



Date: Thursday, June 19, 2014
To: Members of the Board of Retirement
From: Donald R. White, Chair
Subject: Summary of the June 19, 2014 Audit Committee Meeting

Audit Committee Chair Donald White called the Audit Committee Meeting to order at 10:30 a.m. Other committee members present were Keith Carson and George Wood. Board members present were Dale Amaral, Annette Cain-Darnes and David Safer. Members of the Staff present were Vincent Brown, Chief Executive Officer; Harsh Jadhav, Chief of Internal Audit; Kathy Foster, Assistant Chief Executive Officer; Marguerite Malloy, Associate Counsel; Margo Allen, Fiscal Services Officer; Victoria Arruda, Human Resources Officer, Betty Tse, Chief Investment Officer; and Latrena Walker, Project & Information Services Manager.

ACTION ITEMS

1. Discussion and Possible Motion to accept and file the Observations and Recommendations from Williams, Adley & Company, LLP for the year ended December 31, 2013 and the comments from Staff.

Margo Allen, Fiscal Services Officer proposed to take up the first information item concerning the presentation by Williams Adley & Company, LLP (WACO) of the 2013 Observations and Recommendations, before taking action on this item.

After presentation and discussion of the 2013 Observations and Recommendations, Donald White moved and George Wood seconded a motion to recommend that the Audit Committee recommend to the Board that the Board accept and file Observations and Recommendations from Williams, Adley & Company LLP for the year ended December 31, 2013 and the comments from Staff.

The motion carried 6 yes (Amaral, Cain-Darnes, Carson, Safer, White, Wood), 0 no, 0 abstentions.

2. Discussion and Possible Motion to recommend approval of the Employer Audit of First Five of Alameda.

Harsh Jadhav, Chief of Internal Audit, and Caxton Fung, Assistant Accounting Manager, presented the Proposed Employer Audit of First Five of Alameda.

After the presentation and discussion of the Proposed Employer Audit of First Five of Alameda, George Wood moved and Keith Carson seconded a motion to recommend that the Audit Committee recommend to the Board that the Board approve the audit objective, scope and proposed audit plan for the employer audit of First Five of Alameda, and for the Internal Audit Department to move forward in conducting the employer audit.

The motion carried 6 yes (Amaral, Cain-Darnes, Carson, Safer, White, Wood), 0 no, 0 abstentions.

3. Discussion and Possible Motion to recommend approval of the Employer Audit of Livermore Area Recreation and Park District.

Harsh Jadhav, Chief of Internal Audit, and Caxton Fung, Assistant Accounting Manager, presented the Proposed Employer Audit of Livermore Area Recreation and Park District.

After the presentation and discussion of the Proposed Employer Audit of Livermore Area Recreation and Park District (LARPD), George Wood moved and Donald White seconded a motion to recommend that the Audit Committee recommend to the Board that the Board approve the audit objective, scope and proposed audit plan for the employer audit of LARPD, and for the Internal Audit Department to move forward in conducting the employer audit.

The motion carried 6 yes (Amaral, Cain-Darnes, Carson, Safer, White, Wood), 0 no, 0 abstentions.

INFORMATION ITEMS

External Audit

1. Presentation of the Auditor's 2013 Observations and Recommendations

Williams Adley & Co. LLP, presented its 2013 Observations and Recommendations

In the external auditor's presentation Robert Griffin, WACO's Managing Partner, presented the 2013 Observations and Recommendations.

Mr. Griffin reported there was one finding of no transfers made from the Employers' Advance Reserve to the Retired Member Reserve for three disability retirements tested. While the net position reported as of December 31, 2013 is correctly stated, components of total reserves are not accurate. Included in the report were WACO's recommendation and the Management Response.

Internal Audit

2. Discussion of the Proposed ACERA Policy for Audit of Employer and Employee Compensation and Retirement Information

Harsh Jadhav, Chief of Internal Audit, and Caxton Fung, Assistant Accounting Manager, presented the Proposed ACERA Policy for Audit of Employer and Employee Compensation and Retirement Information for the Audit Committee's comments and consideration. Staff will bring the final policy back to the next Audit Committee for approval. If approved, staff will recommend that the Audit Committee recommend to the Board to adopt the Policy.

3. Progress Report on Internal Audit Work Plan

Harsh Jadhav, Chief of Internal Audit, and Caxton Fung, Assistant Accounting Manager, presented the status update for the 2014 Internal Audit Plan, and the 2014 Participating Employers Audit Plan.

TRUSTEE/PUBLIC INPUT

None

RECOMMENDATIONS

The Audit Committee recommends to the Board of Retirement that the Board accept and file the Observations and Recommendations from Williams, Adley & Company LLP for the year ended December 31, 2013, and the comments from Staff.

The Audit Committee recommends to the Board of Retirement that the Board approves the audit objective, scope and proposed audit plan for the employer audit of First Five of Alameda, and for the Internal Audit Department to move forward in conducting the employer audit.

The Audit Committee recommends to the Board of Retirement that the Board approves the audit objective, scope and proposed audit plan for the employer audit of LARPD, and for the Internal Audit Department to move forward in conducting the employer audit.

ESTABLISHMENT OF NEXT MEETING DATE

October 8, 2014, at 1:00 p.m.

MEETING ADJOURNED

The meeting adjourned at 11:25 a.m.