



**Date:** April 18, 2019  
**To:** Members of the Audit Committee  
**From:** Tarrell Gamble, Vice Chair  
**Subject:** Summary of the April 18, 2019, Audit Committee Meeting

Audit Committee Vice Chair Tarrell Gamble called the April 18, 2019, Audit Committee meeting to order at 1:00 pm. Committee members present were Dale Amaral, Keith Carson and Elizabeth Rogers. Other Board members present were Liz Koppenhaver, Alternate Retiree Member Nancy Reilly, Alternate Safety Member Darryl Walker, Jaime Godfrey and George Wood. 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; Vijay Jagar, Retirement Chief Technology Officer; Jessica Huffman, Benefits Manager; and Sandra Dueñas-Cuevas, Benefits Manager.

**PUBLIC COMMENT**

None

**ACTION ITEMS**

*External Audit:*

- 1. Recommendation to extend Williams Adley & Company-CA's (WACO) contract to perform audits for calendar years 2019 and 2020.**

Staff explained that WACO has audited ACERA's financial years 2016 and 2017 since its selection in October 2016. Currently WACO is auditing financial year 2018.

Staff requested approval to exercise the two-year extension option for WACO to audit ACERA's financial statements for calendar year-end 2019 and 2020.

Trustee Rogers moved, and Trustee Godfrey seconded that the Audit Committee recommend to the Board of Retirement that the Board approve the two-year contract extension option for Williams Adley & Company-CA, LLP to audit financial years 2019 and 2020.

The motion carried 7 yes (*Amaral, Carson, Gamble, Godfrey, Koppenhaver, Rogers, and Wood*), 0 no, 0 abstentions.

## **INFORMATION ITEMS**

### *External Audit*

#### **1. Presentation and discussion of the draft Governmental Accounting Standards Board (GASB) Statements No. 67 and 74 Valuations as of December 31, 2018 (Segal)**

Staff presented GASB 67 and 74 valuations (liability reporting) for review of the audit committee, as opposed to the (funding reporting) valuation presented to the actuarial committee.

The GASB 67 valuation measures and reports the Total/Net Pension Liability (TPL/NPL), while the GASB 74 valuation measures and reports the Total/Net OPEB (Other Postemployment Benefits) Liability (TOL/NOL).

### *Internal Audit*

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

Staff explained that the Internal Audit Department is in the process of conducting five internal audits and completing the Alameda Health System (AHS) and Superior Courts employer audits. In addition, ACERA will also implement the Financial Fraud Hotline by the end of April, and plans to provide staff training on data analytics and financial fraud during the year.

#### **3. Presentation and discussion of the Financial Fraud Policy**

Staff presented the financial fraud policy and explained that this management policy was created to emphasize ACERA's commitment to maintain the highest standards of ethics, integrity, and accountability, and recognizing the importance of protecting the organization, its employees, operations, members and assets from the consequences of fraudulent financial activity. ACERA employees are the first line of defense against fraud and should report any concerns about financial fraud in accordance with these policy guidelines.

## **TRUSTEE COMMENT**

None.

## **ESTABLISHMENT OF NEXT MEETING DATE**

May 16, 2019, at 1:00 pm

## **MEETING ADJOURNED**

The meeting adjourned at 1:44 pm