



Date: May 25, 2017
To: Members of the Audit Committee
From: Tarrell Gamble, Chair
Subject: Summary of the May 25, 2017, Audit Committee Meeting

Audit Committee Chair Tarrell Gamble called the May 25, 2017, Audit Committee meeting to order at 1:02 p.m. Committee members present were, Annette Cain-Darnes and George Wood. Other Board members present were Dale Amaral, Liz Koppenhaver, Henry Levy, Nancy Reilly, 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; Betty Tse, Chief Investment Officer; Vicki Arruda, Human Resource Manager; Vijay Jagar, Retirement Chief Technology Officer and Sandra Dueñas-Cuevas, Benefits Manager.

ACTION ITEMS

1. Discussion and possible motion to recommend approval of the December 31, 2016, audited Financial Statements and Independent Auditor's Report.

Staff introduced representatives of Williams Adley and Company (WACO) who presented the report on the audit opinion of ACERA's December 31, 2016, 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, 2016, audited Financial Statements and the Independent Auditor's Report.

The motion carried 8 yes (Amaral, Cain-Darnes, Gamble, Koppenhaver, Levy, Reilly, Walker, and Wood), 0 no, 0 abstentions.

2. Discussion and possible motion to recommend adoption of the Government Accounting Standards Board (GASB) Statement No. 67 Actuarial Valuation and Addendum as of December 31, 2016.

Staff introduced Andy Yeung, ACERA's Actuary from Segal Consulting, who presented the Government Accounting Standards Board (GASB) Statement No. 67 Actuarial Valuation and Addendum as of December 31, 2016. After a brief discussion confirming with staff and Mr. Yeung that the participating employers

understand the information contained in the valuation. Trustee Annette Cain-Darnes moved and Trustee Dale Amaral seconded a motion that the Audit Committee recommend to the Board that the Board accept and file the December 31, 2016, audited Financial Statements and the Independent Auditor's Report.

The motion carried 8 yes (Amaral, Cain-Darnes, Gamble, Koppenhaver, Levy, Reilly, Walker, and Wood), 0 no, 0 abstentions.

INFORMATION ITEMS

External Audit

- None

Internal Audit

1. Progress Report on Internal Audit Work Plan

Staff presented a status update on the 2017 Internal Audit Plan, the Employer Audit Plan and the development of a Fraud Training Program for ACERA Staff.

2. Review completed audits

Staff presented an overview of the objective, scope, key findings, and recommendations resulting from the Benefits Verification Audit.

TRUSTEE/PUBLIC INPUT

- None

RECOMMENDATION

1. The Audit Committee recommends to the Board of Retirement that the Board accept and file the December 31, 2016, audited Financial Statements and Independent Auditor's Report.
2. The Audit Committee recommends to the Board of Retirement that the Board adopt the GASB Statement No. 67 Actuarial Valuation and Addendum as of December 31, 2016.

ESTABLISHMENT OF NEXT MEETING DATE

June 15, 2017 at 1:00 p.m.

MEETING ADJOURNED

The meeting adjourned at 1:50 p.m.