



Date: June 20, 2019
To: Members of the Audit Committee
From: George Wood, Chair of the Board of Retirement
Subject: Summary of the June 20, 2019, Audit Committee Meeting

Audit Committee member Dale Amaral called the June 20, 2019, Audit Committee meeting to order at 1:03 pm. Chair of the Board of Retirement arrived and took charge of the meeting at 1:08 pm. The other Committee member present was Elizabeth Rogers. Other Board members present were Ophelia Basgal, Jaime Godfrey, Alternate Retiree Member Nancy Reilly, and Alternate Safety Member Darryl Walker. Members of the Staff present were David Nelsen, Chief Executive Officer; Margo Allen, Fiscal Services Officer; Harsh Jadhav, Chief of Internal Audit; Kathy Mount, Chief Counsel; Kathy Foster, Assistant Chief Executive Officer; Sandra Dueñas-Cuevas, Benefits Manager; Jessica Huffman, Benefits Manager; Vijay Jagar, Retirement Chief Technology Officer; and Betty Tse Chief Investment Officer.

At the Acting Committee Chair's direction, meeting was called to order and Information Items were presented before Action Items

PUBLIC COMMENT

None

ACTION ITEMS

External Audit:

- 1. Discussion and possible motion to adopt the audited Schedules of Employer Allocations and Schedules of Pension Amounts by Employer with Related Notes, based on the Addendum to Governmental Accounting Standards Board (GASB) Statement No. 67 Valuation as of December 31, 2018**

Staff introduced Audrey Elbert from Williams Adley & Company-CA (WACO) who was available to present the audit opinion on the set of schedules that ACERA staff prepared using Segal Consulting's addendum to the GASB Statement No. 67 Actuarial Valuation as of December 31, 2018.

Trustee Rogers moved, and Trustee Amaral seconded that the Audit Committee recommend to the Board of Retirement to adopt the audited Schedules of Employer Allocations and Schedules of Pension Amounts by Employer with Related Notes, based on the addendum to Governmental Accounting Standards Board (GASB) Statement No. 67 Valuation as of December 31, 2018.

The motion carried 6 yes (*Amaral, Basgal, Godfrey, Rogers, Reilly and Wood*), 0 no, 0 abstentions.

2. Discussion and possible motion to adopt the audited Schedules of Employer OPEB Allocations and Schedules of OPEB Amounts by Employer with Related Notes, based on the addendum to GASB Statement No. 74 Valuation as of December 31, 2018.

Trustee Basgal moved, and Trustee Amaral seconded that the Audit Committee recommend to the Board of Retirement to adopt the audited Schedules of Employer Allocations and Schedules of Pension Amounts by Employer with Related Notes, based on the Addendum to Governmental Accounting Standards Board (GASB) Statement No. 74 Valuation as of December 31, 2018.

The motion carried 6 yes (*Amaral, Basgal, Godfrey, Rogers, Reilly and Wood*), 0 no, 0 abstentions.

INFORMATION ITEMS

External Audit

- 1. Presentation and discussion of the GASB Statement No. 68 Actuarial Valuation Based on December 31, 2018, Measurement Date for Employer Reporting as of June 30, 2019**
- 2. Presentation and discussion of the GASB Statement No. 75 Actuarial Valuation and Review of the Benefits Provided by the Supplemental Retiree Benefits Reserve Other Postemployment Benefits (OPEB) Based on December 31, 2018, Measurement Date for Employer Reporting as of June 30, 2019**

Staff presented the GASB Statement No. 68 and Statement No, 75 Valuations as of December 31, 2018, Measurement Date for Employer Reporting as of June 30, 2019, necessary for the participating employers to complete their June 30, 2019, fiscal year-end financial reporting requirements. Staff stated that once the Board adopts the audited set of schedules, staff will distribute the schedules and the GASB Valuations to ACERA's participating employers.

Internal Audit

3. Progress report on the Internal Audit Plan

Staff reported 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. The AHS employer audit is slightly behind the plan, but staff expects to complete it by Q4 2019. Staff expects to extend the employer audit for the Superior Courts to Q4 2019, since the employer is engaged in implementing a new system.

4. Review of completed audits

Staff reviewed the Watchlist Audit, including the audit objective, findings and recommendations. Staff presented the results of a cyber insurance policy review including a description of the risks and coverage.

TRUSTEE COMMENT

None.

ESTABLISHMENT OF NEXT MEETING DATE

October 17, 2019, at 1:00 pm

MEETING ADJOURNED

The meeting adjourned at 1:55 pm