



**Date:** May 19, 2016  
**To:** Members of the Audit Committee  
**From:** Donald R. White, Chair  
**Subject:** Summary of the May 19, 2016, Audit Committee Meeting

Audit Committee Chair Donald White called the May 19, 2016, Audit Committee meeting to order at 12:35 p.m. Committee members present were, Dale Amaral, Annette Cain-Darnes, Tarrell Gamble, and George Wood. Other Board members present were Ophelia Basgal, Liz Koppenhaver, Elizabeth Rogers, David Safer and Darryl Walker. Members of the Staff present were David Nelsen, Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Harsh Jadhav, Chief of Internal Audit; Margo Allen, Fiscal Services Officer; Joseph Fletcher, Chief Counsel; Betty Tse, Chief Investment Officer; and Sandra Dueñas-Cuevas, Benefits Manager.

#### **ACTION ITEMS**

**1. Discussion and possible motion to recommend approval of the December 31, 2015, audited Financial Statements and Independent Auditor's Report.**

Staff introduced representatives of Williams Adley and Company (WACO) who presented the annual report on the audit opinion of ACERA's December 31, 2015, Financial Statements. After presentation and brief discussion, confirming with WACO that there were no areas of concern or notable change, Trustee George Wood moved and Trustee Liz Koppenhaver seconded a motion that the Audit Committee recommend to the Board that the Board accept and file the December 31, 2015, audited Financial Statements and the Independent Auditor's Report.

The motion carried 9 yes (Amaral, Cain-Darnes, Gamble, Koppenhaver, Rogers, Safer, Walker, White, Wood), 0 no, 0 abstentions.

#### **INFORMATION ITEMS**

##### *External Audit*

**1. Governmental Accounting Standards Board (GASB) Statement No. 67 Actuarial Valuation as of December 31, 2015 and Addendum**

Staff provided a summary of GASB Statement No. 67 Actuarial Valuation as of December 31, 2015, and Addendum. Details from the report include the Total Pension Liability of \$7,971B; the Plan's Fiduciary Net Position of \$5,853B; and the Net Pension Liability \$2,118B.

**2. GASB Statement No. 74 & 75 Reporting Requirement Implementation Update**

Staff presented a status update on the GASB Statement No. 74 & 75 implementation. Staff reported that a Participating Employers meeting was held on April 28, 2016. Questions from participating employers are expected on or after June 30, 2016. The committee supports finalizing the implementation methodology for GASB Statement No. 74 & 75 by September 2016, for timely implementation in December 2016.

**Internal Audit**

**1. Progress Report on Internal Audit Work Plan**

Staff presented a status update on the 2016 Internal Audit Plan, the ongoing Audit of Underpayments and Overpayments of Member Benefits, and the progress on the Employer Audit Plan. Staff also discussed the audit objective and scope of the Alameda County Employer Audit.

**2. Review completed audits**

Staff presented the results of the Retired Death Benefit Audit, which included a legal analysis of specific statutes related to payment of death benefits to beneficiaries of reciprocal members. In addition, the Benefits Department provided an overview of the internal controls which are integrated into the death benefit payment process, and their proposed remediation to certain audit findings.

**3. New Internal Audit Initiatives**

Staff presented an update on the implementation of the IDEA Audit Software, which is used to review and analyze member data provided by the participating employer.

**TRUSTEE/PUBLIC INPUT**

- None

**RECOMMENDATION**

1. The Audit Committee recommends to the Board of Retirement that the Board accept and file the December 31, 2015, audited Financial Statements and Independent Auditor's Report.

**ESTABLISHMENT OF NEXT MEETING DATE**

To be determined

**MEETING ADJOURNED**

The meeting adjourned at 1:54 p.m.