



Date: October 19, 2017
To: Members of the Audit Committee
From: Tarrell Gamble, Chair
Subject: Summary of the October 19, 2017, Audit Committee Meeting

Audit Committee Chair Tarrell Gamble called the October 19, 2017, Audit Committee meeting to order at 1:06 p.m. Committee members present were, George Wood. Other Board members present were Dale Amaral, Keith Carson, Henry Levy, and Nancy Reilly. 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 of Internal Audit; Kathy Mount, Chief Counsel; and Vijay Jagar, Retirement Chief Technology Officer.

ACTION ITEMS

1. Discuss and finalize implementation methodology for the proportionate share of the net OPEB liability.

Staff and Segal Consulting discussed the Governmental Accounting Standards Board (GASB) Statements No. 74 and No. 75 implementation methodology for the proportionate share of the net OPEB liability.

Staff explained that ACERA's established practice for allocating the Net Pension Liability (NPL) for statutory pension benefits is contribution-based. Consequently, ACERA staff, the actuary, and the external Auditor all agree that using a contribution-based methodology is the most consistent and reliable method for allocating and reporting the employers' proportionate share of the net OPEB liability.

The reporting requirement for the net OPEB liability (GASB Statements No. 74 & No, 75) is officially required beginning with the 2017 plan-reporting year. Therefore, staff is now returning with a formal recommendation to approve a contribution-based allocation methodology for proportioning the net OPEB liability.

After a brief discussion, Trustee George Wood moved and Trustee Dale Amaral seconded a motion that the Audit Committee recommend to the Board of Retirement that the Board approve Segal's recommended net OPEB liability allocation methodology.

The motion carried 6 yes (Amaral, Carson, Gamble, Levy, Reilly, Wood), 0 no, 0 abstentions.

INFORMATION ITEMS

External Audit

- None.

Internal Audit

1. Progress Report on the 2017 Internal Audit Plan

Staff presented a progress update on the 2017 Internal Audit Program and reviewed the Internal Audit Department Charter.

2. Review of Completed Audits.

Staff reported that the team has met with representatives from the Alameda Health System (AHS) to begin the data gathering process for the employer audit starting in Q4 2017.

TRUSTEE/PUBLIC INPUT

- None.

RECOMMENDATION

The Audit Committee recommends to the Board of Retirement that the Board approve Segal's recommended net OPEB liability allocation methodology.

ESTABLISHMENT OF NEXT MEETING DATE

February 7, 2018 at 1:00 pm

MEETING ADJOURNED

The meeting adjourned at 1:44 pm