



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 19, 2026
1:00 p.m.

LOCATION AND TELECONFERENCE	COMMITTEE MEMBERS	
ACERA C.G. "BUD" QUIST BOARD ROOM 475 14TH STREET, 10TH FLOOR OAKLAND, CALIFORNIA 94612-1900 MAIN LINE: 510.628.3000 FAX: 510.268.9574 The public can observe the meeting and offer public comment by using the below Webinar ID and Passcode after clicking on the below link or calling the below call-in number. Link: https://zoom.us/join Call-In: 1 (669) 900-6833 US Webinar ID: 879 6337 8479 Passcode: 699406 For help joining a Zoom meeting, see: https://support.zoom.us/hc/en-us/articles/201362193	STEVEN WILKINSON, CHAIR	APPOINTED
	HENRY LEVY, VICE-CHAIR	TREASURER
	KEITH CARSON	APPOINTED
	ROSS CLIPPINGER	ELECTED SAFETY
	ELIZABETH ROGERS	ELECTED RETIRED

The Alternate Retired Member votes in the absence of the Elected Retired Member, or, if the Elected Retired Member is present, then votes if both Elected General Members, or the Safety Member and an Elected General Member, are absent.

The Alternate Safety Member votes in the absence of the Elected Safety Member, either of the two Elected General Members, or both the Retired and Alternate Retired Members.

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.

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

Public comments are limited to four (4) minutes per person in total. The order of items on the agenda 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 posted online at www.acera.org and also may be inspected at 475 14th Street, 10th Floor, Oakland, CA 94612-1900.

AUDIT COMMITTEE/BOARD MEETING

NOTICE and AGENDA, Page 2 of 3 - Thursday, February 19, 2026

Call to Order

1:00 p.m.

Roll Call

Public Input (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, 2025, performed by Williams, Adley & Company-CA, LLP**

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

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, 2025, to be performed by Williams, Adley & Company-CA, LLP.

2. **Presentation, discussion, and possible motion to approve a 1- year extension of the current external audit contract with Williams, Adley & Company-CA, LLP that expires December 31, 2026.**

- Lisa Johnson

Recommendation:

The Audit Committee recommends to the Board of Retirement that the Board approve a 1-year contract extension with Williams, Adley & Company-CA, LLP for External Audit services for the contract expiring December 31, 2026, extending the contract to end December 31, 2027.

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

External Audit

1. **2026 Audit Committee Work Plan (Proposed)**

- Lisa Johnson

Internal Audit

1. **ACE Award Recognition**

- Harsh Jadhav

2. **Review of Annual Risk Assessment**

- Harsh Jadhav

3. **Presentation of the 2026 Internal Audit Plan (Proposed)**

- Harsh Jadhav

AUDIT COMMITTEE/BOARD MEETING

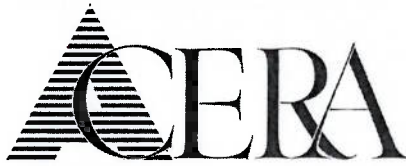
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Trustee Remarks

Future Discussion Items

Establishment of Next Meeting Date


April 16, 2026



MEMORANDUM TO THE AUDIT COMMITTEE

DATE: February 19, 2026

TO: Members of the Audit Committee

FROM: Lisa Johnson, Assistant Chief Executive Officer 

SUBJECT: **Williams, Adley & Co. LLP., 2025 Financial Statement External Audit**

The Fiscal Services Department has reviewed the 2025 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, 2025. The allotted time frame of the audit field work is approximately 60 days, ending approximately the third week in April 2026.

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 Assistant Chief Executive 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 2025 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, 2025



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
- ▶ Accounting Standards Changes
- ▶ Quality Management

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.
- ▶ Identification of current external and internal risks.
- ▶ Internal control testing and evaluation - Narratives, walkthroughs, and rotational testing.
- ▶ Materiality - Emphasis on areas with greater possibility of material errors.
- ▶ Reporting objectives - Fairness, clarity and accuracy.
- ▶ Our risk assessment is the basis for our audit programs. Throughout the audit, we continuously monitor and update our risk assessment and approach.

Areas of Significant Focus

Additions (Revenue)	Benefits (Expense)
<u>Risks</u> <ul style="list-style-type: none">▪ Contributions are misstated.▪ Investment income, including appreciation, is misstated.	<u>Risks</u> <ul style="list-style-type: none">▪ Benefit expense could be misstated.
<u>Audit Response</u> <ul style="list-style-type: none">▪ Confirm contributions and related receivables with employers.▪ Confirm investment income and perform analytical procedures.▪ Subject to rotational testing of controls.	<u>Audit Response</u> <ul style="list-style-type: none">▪ Analytical procedures.▪ Subject to rotational testing of controls.

Areas of Significant Focus (continued)

Management Override of Controls	Investments
<u>Risks</u> <ul style="list-style-type: none">▪ Financial statements could be materially misstated.▪ Misappropriation of assets.	<u>Risks</u> <ul style="list-style-type: none">▪ Misstatement of account balances.▪ Appropriate valuation of investments, particularly alternative investments.▪ Transactions reported in incorrect period.▪ Assets not held in ACERA's name.
<u>Audit Response</u> <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 determine if controls are operating effectively.	<u>Audit Response</u> <ul style="list-style-type: none">▪ Independent confirmation and reconciliation testing.▪ Review of third party valuations and market quotes.▪ Subject to rotational testing of controls.

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 or judgment involved in the accounting.
 - ▶ Participant data and actuarial information
 - ▶ Reserves
 - ▶ Cash activity
 - ▶ Accounting and reporting for actuarial assumptions and calculations used as a basis to measure the pension liability.
 - ▶ Financial reporting

Timeline

- ▶ Planning and client assistance - January / February 2026
- ▶ Fieldwork - Mid February - May 2026
- ▶ Presentation of Audit Results to Audit Committee - May 2026
- ▶ Reporting Deadlines
 - ▶ State Controller's Report - June 30, 2026
 - ▶ ACFR to GFOA - June 30, 2026
 - ▶ GASB 68 & 75 reports - June 2026

Accounting Standards Changes

- ▶ Statement No. 102 - *Certain Risk Disclosures*
 - ▶ The objective of this Statement is to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability
- ▶ Statement No. 103 - *Financial Reporting Model Improvements*
 - ▶ The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

Accounting Standards Changes

- ▶ Statement No. 104 - *Disclosure of Certain Capital Assets*
 - ▶ This Statement establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures. It also establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. The requirements of this Statement apply to the financial statements of all state and local governments

Quality Management


- ▶ Statement on Quality Management Standards No. 1 (SQMS 1)
 - ▶ Introduces a more comprehensive approach to quality management.
 - ▶ Mandates the use of a risk-based approach rather than a rigid “one size fits all” approach to quality management.
 - ▶ Requires a firm to establish and operate a system of quality management tailored to its specific circumstances and clients.



MEMORANDUM TO THE AUDIT COMMITTEE

DATE: February 19, 2024

TO: Members of the Audit Committee

FROM: Lisa Johnson, Assistant Chief Executive Officer 

SUBJECT: **Proposed One-Year Extension of External Audit Contract**

The contract for external Audit services with Williams, Adley & Co. LLP expires on December 31, 2026. According to the Service Provider Policy, ACERA will not contract with the same Board Approved Service Provider or General Service Provider for more than five consecutive years without Board approval of a longer term. Therefore, staff is bringing this item before the Audit Committee for discussion and possible motion of next step options.

1. Request for Proposal (RFP) or
2. Contract Extension

In accordance with the Service Provider Policy performance has been monitored and meets ACERA's expectations. It is important to note that ACERA is currently engaged in general ledger software and system upgrade implementation that is utilizing the same key resources that would participate in preparing an RFP for external audit services if the audit committee recommends the board pursue a year 2026 RFP for external audit services.

Recommendation:

Staff recommends that the Audit committee recommend to the board of retirement to extend the external audit contract with Williams, Adley & Co. LLP for one additional year, with an expiration date of December 31, 2027.



MEMORANDUM TO THE AUDIT COMMITTEE

DATE: February 19, 2026

TO: Members of the Audit Committee

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

SUBJECT: **Proposed 2026 Audit Committee Work Plan**

A blue ink signature, likely of Lisa Johnson, is written over the text of the FROM field.

The proposed 2026 Audit Committee Work Plan is attached for your consideration and review. The main action and topical discussion items for 2026 are listed below for quick reference:

- February 19, 2026
 - Williams, Adley & Co. LLP. will present the external audit scope of work and timeline of services for the financial statements ended December 31, 2025.
 - Presentation, discussion, and possible motion to approve a 1- year extension of the current external audit contract with Williams, Adley & Company-CA, LLP that expires December 31, 2026
- April 16, 2026
 - Presentation and discussion of the Government Accounting Standards Board (GASB) Statement No. 67 and No. 74 Valuations and addendums as of December 31, 2025 (Segal).
- May 21, 2026
 - Recommend acceptance of the External auditor's report and presentation of December 31, 2025, audited financial statements.
 - Recommend adoption of GASB Statement No. 67 and No. 74 Valuations and addendums as of December 31, 2025.
- June 18, 2026:
 - 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, 2025.
- October 15, 2026:
 - Progress Report on the Internal Audit Plan

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.



2026 Audit Committee Work Plan (Proposed)

Action Items	Information Items
Feb 19 – 1:00 PM (3 rd Thurs, same day as Board Meeting)	<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, 2025, performed by the external audit firm • Presentation, discussion, and possible motion to approve a 1- year extension of the current external audit contract with Williams, Adley & Company-CA, LLP that expires December 31, 2026 <p>Internal Audit</p> <ul style="list-style-type: none"> • None
Apr 16 – 12:30 PM (3 rd Thurs, same day as Board Meeting)	<p>External Audit</p> <ul style="list-style-type: none"> • None <p>Internal Audit</p> <ul style="list-style-type: none"> • None
<p>External Audit</p> <ul style="list-style-type: none"> • 2026 Audit Committee Work Plan (Proposed) <p>Internal Audit</p> <ul style="list-style-type: none"> • ACE Award Presentation • Review of Annual Risk Assessment • Presentation of the 2026 Internal Audit Plan 	<p>External Audit</p> <ul style="list-style-type: none"> • Presentation and discussion of the GASB Statement No. 67 Valuation and addendum as of December 31, 2025 (Segal) • Presentation and discussion of the GASB Statement No. 74 Valuation and addendum as of December 31, 2025 (Segal) <p>Internal Audit</p> <ul style="list-style-type: none"> • ACE Award Presentation • Progress report on the Internal Audit Plan • Review complete audits and projects • Cybersecurity Update

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.

Updated 2/10/2026



2026 Audit Committee Work Plan (Proposed)

Action Items

Information Items

May 21 – 12:30 PM (Moved due to SACRS, same day as Board Meeting)	<i>External Audit</i> <ul style="list-style-type: none">• Discussion and possible motion to recommend that the Board of Retirement accept and file the December 31, 2025 Audited Financial Statements and Independent Auditor's Report• Discussion and possible motion to recommend that the Board of Retirement adopt the Government Accounting Standards Board (GASB) Statement No. 67 Actuarial Valuation and addendum as of December 31, 2025• 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, 2025 <i>Internal Audit</i> <ul style="list-style-type: none">• None	<i>External Audit</i> <i>Internal Audit</i> <ul style="list-style-type: none">• ACE Award Presentation• Progress Report on the Internal Audit Plan• Review completed audits and projects
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2026 Audit Committee Work Plan (Proposed)

Action Items	Information Items
Jun 18 – 12:30 PM (Moved due to holiday, same day as Board Meeting)	<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, 2025 <p><i>Internal Audit</i></p> <ul style="list-style-type: none">None
Oct 15 - 12:30 PM (3 rd Thurs, same day as Board Meeting)	<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

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.

Updated 2/10/2026



MEMORANDUM TO THE AUDIT COMMITTEE

DATE: February 19, 2026

TO: Members of the Audit Committee

FROM: Harsh Jadhav, Chief of Internal Audit

SUBJECT: The Proposed 2026 Internal Audit Program

Overview of the February 2026 Meeting Agenda

The February 2026 Audit Committee meeting will include presentations on the proposed 2026 Internal Audit Program, a discussion of the risk assessment process, and recognition of our most recent ACE award recipient. The risk assessment provides a snapshot of current and emerging risks, and an audit program to focus on the highest-priority risks based on available resources. In addition, we plan to continue educating trustees and staff on changes in the threat landscape and risk mitigation strategies to safeguard organizational assets.

Risk Assessment Process and Outcomes

The annual risk assessment has been completed. Risks identified by management were reassessed to evaluate the impact of changes in business processes, legislation, pension practices, and organizational structure on internal controls. During the meeting, we will summarize the key departmental risks identified by staff and their potential implications for internal controls and fraud risks.

Based on the risk assessment results, the Internal Audit Department has outlined the following initiatives for 2026:

- Conduct three internal audits.
- Undertake two special projects.

In addition, the following education and training initiatives reflect our commitment to increasing awareness of significant risks and enhancing the organization's control environment.

Cybersecurity and Data Security Education

The Internal Audit Department continues to collaborate with PRISM to advance cybersecurity and data security awareness. PRISM's regular self-assessments encompass reviews of incident response procedures, security management processes, IT infrastructure, and cybersecurity training. These efforts identify gaps, potential vulnerabilities, and threats, ensuring robust defenses for protecting sensitive information.

Moreover, these initiatives are critical to supporting the upgraded pension system by maintaining a resilient IT infrastructure. As part of this discussion, Vijay Jagar will provide regular cybersecurity updates focused on recent trends in phishing and ransomware.

Fraud Awareness and Training

Promoting fraud awareness remains a priority for the Internal Audit Department. This year, we will expand our fraud training efforts to include organization-wide sessions that emphasize protecting member information and fund assets. Additionally, Internal Audit team members will continue to serve as resources for enhancing internal controls across the organization.

ACE Employee Recognition – Mustafa Miakhail, PRISM

The ACE Program (Anti-Fraud, Controls, Excellence) is our employee recognition program that honors employees who go above and beyond their roles and responsibilities to improve efficiency, strengthen internal controls, and prevent fraud.

We are pleased to announce our most recent ACE award recipient, Mustafa Miakhail, with the PRISM Department. Mustafa has been with ACERA since 2002. He supervises the BASS team, which is responsible for many high-stakes processes, including 1099-R processing and interest posting. They also manage ongoing PG enhancements to improve internal operations and the member experience. His technical and data proficiency enable him to serve as a crucial and effective bridge among Benefits, Fiscal Service, and PRISM.

Furthermore, Mustafa has been instrumental in assisting the Internal Audit Department with complex data analyses, leveraging his advanced expertise in data analytics and business intelligence. In his personal time, Mustafa pursues interests such as travel, live music, and video gaming. Our sincere congratulations to Mustafa for a job well done!

We look forward to recognizing Mustafa and discussing these initiatives in greater detail during the February meeting.

2026 Proposed Audit Schedule

Internal Audit Plan (2026)	Service Line	Assigned	Status	Q1	Q2	Q3	Q4
Benefit Audit - Divorced Members	Internal Audit	Caxton	Started				
Workforce Resilience (Critical Functions) Audit	Internal Audit	Marlon, Dana, Lyndon, Harsh	Continuous				
Benefit Audit - Overpayments	Internal Audit	Caxton	Not Started				
Third-Party Service Provider Review	Special Project	Harsh	Not Started				
Investment Manager Fee Review	Special Project	Harsh	Started				
Cybersecurity and Data Security Education	Administration	Vijay, Harsh	Continuous				
2026 Annual Risk Assessment	Administration	Harsh	Completed				
2027 Annual Risk Assessment	Administration	Harsh	Not Started				
Fraud Hotline Management	Administration	Lyndon, Harsh	Continuous				
Fraud Training	Administration	Caxton	Not Started				

2026 Proposed Audit Program

Internal Audits

Benefit Audit – Divorced Members

This audit aims to ensure the accuracy and consistency of internal controls designed to prevent benefit overpayments for ex-spouses and ex-partners of divorced members. Our approach involves conducting targeted, small-sample audits to identify potential vulnerabilities in the calculation of monthly retirement benefits. Key focus areas include separate and shared accounts, court orders, and unusual scenarios. This methodology enables us to detect systemic issues and efficiently propose actionable remediation recommendations.

Workforce Resilience Audit

This review evaluates ACERA's preparedness to sustain critical processes during disruptions. Specifically, it assesses whether staff are adequately trained, backup personnel are identified and equipped to perform critical tasks, and essential processes are documented and updated regularly. Given the ongoing challenges posed by cybersecurity and other adverse events, this audit supports business continuity by ensuring that ACERA maintains operational resilience.

Benefit Audit - Overpayments

The purpose of the audit is to sample active, deferred, and retired members to ensure that internal controls to prevent overpayments are in place and operating effectively. Our approach will be to conduct several small-sample audits to review various types of benefit calculations for accuracy and completeness. With smaller datasets, we can quickly identify potential systemic issues and recommend remediation strategies. In addition, we will continue examining whether the final pensionable salary calculation for retired members is accurate.

Special Projects

Third-Party Service Provider Review

This review assesses whether critical third-party service providers managing ACERA's confidential and sensitive information have adequate insurance coverage, robust internal controls to prevent data breaches, effective processes for adverse event management, and sufficient incident response procedures.

Investment Manager Fee Review

The goal of this review is to ensure the accuracy and appropriateness of fees paid to investment managers. It includes a thorough evaluation of fee agreements, such as management and performance fee structures, to confirm compliance with contractual terms. Transaction records, account statements, and invoices will be analyzed to verify calculations, ensure regulatory compliance, and align with industry practices. This review will identify any discrepancies, overpayments, or inefficiencies and recommend measures to strengthen financial controls.

Cybersecurity and Data Security Education

This special project, in collaboration with the PRISM Department, evaluates the adequacy of employee training and incident response, business recovery, and threat analysis processes. It aims to ensure that sensitive organizational and member data are protected against emerging cybersecurity threats.

Summary

We remain committed to achieving the objectives of the 2026 Audit Program. I would like to recognize the Internal Audit Staff for their dedication and exceptional work in partnering with management, supporting the Board of Retirement, and safeguarding our members. Their efforts continue to uphold ACERA's mission of integrity and accountability.

Internal Audit Department 2026 Internal Audit Plan

February 19, 2026

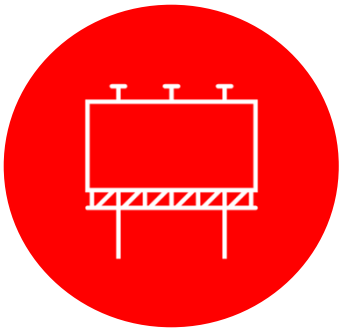
Agenda



ACE Award



Proposed Internal Audit Plan



Risk Assessment




Recognition of Mustafa Miakhail, PRISM

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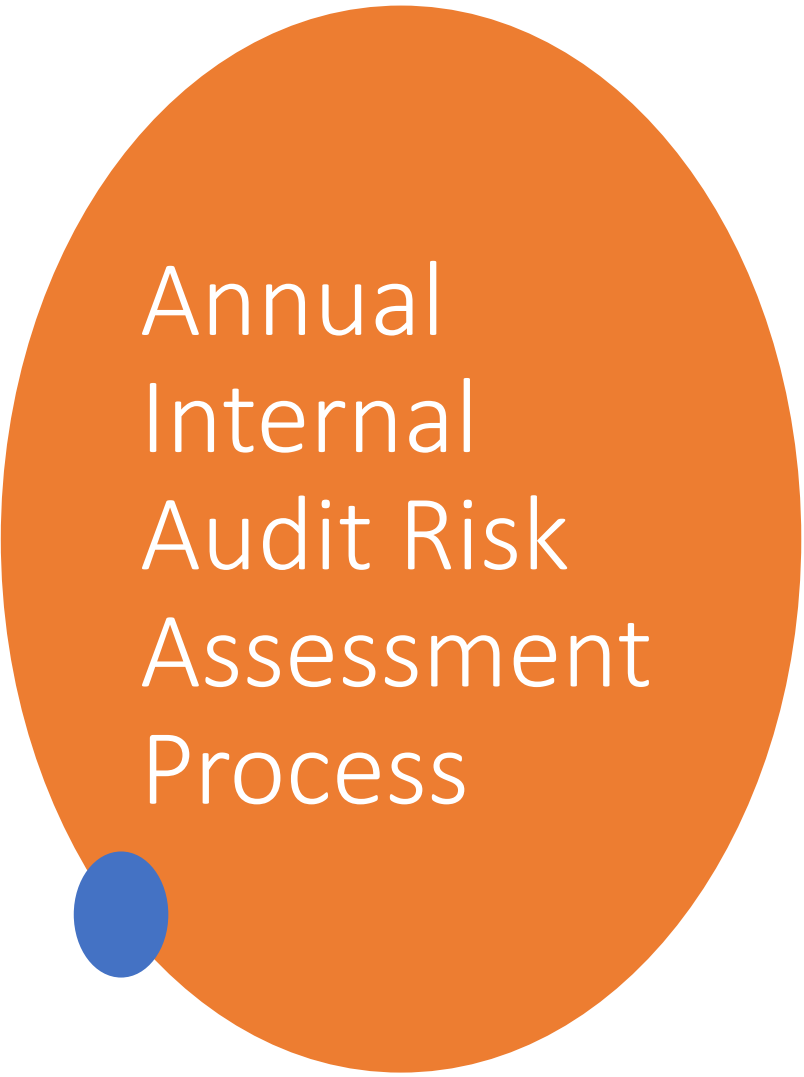
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- Vijay Jagar, Chief Technology Officer





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 2026.

Identified Risks

- Third-Party Security Assessments
- Fraud – Employment Verification
- Litigation and System-Wide Corrections
- Great Plains Replacement

Operations

- Staff Errors
- Overpayments
- Disability Compliance and Reporting
- Reliance on Outdated and Unsupported Tools
- Stakeholder Communication

Benefits

- Cybersecurity
- Business Continuity Planning
- Miscommunication during a critical incident
- Inconsistent Messaging across Platforms

Technology

- Investment Manager Fees
- Workload and Resource Management of Investment Staff
- Investment Bank Reporting

Investments

Proposed 2026 Internal Audit Plan

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Questions