



**Date:** June 21, 2018  
**To:** Members of the Audit Committee  
**From:** Henry C. Levy, Chair  
**Subject:** Summary of the June 21, 2018, Audit Committee Meeting

Audit Committee Chair Henry Levy called the June 21, 2018, Audit Committee meeting to order at 1:04 pm. Committee members present were Dale Amaral, Darryl Walker, Elizabeth Rogers, Jaime Godfrey\*, Keith Carson, Liz Koppenhaver, Ophelia Basgal, and Tarrell Gamble. Members of the staff present were David Nelsen, Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Margo Allen, Fiscal Services Officer; Harsh Jadhav, Chief Internal Auditor; Kathy Mount, Chief Counsel; Betty Tse, Chief Investments Officer; Vijay Jagar, Retirement Chief Technology Officer, and Victoria Arruda, Human Resources Officer.

\*Annette Cain-Darnes resigned from the Board of Retirement on June 5, 2018. The Board of Supervisors appointed Jaime Godfrey to serve the remainder of the term through November 30, 2018.

Trustee Godfrey was introduced and welcomed to his first Audit Committee meeting.

### **ACTION ITEMS**

#### *External Audit*

- 1. Discussion and possible motion to adopt the audited Schedule of Employer Allocations and Schedule of Pension Amounts by Employer with Related Notes, based on the Addendum to Governmental Accounting Standards Board (GASB) Statement No. 67 Valuation as of December 31, 2017.**

Staff introduced representatives of Williams Adley & Company-CA, who presented and discussed their unqualified audit opinion of the schedules that ACERA staff prepared based on the addendum to the GASB Statement No. 67 actuarial valuation.

After a brief discussion, Trustee Carson moved and Trustee Amaral seconded a motion that the Audit Committee recommend to the Board that the Board adopt the audited Schedule of Employer Allocations and Schedule of Pension Amounts by Employer with Related Notes, based on the Addendum to GASB Statement No. 67 Valuation as of December 31, 2017.

The motion carried 5 yes (Amaral, Carson, Koppenhaver, Levy, and Walker), 0 no, 1 abstention (Godfrey).

**2. Discussion and possible motion to adopt the audited Schedule of Employer Allocations and Schedule of OPEB Amounts by Employer with Related Notes, based on the Addendum to GASB Statement No. 74 Valuation as of December 31, 2017.**

Staff introduced representatives of Williams Adley & Company-CA who presented and discussed their unqualified audit opinion of the schedules that ACERA staff prepared based on the addendum to the GASB Statement No. 74 actuarial valuation.

After a brief discussion, Trustee Koppenhaver moved and Trustee Amaral seconded a motion that the Audit Committee recommend to the Board that the Board adopt the audited Schedule of Employer Allocations and Schedule of OPEB Amounts by Employer with Related Notes, based on the Addendum to GASB Statement No. 74 Valuation as of December 31, 2017.

The motion carried 5 yes (Amaral, Carson, Koppenhaver, Levy, and Walker), 0 no, 1 abstention (Godfrey).

**INFORMATION ITEMS**

*External Audit*

**1. Presentation of the GASB Statement No. 68 and Statement No. 75 Valuations Based on December 31, 2017, Measurement Date for Employer Reporting as of June 30, 2018.**

Staff introduced representatives of Segal who presented the GASB Statement No. 68 and the GASB Statement No. 75 actuarial valuations that contain all the information needed for the participating employers to complete their financial requirements for the June 30, 2018, fiscal year end.

*Internal Audit*

**1. Quality Assessment Review**

Staff, along with representatives from LACERA's Internal Audit Department, presented the results of Internal Audit Department's Quality Assurance Review, which indicated the department was in compliance with IIA standards.

**2. Progress report on the Internal Audit Plan**

Staff provided a progress update on the Internal Audit Plan and the Employer Audit Plan. In addition, Vijay Jagar, Chief Technology Officer, provided an overview of the anatomy of a cybersecurity attack and examples of social engineering threats as part of an educational series on cybersecurity to the Audit Committee.

**TRUSTEE/PUBLIC INPUT**

**None**

**ESTABLISHMENT OF NEXT MEETING DATE**

October 18, 2018, at 1:00 pm

**MEETING ADJOURNED**

The meeting adjourned at 2:00 pm