Communicate significant matters related to the audits.

Management Responsibilities

- ▶ Prepare and present financial statements and supplementary information in conformity with U.S GAAP.
- ▶ Establish and maintain effective internal controls.
- ▶ Implement systems designed to achieve compliance with applicable laws, regulations, and contracts.
- ▶ Select and apply appropriate accounting principles.
- ▶ Comply with applicable laws and regulations and the provisions of contracts.
- ▶ Design and implement programs and controls to prevent and detect fraud, and inform us about all known or suspected fraud.
- ▶ Provide written representations.

Audit Committee Responsibilities

- ▶ Meet periodically with the auditors to discuss various topics, including risks, concerns about internal controls, significant communications with regulators, and audit progress.
- ▶ Resolve conflicts between auditors and management, if necessary.
- ▶ Review auditor's findings and recommendations and evaluate management's response.

Our Risk-Based Audit Approach

- ▶ Audit planning is a continuous process. We will use our most experienced team members to perform risk assessment procedures.
- ▶ External and internal risks are identified based on interviews, review of documentation (minutes, policies and procedures, IAD reports, etc.), results of internal control walkthroughs and testing, and institutional knowledge.
- ▶ We consider the effects of current risk factors on ACERA and emphasis is also placed on those areas requiring subjective judgment by management.
- ▶ Our approach to the internal control environment is to update our understanding of key controls annually, and perform testing on a rotational basis over a three year cycle.
- ▶ Our audit procedures emphasize testing areas with the highest risk of material misstatement, i.e., those accounts or transactions where we believe there is the greatest risk of material misstatement to the financial statements, whether due to error or fraud.
- ▶ Our reporting objective focuses on the fairness of presentation of the financial statements and schedules and the clarity and accuracy of related disclosures.

Areas of Significant Focus

Additions (Revenue)	Management Override of Controls	Investments
<p><u>Risks</u></p> <ul style="list-style-type: none"> ▪ Contributions are misstated. ▪ Investment income, including appreciation, is misstated. 	<p><u>Risks</u></p> <ul style="list-style-type: none"> ▪ Financial statements could be materially misstated. ▪ Misappropriation of assets. 	<p><u>Risks</u></p> <ul style="list-style-type: none"> ▪ Misstatement of account balances. ▪ Valuations not reported using proper methodology. ▪ Transactions reported in incorrect period. ▪ Assets not held in ACERA's name.
<p><u>Audit Response</u></p> <ul style="list-style-type: none"> ▪ Confirm with employers the amount of contributions and related receivables. ▪ Confirm investment income and perform analytical procedures. 	<p><u>Audit Response</u></p> <ul style="list-style-type: none"> ▪ Evaluate and update our understanding of controls over the financial reporting process. ▪ Select a sample of transactions and test to see if controls are operating effectively. 	<p><u>Audit Response</u></p> <ul style="list-style-type: none"> ▪ Independent confirmation and reconciliation testing. ▪ Review of third party valuations and market quotes.

Other Areas of Audit Emphasis

- ▶ In addition to the significant areas identified previously, we have identified areas below as areas of focus during the audit due to materiality of the balance and/or complexity/judgment involved in the accounting.
 - ▶ Participant data and actuarial information
 - ▶ Benefit payments
 - ▶ Reserves
 - ▶ Cash activity
 - ▶ Accounting and reporting for actuarial assumptions and calculations
 - ▶ Financial reporting

Timeline

- ▶ Planning and client assistance - January / February 2024
- ▶ Fieldwork - Mid February - April 2024
- ▶ Presentation of Audit Results to Audit Committee - May 2024
- ▶ Reporting Deadlines
 - ▶ State Controller's Report - June 30, 2024
 - ▶ ACFR to GFOA - June 30, 2024
- ▶ GASB 68 & 75 reports - June 2024

New GASB Reporting Standards



- ▶ Statement No. 99 - *Omnibus 2022*
 - ▶ The primary objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation.
 - ▶ The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.



MEMORANDUM TO THE AUDIT COMMITTEE

DATE: February 15, 2024

TO: Members of the Audit Committee

FROM: Lisa Johnson, Assistant Chief Executive Officer 
Harsh Jadhav, Chief of Internal Audit 

SUBJECT: **Proposed 2024 Audit Committee Work Plan**

The proposed 2024 Audit Committee Work Plan is attached for your consideration and review. The main action and topical discussion items for 2024 are listed below for quick reference:

- February 15, 2024
 - Williams, Adley & Co. LLP. will present the external audit scope of work and timeline of services for the financial statements ended December 31, 2023.
- April 18, 2024
 - Presentation and discussion of the Government Accounting Standards Board (GASB) Statement No. 67 and No. 74 Valuations and addendums as of December 31, 2023 (Segal).
- May 16, 2024
 - External auditor's report and presentation of December 31, 2023, audited financial statements.
 - Recommend adoption of the GASB Statement No. 67 and No. 74 Valuations and addendums as of December 31, 2023.
- June 20, 2024:
 - Adoption of the audited Schedules of Employer Allocations and Schedules of Pension and OPEB Amounts by Employer; and
 - Presentation of the GASB Statement No. 68 and No. 75 Valuations and Employer Schedules as of December 31, 2023.
- October 17, 2024:
 - Employer Audit Policy Review

Throughout the year, ACERA's Chief of Internal Audit will review the progress of the internal audit plan, present new internal audit initiatives, and review completed audits. As the need arises, agenda items may be changed or added to the work plan during the year.



2024 Audit Committee Work Plan (Proposed)

	Action Items	Information Items
<p>Feb 15 – 12:30 PM (3rd Thurs, same day as Board Meeting)</p>	<p>External Audit</p> <ul style="list-style-type: none"> • Presentation, discussion, and possible motion to approve the external audit scope of work and timeline of services for the Financial Statements ended December 31, 2023, performed by the external audit firm <p>Internal Audit</p> <ul style="list-style-type: none"> • None 	<p><i>External Audit</i></p> <ul style="list-style-type: none"> • 2024 Audit Committee Work Plan (Proposed) <p><i>Internal Audit</i></p> <ul style="list-style-type: none"> • Review of Annual Risk Assessment • Presentation of the 2024 Internal Audit Plan • Cybersecurity Update
<p>Apr 18 – 12:30 PM (3rd Thurs, same day as Board Meeting)</p>	<p><i>External Audit</i></p> <ul style="list-style-type: none"> • None <p><i>Internal Audit</i></p> <ul style="list-style-type: none"> • None 	<p><i>External Audit</i></p> <ul style="list-style-type: none"> • Presentation and discussion of the GASB Statement No. 67 Valuation and addendum as of December 31, 2023 (Segal) • Presentation and discussion of the GASB Statement No. 74 Valuation and addendum as of December 31, 2023 (Segal) <p><i>Internal Audit</i></p> <ul style="list-style-type: none"> • Progress report on the Internal Audit Plan • Review complete audits and projects

Note: This work plan is subject to change without prior notice. Periodic rearrangements of agenda items will be made to the work plan to provide a reasonable length of time for each meeting.



2024 Audit Committee Work Plan (Proposed)

Action Items

Information Items

<p>May 16 – 12:30 PM <i>(3rd Thurs, same day as Board Meeting)</i></p>	<p><i>External Audit</i></p> <ul style="list-style-type: none">• Discussion and possible motion to recommend that the Board of Retirement accept and file the December 31, 2023 Audited Financial Statements and Independent Auditor’s Report• Discussion and possible motion to recommend that the Board of Retirement adopt of the Government Accounting Standards Board (GASB) Statement No. 67 Actuarial Valuation and addendum as of December 31, 2023• Discussion and possible motion to recommend that the Board of Retirement adopt the Government Accounting Standards Board (GASB) Statement No. 74 Actuarial Valuation and addendum as of December 31, 2023 <p><i>Internal Audit</i></p> <ul style="list-style-type: none">• None	<p><i>External Audit</i></p> <p><i>Internal Audit</i></p> <ul style="list-style-type: none">• Progress Report on the Internal Audit Plan• Review completed audits and projects
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2024 Audit Committee Work Plan (Proposed)

Action Items	Information Items
<p>Jun 20 – 12:30 PM (3rd Thurs, same day as Board Meeting)</p>	<p><i>External Audit</i></p> <ul style="list-style-type: none"> Review and possible motion to adopt the audited Schedule of Employer Allocations (Pension and OPEB) and the audited Schedule of Pension and OPEB Amounts by Employer based on addenda to the Governmental Accounting Standards Board (GASB) Statement No. 67 and Statement No. 74, valuations as of December 31, 2023 <p><i>Internal Audit</i></p> <ul style="list-style-type: none"> None
<p>Oct 17 - 12:30 PM (3rd Thurs, same day as Board Meeting)</p>	<p><i>External Audit</i></p> <ul style="list-style-type: none"> None <p><i>Internal Audit</i></p> <ul style="list-style-type: none"> Employer Audit Policy Review, discussion and possible motion to renew the Employer Audit Policy, with or without revisions.

Note: This work plan is subject to change without prior notice. Periodic rearrangements of agenda items will be made to the work plan to provide a reasonable length of time for each meeting.



MEMORANDUM TO THE AUDIT COMMITTEE

DATE: February 15, 2024

TO: Members of the Audit Committee

FROM: Harsh Jadhav, Chief of Internal Audit

SUBJECT: The Proposed 2024 Internal Audit Program

Executive Summary

The Audit Committee meeting in February 2024 will feature the proposed 2024 Internal Audit Program, a discussion on the risk assessment process, and a cybersecurity update. The discussion of the risk assessment process will include a summary of the key insights from the Member Authentication Survey, which was presented at the CALAPRS Advanced Course in Retirement Plan Administration in December 2023 by Caxton Fung and Dave Nelsen.

The annual risk assessment is complete. The Internal Audit Department has reassessed the internal controls and risks identified by management to determine how changes in business processes, laws, pension practices, and the organizational structure have affected the risk ranking for 2024. Based on the risk assessment results, the Internal Audit Department plans to conduct four internal audits, two special projects, and provide staff with fraud training.

The Internal Audit Department will also continue to work closely with PRISM to provide input in the Cybersecurity and Data Security Self-Assessment and PAS Project. PRISM regularly performs a self-assessment of the incident response procedures, security management process, IT infrastructure, and cybersecurity training, allowing the agency to uncover gaps, potential weaknesses, and threats that could undermine the security of sensitive information. Furthermore, it is a vital readiness step to ensure the infrastructure and IT environment supports the upgraded pension system. Vijay Jagar will present a cybersecurity update to discuss recent phishing and ransomware trends.

Internal Audit staff continues to promote fraud awareness through annual fraud training for staff and serve as resources for strengthening organization-wide internal controls. This year, we are excited to be joined by members of our staff, who will provide organization-wide fraud training specific to protecting member information and fund assets.

2024 Audit Schedule

Internal Audit Plan (2024)	Service Line	Assigned	Status	Q1	Q2	Q3	Q4
System-Wide Benefit Overpayment Audit	Internal Audit	Caxton	Not Started				
Investment Bank Reporting Audit	Internal Audit	Caxton	In Progress				
Workforce Resilience (Critical Functions) Audit	Internal Audit	Marlon, Dana, Lyndon	In Progress				
Third-Party Service Provider Audit	Internal Audit	Lyndon	Not Started				
Pension Administration System Internal Controls Project	Special Project	Caxton, Dana, Lyndon	In Progress				
Cybersecurity and Data Security Self-Assessment	Special Project	Vijay/Harsh	Continuous				
2024 Annual Risk Assessment	Administration	Harsh	Completed				
2025 Annual Risk Assessment	Administration	Harsh	Not Started				
Fraud Hotline Management	Administration	Lyndon	Continuous				
Fraud Training	Administration	Lyndon/Caxton	Not Started				

2024 Audit Program

Internal Audits

System-Wide Benefit Overpayment Audit

The purpose of the audit is to sample active, deferred, and retired members to ensure internal controls preventing overpayments are in place and operating effectively. Our approach will be to perform several small sample-size audits to review potential areas where overpayments can occur. With smaller data sets, we can quickly uncover potential systemic issues and recommend a remediation strategy.

Investment Bank Reporting Audit

This audit aims to strengthen internal controls to ensure investments are properly recorded with the investment bank as our book of record. We will examine the current business process to understand better how investment values are determined and subsequently recorded on the financial statements. The focus of the audit will be on operational efficiency.

Workforce Resilience Audit

The purpose of this review is to determine if ACERA has trained staff, backup personnel, and documented procedures for their critical processes. As the pandemic continues, part of prudent business continuity planning requires organizations to ensure essential staff are identified, critical processes are fully documented and updated regularly, and backup personnel have been trained and assessed periodically.

Third-Party Service Provider Audit

This audit determines if the critical third-party service providers that manage ACERA's confidential and sensitive information (i.e., member data) have internal controls to prevent breaches, processes to manage adverse events, and adequate incident response procedures.

Special Projects

Pension Administration System Internal Controls Project

The objective of this special project will be for the Internal Audit Department to support the business with technical guidance on risk and internal controls as the leadership plans to roll out Pension Gold (Version 3) to the organization.

Cybersecurity and Data Security Self-Assessment Project

The objective of this special project will be to work with the PRISM Department to determine if adequate firewalls, access controls, employee training, and processes for incident response, business recovery, and threat analysis are in place to ensure sensitive organizational data and member data are protected and secure.

Summary

We are focused on meeting the 2024 Audit Program objectives. I want to acknowledge my staff for their strong effort and dedication to delivering quality work. The Internal Audit Staff continues to do an excellent job partnering with management, servicing the Board of Retirement, and protecting our members.

Internal Audit Department 2024 Internal Audit Plan

February 15, 2024

Agenda



Review the Risk
Assessment Process




Proposed Internal
Audit Plan



Member Authentication
Survey Results

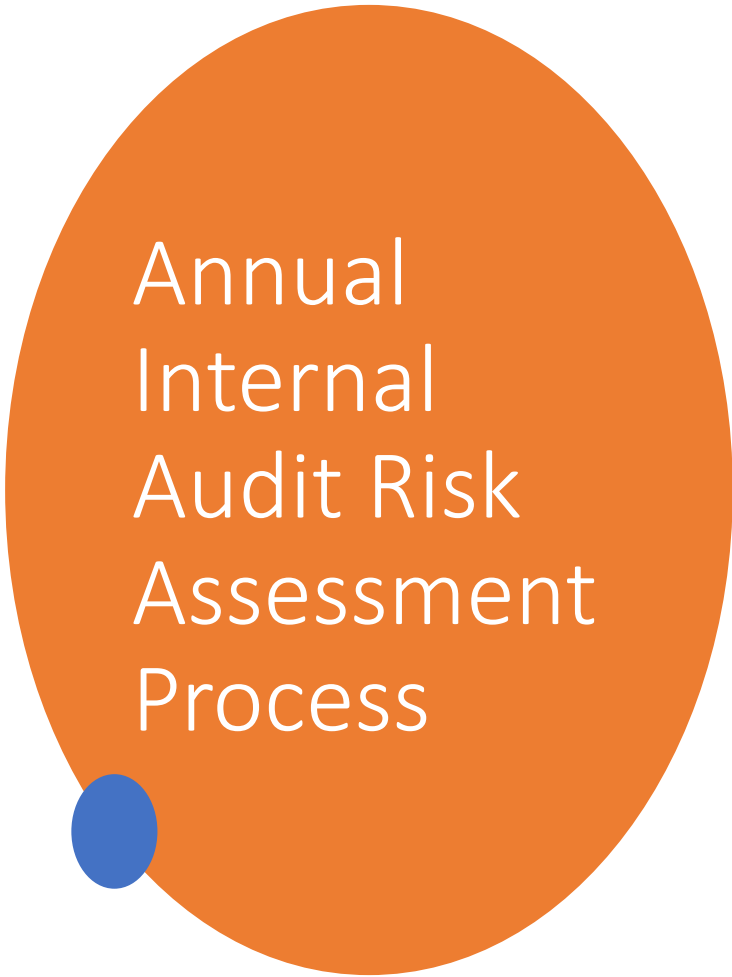


Cybersecurity
Update



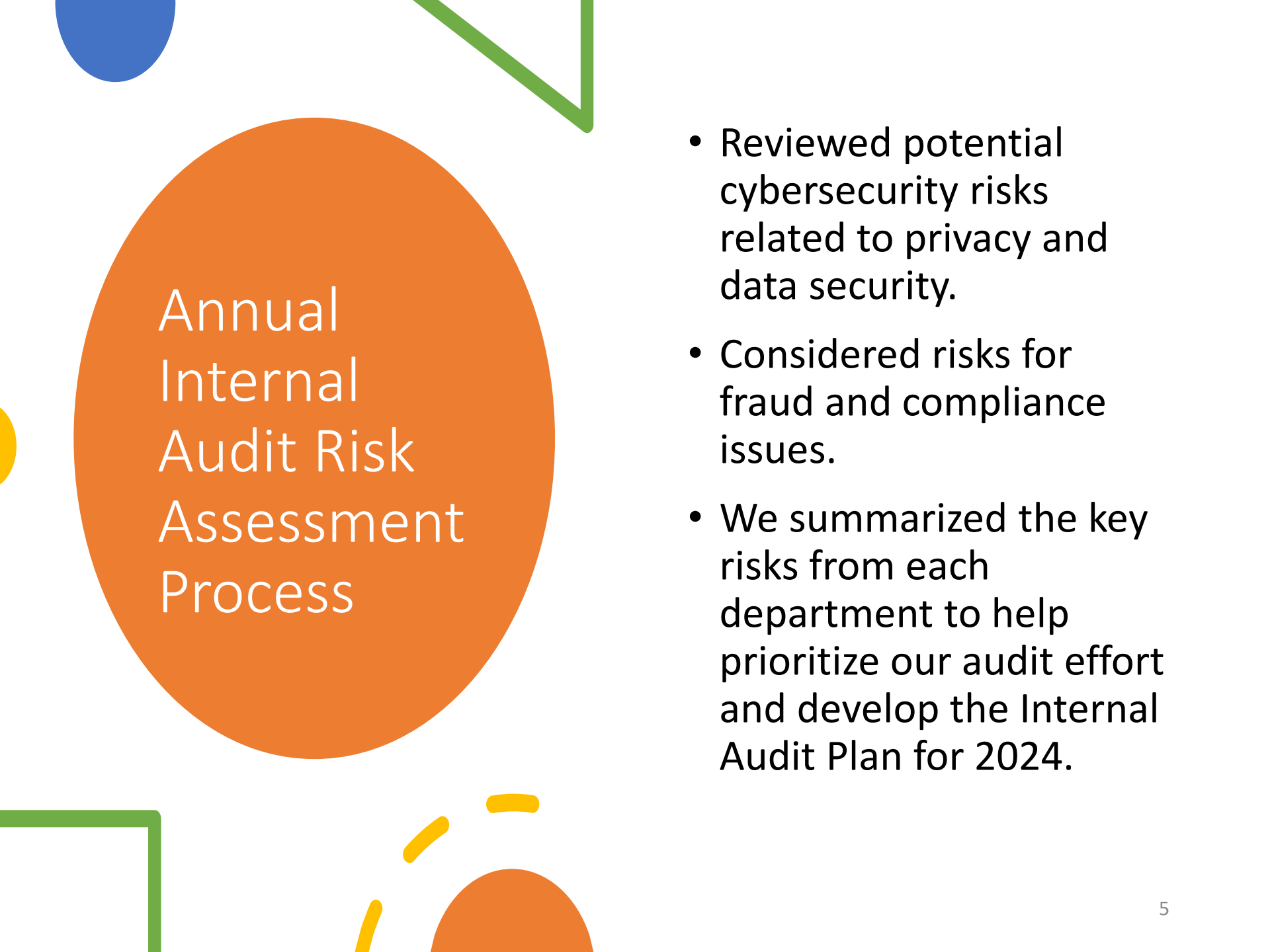
Annual Internal Audit Risk Assessment Process

- Reviewed the strategic objectives of each department and current and potential risks the departments were concerned about. The department-level risks covered benefits, fiscal operations, investments, legal, IT, actuarial and human resources.



Annual Internal Audit Risk Assessment Process

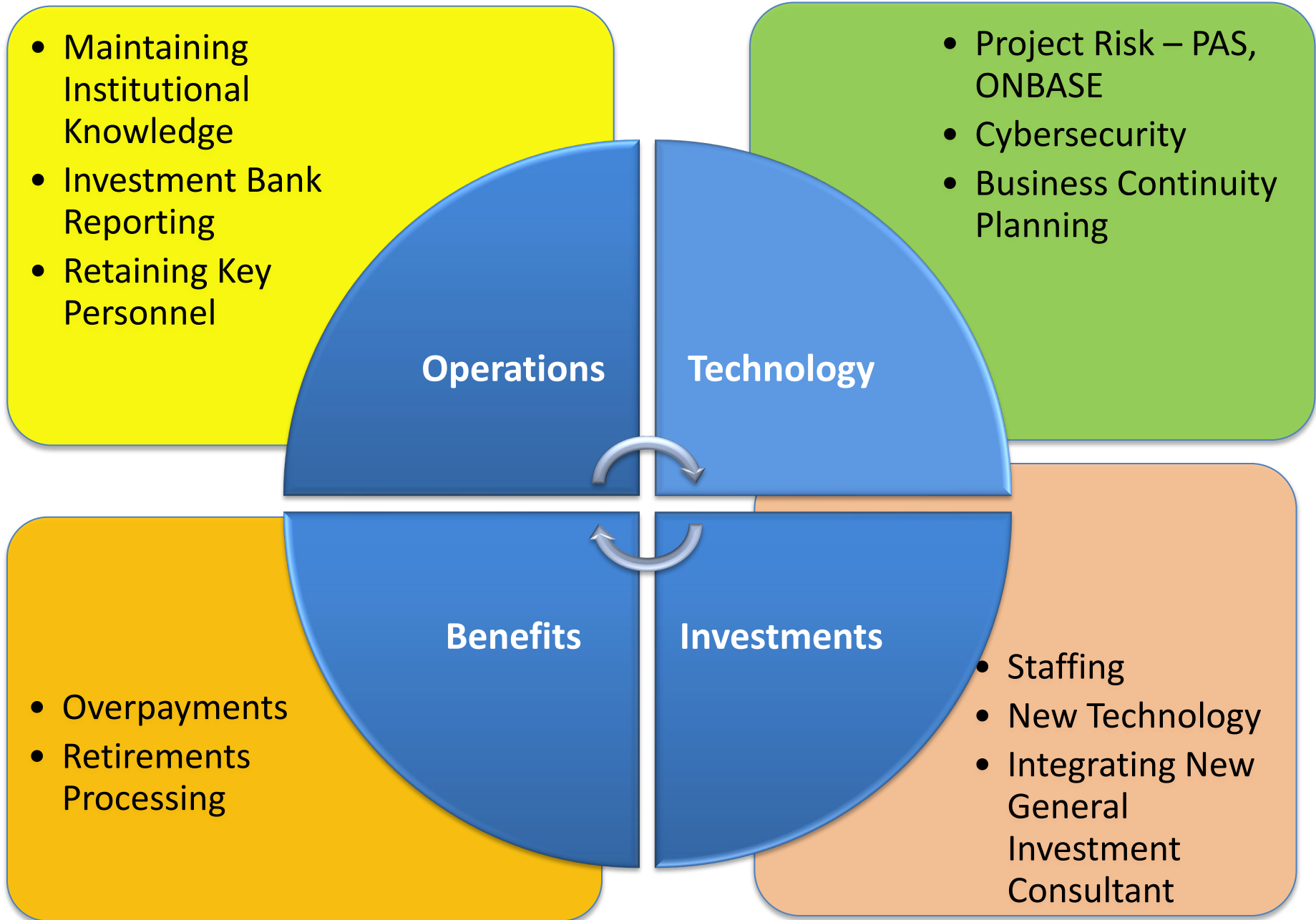
- Assessed potential control weaknesses, new business processes introduced in the current year, staffing changes, and new legislative mandates which may impact the current business.



Annual Internal Audit Risk Assessment Process

- Reviewed potential cybersecurity risks related to privacy and data security.
- Considered risks for fraud and compliance issues.
- We summarized the key risks from each department to help prioritize our audit effort and develop the Internal Audit Plan for 2024.

Identified Risks



Proposed 2024 Internal Audit Plan

Internal Audit Plan (2024)	Service Line	Assigned	Status	Q1	Q2	Q3	Q4
System-Wide Benefit Overpayment Audit	Internal Audit	Caxton	Not Started				
Investment Bank Reporting Audit	Internal Audit	Caxton	In Progress				
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Member authentication survey

CALAPRS ADVANCED COURSE

Presented by

ACERA

Dave Nelsen, CEO

Caxton Fung, Internal Audit

MEMBER AUTHENTICATION SURVEY

Executive Summary

In part, due to the recent cybersecurity breach involving third-party vendor PBI Research Services/Berwyn Group ("PBI"), we are surveying retirement systems for their recommended best practices on tools and techniques to authenticate members when the member requests changes to their records (i.e., address change, beneficiary change, update to bank account, etc.).

To prevent unauthorized access and potential litigation, changes in technology and legislation offer retirement systems more options to verify the member's identity. For example, California Code, Government Code - GOV § 31527 permits '37 Act pension systems to use phone communication to verify the member's identity as one approach.

However, how a retirement system authenticates a member or beneficiary via the phone may be a combination of knowledge, ownership, and inherent factors.

Purpose of the Survey

This survey seeks your input on what authentication procedures and controls your system uses, how successful it has been, and what concerns have come into play. We plan for the individual survey results to be combined and reported in the aggregate. No individual survey results will be shared. All retirement systems who complete the survey will be provided with a copy of the aggregated survey results. Thanks for your time and assistance.

SPECIAL THANKS

Your responses are important to us

Robert Palmer, CALAPRS

Chezka Solon, CALAPRS

OCERS (Orange County) – Silviu Ardeleanu

SCERA (Sonoma County) – Cristina Hess

MercedCERA (Merced County) – Martha Sanchez

TCERA (Tulare County) – Leanne Malison

CFRS (City of Fresno) – Andrea Ketch

SamCERA (San Mateo County) – Scott Hood

SLOCPT (San Luis Obispo) – Amy Burke &
Carl Nelson

MCERA (Mendocino County) – Judy Zeller

CCCERA (Contra Costa) – Christina Dunn

SDCERA (San Diego County) – Andie Jokerst

KCERA (Kern County) – Matthew Henry

LAFPP (Los Angeles Fire & Police) – Greg Mack

SDCERS (San Diego City) – Victoria Fedalizo

SBCERS (Santa Barbara) – Rebekah Bardakos

ICERS (Imperial County) – Scott Jarvis

SCERS (Sacramento County) – Shannon Browning

SBCERA (San Bernardino) – Colin Bishop

SJERA (San Joaquin County) – Brian Mckelvey

ACERA (Alameda County) – Carlos Barrios

Thanks again to the 19 Responded

CALAPRS Advanced Course

#7. What other technologies has your agency explored to aid in the authentication process? (Please select all that apply.) Please list the advantages and disadvantages of the technologies you selected.

<u>Technology</u>			<u>Advantages</u>	<u>Disadvantages</u>
A – Voice recognition	Yes – 0	No - 19		(1) Not reliable
B – Biometrics	Yes – 0	No - 19		(1) Not feasible since most counseling occurs by phone & virtually. Not reliable.
C – Photo Image Recog.	Yes – 0	No - 19		
D – Video Verification	Yes – 2	No - 17	(1) Currently investigating (1) Ask caller to show ID	
E – Captcha	Yes – 0	No - 19		
F – iPhone/Android Security Features	Yes – 0	No – 19		

#7. What other technologies has your agency explored to aid in the authentication process? (Please select all that apply.) Please list the advantages and disadvantages of the technologies you selected.

(Con't)

Technology

Advantages

Disadvantages

G – Other

Yes – 8 No - 11

(1) Currently investigating

One-time passcode/Secure link

Account takeover solutions

Know your customer (KYC) solutions

Bank fraud detection services

(3) Two (Multi) factors authentication

Easy to administer; Higher level of security

Additional step for members; Fee per use of 2FA service

(3) Electronic signatures, e.g. DocuSign

Ease of use for member & staff; Aid to authenticate signature

Could cause issues for older population

(1) Lexis Nexis

Product demo appeared to be very robust

H – We have not considered other technology

(We appreciate any audience's input.)



#8. Which technology solution has been most effective for your organization?

Which solutions are you considering for the future?

- 14 responded to this question
- 9 said Web Member Portal or considering to integrate WMS/MD
- 1 said Manual review has been most reliable
- 2 said Two-Factor Authentication
- 2 said DocuSign

Comments:

- We have plans to investigate Video Verification solutions, One-Time Passcode / Secure Link solutions, Know Your Customer (KYC) solutions, Bank Account Verification solutions, and other potential technologies.
- Manual review has been most reliable. We are investigating leveraging our member portal for changes, but would want analytics on frequency of access to accounts and other data that might identify fraud attempts or widespread vulnerabilities (50 or more accounts accessed with DD forms at the same timestamp, for example)
- DocuSign. Ability to customize security questions. Verify trusted device. Working with a vendor to expand capabilities.
- Most effective has been implementing the PIN. We are hoping to have the ability to accept electronic signatures in the future.
- Member self-service has been a game changer.
- We are considering moving to Integrated Member Direct which allow members and our team to send secure messages and allow for secure document upload.

#14. Are all the incoming calls being recorded?

YES - 5 (thru Call Center)

NO - 14

#15. Are those recordings stored in-house or through a third-party service provider?

In-House - 1

Third-Party - 4

a) If you use a third-party, who is your service provider?

2 use "DialPad"

1 use "Amazon Web Connect"

1 use "8x8"

b) What is the retention period for saving the call data?

3 years - 1

2 years - 1

1 year - 1

Indefinitely - 1

#16. Does your agency use dual/multi-level authentication?

YES - 10

NO - 8

WIP - 1

a) If yes, what product does your agency use for member authentication?

3 use Twilio 2FA

1 use AWS Cognito for member, Akamai for staff

1 use Entrust

2 use LRS PensionGold Member Direct

1 use email

1 check for trusted device

b) How is the product used in your authentication process?

Generates codes, 2FA

MFA for member portal & MFA for staff internal network

Detailed design upon request

Code sent to member to log in chosen device

Email sent to member

Remember device

CALAPRS Advanced Course



#19. If your agency uses a signature signing program, how does the software verify the signature is authentic and from the member?

- 8 responded to this question
- The member must call and answer our authentication questions to have an Adobe sign form emailed to them.
- The member can access a link to the AdobeSign/DocuSign forms in the Member Portal.
- DocuSign does not authenticate, staff verifies our members information prior to sending the DocuSign out.

#20. Does your agency allow direct deposit to virtual-only banks (i.e., Chime, Credit Karma, etc.)?

YES - 9 NO - 9 Don't Know - 1

Comments:

- No, We do not prohibit direct deposits to any specific category of banks. However, we do have a report that identifies any direct deposits that are setup to our list of “suspicious” banks (e.g. GreenDot) which we can then follow-up on for further investigation. We are in the process of implementing a Bank Account Verification solution that will provide deeper levels of verification compared to the standard pre-note process.
- NO. This is actually where we have seen the most fraudulent DD change requests directed: Green Dot Bank. We do not allow direct deposits to any bank that is not brick and mortar. We also do not allow direct deposits to any account that does NOT have their name or trust printed on the check.
- We review each institution before setting it up in our system by reviewing the American Bankers Association website <https://routingnumber.aba.com/default1.aspx> as well as the banks website to ensure eligibility.

#21. How do you verify members are alive and functional, and what death reporting services do you use?

Most use two or more services/
methods to verify

- 7 conduct Wellness & Alive mailing/phone check
- 12 use Life Status 360
- 5 use PBI
- 3 use Lexis Nexis
- 1 suspend pension check after 2 months bad address
- 1 use Clear Obituary Services
- 1 use CertiDeath
- 1 use Vital Records
- 1 use Thomson Reuters
- 1 use Berwyn
- 1 use Local newspaper
- 1 use National Association for Public Health Statistics and Information Systems



22. What steps do you recommend to better educate and inform members of fraud and cybersecurity risks related to protecting their private and financial information?

14 responded to this question

- Warnings posted on both our website and member portal.
- Provide cybersecurity and fraud tips in a Newsletter or Statement Mailer. Remind payees that email is not a secure method of delivery containing PII.
- Members need to avoid sketchy websites, never to click on any links in an email, make sure the site they are on is authentic, and to know that our system would never ask for passwords.
- Security seminars by webinar. Email and Social Media blasts to raise awareness.
- Ask them for the patience and understanding that the security measures we have in place are for their own benefit.
- We hosted an IT helpdesk at our Open House event this summer so our IT staff could talk to members about cybersecurity.
- Weekly penetration scans by an external vendor of our member portal weekly. We display that pen-test companies seal on our site.
- We send US mail letters if specific changes on member account, asking member to notify us if those changes are not made by them. We would like to get this feedback as well.
- Conduct Fraud Awareness Training to staff about latest fraud schemes.
- We would like to get some feedback as well.

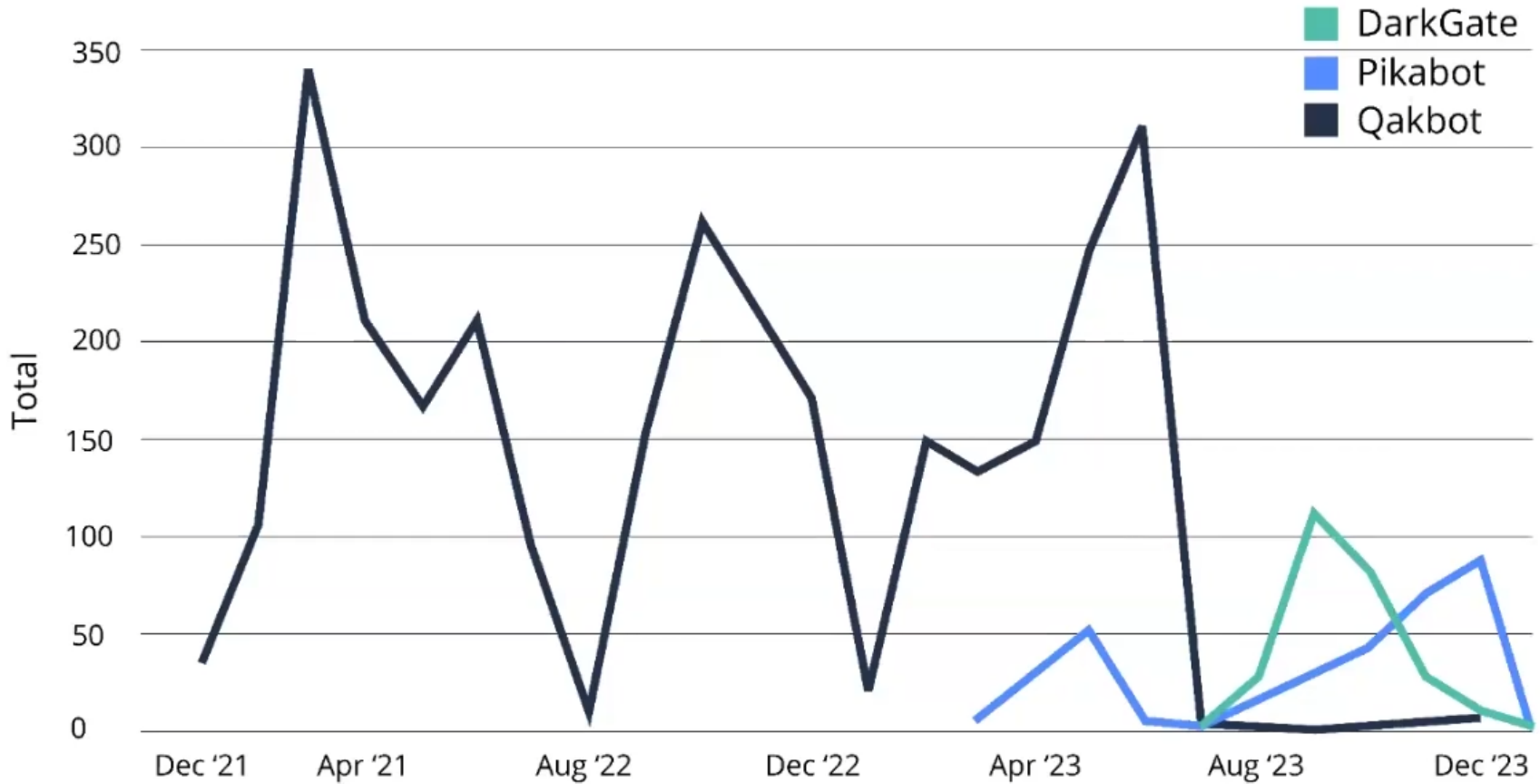


Cybersecurity Update

February 15th, 2024

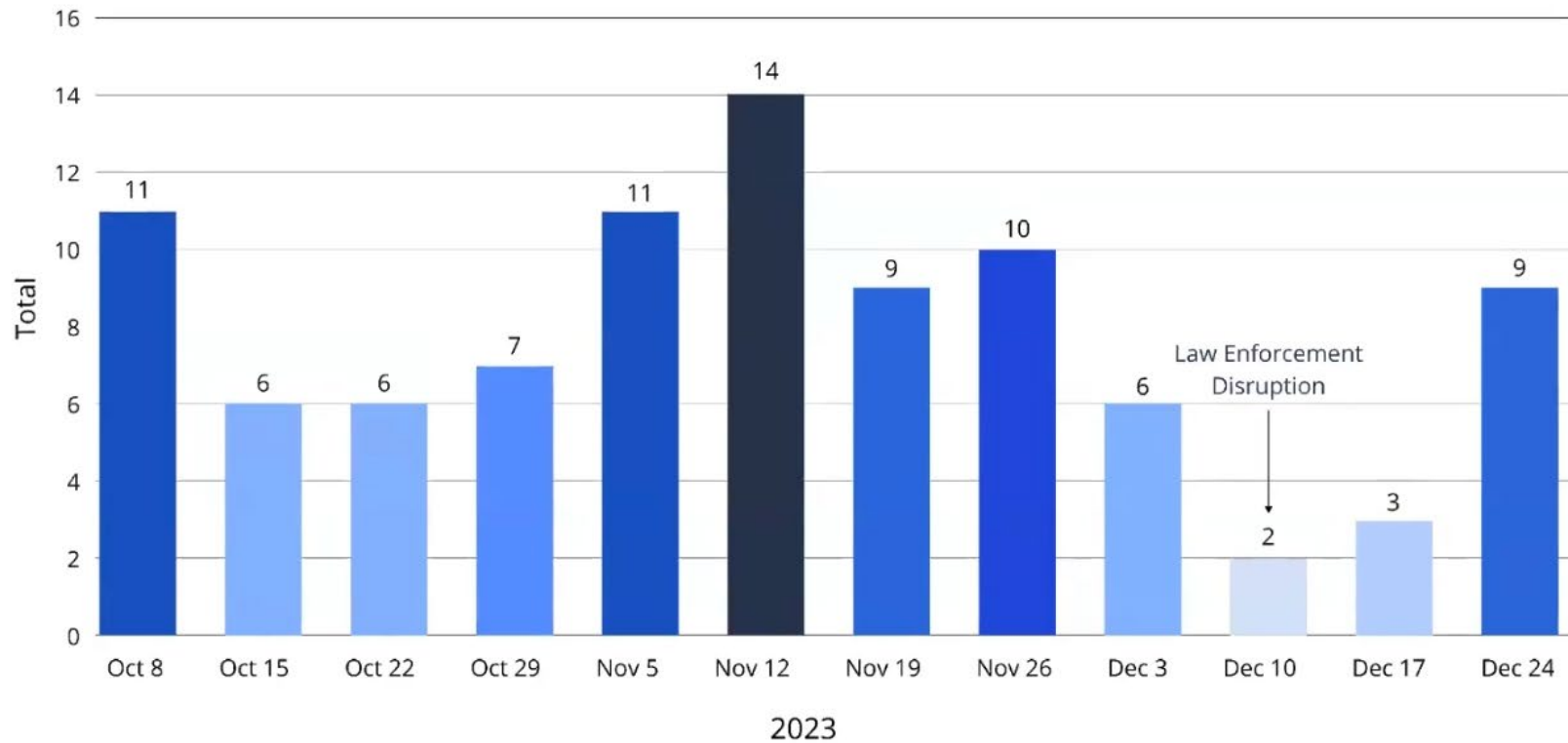
Vijay Jagar

Phishing Malware: Malware Samples Observed



Ransomware Trends

ALPHV (BlackCat) Over Time



Questions