



Date: February 18, 2016
To: Members of the Audit Committee
From: Donald R. White, Chair
Subject: Summary of the February 18, 2016, Audit Committee Meeting

Audit Committee Chair Donald White called the February 18, 2016, Audit Committee meeting to order at 10:33 am. Committee members present were, Donald White, Tarrell Gamble, Dale Amaral, Annette Cain-Darnes and George Wood. Other Board members present were, Liz Koppenhaver, Elizabeth Rogers and David Safer. Members of the Staff present were Kathy Foster, Interim Chief Executive Officer; Harsh Jadhav, Chief of Internal Audit; Margo Allen, Fiscal Services Officer; Latrena Walker, Project & Information Services Manager; Victoria Arruda, Human Resources Director; and Sandra Dueñas-Cuevas, Benefits Manager.

ACTION ITEMS

1. Review, Discussion, and Possible Motion to approve the External Audit Scope of Work and Timeline of Services to be performed by the Williams Adley & Co. LLP.

Robert Griffin and Audrey Elbert of Williams Adley & Company, LLC, presented and discussed the scope of work and timeline of the 2015 external audit.

After discussion, it was moved by Tarrell Gamble and seconded by Dale Amaral that the Audit Committee recommends to the Board of Retirement that the Board approve the 2015 External Audit Scope of Work and Timeline of Services to be performed by Williams Adley & Co. LLP.

The motion carried 6 yes (*Amaral, Cain-Darnes, Gamble, Koppenhaver, White, Wood*), 0 no, 0 abstentions.

2. Review, Discussion, and Possible Motion to approve the release of the Request for Proposal (RFP) for External Audit Firm to audit FY 2016-2020 financial statements.

Staff presented its proposal to release a RFP for an external audit firm to audit fiscal year 2016-2020 financial statements. The committee agreed to the RFP under the condition that the RFP be reviewed by ACERA's Legal Department before being released.

It was moved by Dale Amaral and seconded by George Wood that the Audit Committee recommend to the Board of Retirement that the Board approve the release of the External Audit Request for Proposal for fiscal years 2016-2020, pending ACERA Legal Department's staff review of the RFP.

The motion carried 6 yes (*Amaral, Cain-Darnes, Gamble, Koppenhaver, White, Wood*), 0 no, 0 abstentions.

INFORMATION ITEMS

External Audit

1. **2016 External Audit Work Plan**

Robert Griffin from Williams Adley & Co. LLP, introduced the 2016 audit team, and noted the team's consistency with 2015. Mr. Griffin and Ms. Elbert also discussed the Audit and Communications Plan for the year ended December 31, 2015.

2. **Request for Proposal (RFP) for Audit Firm to audit FY 2016-2020 and Timeline**

Staff presented the external audit firm RFP release schedule to audit Financial Statements for FY 2016-2020.

3. **GASB 74/75 Project Management Initiation**

Staff introduced the GASB 74 and 75 project for the two recently released standards that will change the reporting of net OPEB liabilities. Staff is awaiting the external auditor's opinion of the actuary's white paper regarding three options for implementing the new reporting requirements.

4. **2016 Audit Committee Work Plan (Proposed)**

Staff presented the proposed 2016 Audit Committee work plan, noting the possible need for additional meetings as necessary.

Internal Audit

5. **Presentation of the Annual Risk Assessment Process and the 2016 Internal Audit Program (Proposed)**

Harsh Jadhav, Chief of Internal Audit, presented the 2016 Annual Internal Audit Risk Assessment and the 2016 Internal Audit Program.

6. **Presentation of the Employer Audit Plan (Proposed)**

Harsh Jadhav, Chief of Internal Audit, presented the Employer Audit Plan.

7. **Presentation of the Employer Audit Results**

The 2015 Employer Audit Results were presented by Lyndon Coggin, Internal Auditor and Caxton Fung, Assistant Accounting Manager.

TRUSTEE/PUBLIC INPUT

- None

RECOMMENDATION

1. The Audit Committee recommends, and I move, that the Board of Retirement approve the External Audit Scope of Work and Timeline of Services to be performed by Williams Adley & Co. LLP.
2. The Audit Committee recommends, and I move, that the Board of Retirement approve the release of the External Audit Request for Proposal for the years 2016-2020, pending ACERA Legal Department Staff's review and approval.

ESTABLISHMENT OF NEXT MEETING DATE

May 19, 2016 at 11:00 am

MEETING ADJOURNED

The meeting adjourned at 12:26 pm