



Alameda County Employees' Retirement Association
BOARD OF RETIREMENT

AUDIT COMMITTEE/BOARD MEETING
NOTICE and AGENDA

ACERA MISSION:

To provide ACERA members and employers with flexible, cost-effective, participant-oriented benefits through prudent investment management and superior member services.

Thursday, October 15, 2026
1:00 p.m.

LOCATION AND TELECONFERENCE	COMMITTEE MEMBERS	
ACERA C.G. "BUD" QUIST BOARD ROOM 475 14TH STREET, 10TH FLOOR OAKLAND, CALIFORNIA 94612-1900 MAIN LINE: 510.628.3000 FAX: 510.268.9574 The public can observe the meeting and offer public comment by using the below Webinar ID and Passcode after clicking on the below link or calling the below call-in number. Link: https://zoom.us/join Call-In: 1 (669) 900-6833 US Webinar ID: 879 6337 8479 Passcode: 699406 For help joining a Zoom meeting, see: https://support.zoom.us/hc/en-us/articles/201362193	STEVEN WILKINSON, CHAIR	APPOINTED
	HENRY LEVY, VICE-CHAIR	TREASURER
	KEITH CARSON	APPOINTED
	ROSS CLIPPINGER	ELECTED SAFETY
	ELIZABETH ROGERS	ELECTED RETIRED

The Alternate Retired Member votes in the absence of the Elected Retired Member, or, if the Elected Retired Member is present, then votes if both Elected General Members, or the Safety Member and an Elected General Member, are absent.

This is a meeting of the Audit Committee if a quorum of the Audit Committee attends, and it is a meeting of the Board if a quorum of the Board attends. This is a joint meeting of the Audit Committee and the Board if a quorum of each attends.

Note regarding accommodations: If you require a reasonable modification or accommodation for a disability, please contact ACERA between 9:00 a.m. and 5:00 p.m. at least 72 hours before the meeting at accommodation@acera.org or at 510-628-3000.

Public comments are limited to four (4) minutes per person in total. The order of items on the agenda is subject to change without notice. Board and Committee agendas and minutes and all documents distributed to the Board or a Committee in connection with a public meeting (unless exempt from disclosure) are posted online at www.acera.org and also may be inspected at 475 14th Street, 10th Floor, Oakland, CA 94612-1900.

AUDIT COMMITTEE/BOARD MEETING

NOTICE and AGENDA, Page 2 of 2 - Thursday, October 15, 2026

Call to Order

1:00 p.m.

Roll Call

Public Input (Time Limit: 4 minutes per speaker)

Action Items: Matters for Discussion and Possible Motion by the Committee

None

Information Items: These items are not presented for Committee action but consist of status updates and cyclical reports.

Internal Audit

- | | |
|---|---------------------|
| 1. ACE Award Presentation | - Harsh Jadhav |
| 2. Progress Report on the Internal Audit Plan | - Harsh Jadhav |
| 3. Strategic Asset Management | - Dana D'Arienzo |
| 4. Business Impact Analysis Review | - Marlon Montenegro |

Trustee Remarks

Future Discussion Items

Establishment of Next Meeting Date

February 18, 2027



MEMORANDUM TO THE AUDIT COMMITTEE

DATE: October 15, 2026

TO: Members of the Audit Committee

FROM: Harsh Jadhav, Chief of Internal Audit

SUBJECT: Progress on the 2026 Internal Audit Program

Overview of the October 2026 Meeting Agenda

The October 2026 Audit Committee meeting will include an update on the 2026 Internal Audit Program, an introduction to Strategic Asset Management, and a presentation to update the committee on the annual Business Impact Analysis (BIA). Based on the 2026 risk assessment results, the Internal Audit Department planned to conduct three internal audits and two special projects. The organization-wide fraud awareness training session is still on track for Q4.

2026 Audit Schedule

Internal Audit Plan (2026)	Service Line	Assigned	Status	Q1	Q2	Q3	Q4
Benefit Audit - Divorced Members	Internal Audit	Caxton	Completed				
Workforce Resilience (Critical Functions) Audit	Internal Audit	Marlon, Dana, Lyndon, Harsh	Continuous				
Benefit Audit - Overpayments	Internal Audit	Caxton	Started				
Third-Party Service Provider Review	Special Project	Harsh	Postponed to Q2 2027				
Investment Manager Fee Review	Special Project	Harsh	Started				
Cybersecurity and Data Security Education	Administration	Vijay, Harsh	Continuous				
2026 Annual Risk Assessment	Administration	Harsh	Completed				
2027 Annual Risk Assessment	Administration	Harsh	Started				
Fraud Hotline Management	Administration	Lyndon, Harsh	Continuous				
Fraud Training	Administration	Caxton/Lyndon	Started				

ACE Employee Recognition – Mark Zhou

The ACE Program (Anti-Fraud, Controls, Excellence) is our employee recognition program that honors employees who go above and beyond their roles and responsibilities to improve efficiency, strengthen internal controls, and prevent fraud.

We are pleased to announce our most recent ACE award recipient, Mark Zhou, who serves as Retirement Benefits Specialist (RBS) with the Benefits Department. Mark has been a member of the ACERA team for 10.5 years, growing into the position of Retirement Benefits Specialist. As an RBS, he oversees the Membership Unit. He leads the unit in maintaining PGV3 contribution and membership records, uploading and analyzing Employer Transmittal Files, processing member refunds, and reconciling member contributions and accounts. Mark has been exemplary in his role, always willing to share his knowledge with all ACERA staff and has consistently demonstrated professionalism and a high standard of customer service to ACERA members, consistently following ACERA's Core Values.

Mark played a large role in the PAS project. Using his extensive knowledge, he was a true leader during the requirements and design phases of this project. Mark also helped lead the creation and implementation of EmployerDirect. His technical expertise in Employer Plans and his attention to detail were used to create the EmployerDirect procedures and a detailed Employer Instruction Document. This was the first time ACERA had created an Employer Portal.

2026 Audit Program

Internal Audits

Benefit Audit – Divorced Members

This audit aims to ensure the accuracy and consistency of internal controls designed to prevent benefit overpayments for ex-spouses and ex-partners of divorced members. Our approach involves conducting targeted, small-sample audits to identify potential vulnerabilities in the calculation of monthly retirement benefits. Key focus areas include separate and shared accounts, court orders, and unusual scenarios. This methodology enables us to detect systemic issues and efficiently propose actionable remediation recommendations.

Workforce Resilience Audit

This review evaluates ACERA's preparedness to sustain critical processes during disruptions. Specifically, it assesses whether staff are adequately trained, backup personnel are identified and equipped to perform critical tasks, and essential processes are documented and updated regularly. Given the ongoing challenges posed by cybersecurity and other adverse events, this audit supports business continuity by ensuring that ACERA maintains operational resilience.

Benefit Audit - Overpayments

The purpose of the audit is to sample active, deferred, and retired members to ensure that internal controls to prevent overpayments are in place and operating effectively. Our approach will be to conduct several small sample audits to review various types of benefit calculations for accuracy and completeness. With smaller datasets, we can quickly identify potential systemic issues and recommend remediation strategies. In addition, we will continue examining whether the final pensionable salary calculation for retired members is accurate.

Special Projects

Third-Party Service Provider Review

This review assesses whether critical third-party service providers managing ACERA's confidential and sensitive information have adequate insurance coverage, robust internal controls to prevent data breaches, effective processes for adverse event management, and sufficient incident response procedures.

Investment Manager Fee Review

The goal of this review is to ensure the accuracy and appropriateness of fees paid to investment managers. It includes a thorough evaluation of fee agreements, such as management and performance fee structures, to confirm compliance with contractual terms. Transaction records, account statements, and invoices will be analyzed to verify calculations, ensure regulatory compliance, and align with industry practices. This review will identify any discrepancies, overpayments, or inefficiencies and recommend measures to strengthen financial controls.

Cybersecurity and Data Security Education

This special project, in collaboration with the PRISM Department, evaluates the adequacy of employee training and incident response, business recovery, and threat analysis processes. It aims to ensure that sensitive organizational and member data are protected against emerging cybersecurity threats.



Internal Audit Department 2026 Internal Audit Plan

Presented to the Audit Committee | **October 15, 2026**

Agenda

Today's session covers four key items for the Audit Committee's review and discussion.



ACE Award

Recognition of outstanding contribution by an ACERA team member who has demonstrated exceptional performance and alignment with our core values.



Audit Plan Progress

A status update on the progress of the 2026 Internal Audit Plan, including completed engagements and ongoing reviews of emerging risks.



Strategic Asset Management

An overview of asset management strategies, controls, and the 2026 Internal Audit Plan designed to safeguard organizational resources and optimize performance.



BIA Review

A comprehensive review of the Business Impact Analysis findings, ensuring organizational resilience across key business functions. examining operational risks and

Congratulations, Mark Zhou



We are proud to recognize **Mark Zhou**, Retirement Benefits Specialist with the Benefits Department, as our most recent **ACE Award recipient**. Mark has been an integral member of the ACERA team for over **10.5 years**, consistently exemplifying professionalism, deep institutional knowledge, and unwavering commitment to ACERA's Core Values.

ACE AWARD RECOGNITION

"Mark has been exemplary in his position, always willing to share his knowledge with all ACERA staff and has consistently shown professionalism and a high standard of customer service to ACERA members."

— **Mario Martinez**, Assistant Benefits Manager | **Jessica Huffman**, Benefits Manager

2026 Internal Audit Plan

Internal Audit Plan (2026)	Service Line	Assigned	Status	Q1	Q2	Q3	Q4
Benefit Audit - Divorced Members	Internal Audit	Caxton	Completed				
Workforce Resilience (Critical Functions) Audit	Internal Audit	Marlon, Dana, Lyndon, Harsh	Continuous				
Benefit Audit - Overpayments	Internal Audit	Caxton	Started				
Third-Party Service Provider Review	Special Project	Harsh	Postponed to Q2 2027				
Investment Manager Fee Review	Special Project	Harsh	Started				
Cybersecurity and Data Security Education	Administration	Vijay, Harsh	Continuous				
2026 Annual Risk Assessment	Administration	Harsh	Completed				
2027 Annual Risk Assessment	Administration	Harsh	Started				
Fraud Hotline Management	Administration	Lyndon, Harsh	Continuous				
Fraud Training	Administration	Caxton/Lyndon	Started				



INFORMATION SECURITY · RISK MANAGEMENT · INTERNAL AUDIT

Strategic Asset Management Project Update

Phase I Update: Documentation as a Strategic Asset

Aligning risk management frameworks and NIST CSF 2.0 (ID.AM · ID.IM) and CIA in an integrated governance model to assure the organization remains secure

Asset Management

Continuous Improvement

Integrated Governance

STAKEHOLDER MODEL

The Governance Team

Documentation as a strategic asset shared ownership, monitoring and reporting



Information Security

FRAMEWORK OWNER

- Maps controls to NIST CSF 2.0 (ID.AM / ID.IM) Standards
- Authors and maintains security policy content
- Manages the documentation platform & provides visibility of company assets



Internal Audit

INDEPENDENT ASSURANCE

- Tests documentation lifecycle controls
- Validates PDCA effectiveness & evidence
- Reports maturity progress to the Audit Committee



Project Management

DELIVERY DISCIPLINE

- Applies charter, RACI & stage-gate structure
- Identifies critical information-resource per project
- Tracks Phase I–III delivery against plan

Note: A quarterly Joint Governance Forum reviews the documentation inventory, policy currency, and CSF 2.0 maturity progress across all three functions.

PROGRAM OVERVIEW

Executive Summary

Phase I of the Strategic Asset Management Program establishes a repeatable process for visibility, traceability, and accountability across the organization of documentation as an asset. The framework, built on NIST CSF 2.0 and CIA (Confidentiality, Integrity and Availability) guidelines, can be leveraged across every asset type identified as a deliverable in ACERA's strategic projects.

PROGRAM PHASE

Phase I

Initiated early 2026 policy and procedures, third party risk documentation

FRAMEWORK

NIST CSF 2.0

Identify Function — ID.AM & ID.IM subcategories

GOVERNANCE

3 Functions, 1 Team

InfoSec · Internal Audit · Project Management

Deliverables to date: a suite of security policies and supporting documentation under continuous review, and an Information Security platform that manages documentation itself as an organizational asset.

METHODOLOGY

Risk Management Approach: ISMS + PDCA + Maturity Model

The program is built on ISMS principles (ISO 27001) — continuous, auditable, and matched to a Plan-Do-Check-Act cycle with a maturity model used as a guideline to set improvement goals.



ISMS Foundation

Information Security Management System principles anchor the framework — continuous, auditable, and aligned to what the organization actually does day to day.



PDCA Cycle

Plan-Do-Check-Act gives every document and control a repeatable lifecycle engine, rather than a one-time deliverable.



Maturity Model as Compass

C2M2 / CMMC levels benchmark current state and communicate progress to leadership — used to evaluate and report on program development

Note: Why not a maturity model alone: reaching Level 4 or 5 tends to lose momentum and implies a static endpoint in an ever-changing threat landscape. An ISMS-anchored approach keeps the program operating continuously.

PROGRAM HORIZON

Maturity Roadmap 2026-27

PHASE I START

1

Ad Hoc

2025 baseline —
inconsistent, no templates

2

Opportunistic

Some templates;
inconsistent use

3

Defined

Formal PMO/IRM integration;
version control

4

Managed

Dashboards, automation,
lifecycle controls

5

Optimized

Continuous improvement;
enterprise KM
(Knowledge Mgt.)

OPERATIONAL RISK

Inconsistent rework from undocumented, non-repeatable processes. Impact analysis on critical systems and supporting processes

INFORMATION SECURITY RISK

Undocumented processes cannot be audited, monitored, or protected against threats. Data and systems cannot be protected from exposure or loss.

WHERE WE STARTED

Program Goal & Maturity Assessment

GOAL

Develop and implement a framework using risk management principles to create standard knowledge management and continuous improvement opportunities for the organization.



Standard framework across all **asset types**



Knowledge management system vs. one-off documents



Built-in continuous improvement

Q4 2025 MATURITY ASSESSMENT

Department interviews and a CIA Capabilities Maturity Assessment, using NIST CSF 2.0 as the control baseline, evaluated asset inventory and business continuity management across the organization.

KEY FINDING

Maturity level 2 in 2025

This finding defines the scope of Phase I: hardwiring visibility, traceability and accountability for all assets, beginning with documentation in 2026

RISK DISCIPLINE

Impact Analysis for Documentation as an Asset

Every document in the Information Security platform is evaluated the same way any other information asset is — where it lives, who can reach it, and how reliable it is — before it is made available.



Confidentiality

APPLIED TO DOCUMENTATION

Access is scoped to defined roles; sensitive policy and control content is classified and restricted within the platform.

IMPACT IF COMPROMISED

Unauthorized disclosure of controls or process detail, widening the organization's attack surface.



Integrity

APPLIED TO DOCUMENTATION

Every document is vetted and authorized before publication; version history is recorded; relevant updates captured

IMPACT IF COMPROMISED

Teams act on outdated or altered guidance; the audit trail breaks and decisions rest on unreliable information.



Availability

APPLIED TO DOCUMENTATION

Documentation lives on a managed platform with a defined review cycle, so the current version is reachable when it is needed.

IMPACT IF COMPROMISED

Processes can't be executed or evidenced during an incident or audit; response and continuity are delayed.

Impact analysis: documentation failing any area of the CIA triad is an operational and audit risk. Phase I applies the same CIA framework to documentation that Information Security applies to any other asset type.

Deliverables: Documentation as a Strategic Asset



Security Policy Suite; Critical Process Documentation

A complete suite of security policies and supporting documentation, reviewed against ACERA's current security posture, roles, and responsibilities.



Continuous Review Cycle Workflow

Every document follows the PDCA lifecycle — decided type, vetted content, defined access, and a scheduled review cycle with a named owner.



Information Security (IRMF) Platform

A single platform where documentation is managed as an asset — version-controlled, access-governed, and produced alongside every strategic project. (Smartsheet)

Risks mitigated: inconsistent rework (operational risk) and undocumented processes that cannot be audited, monitored, or protected against threats (information security risk).

LOOKING AHEAD

Three Phases, One Asset Discipline

Phase I is the first of three planned phases, each built around a different asset type — documentation, data, then systems. The asset changes; the impact-analysis discipline used to determine criticality and required security applies across phases

1



Documentation

CURRENT · PHASE I

Security policies, procedures and supporting documentation — the asset type this phase's governance model is built around.

2



Data

PLANNED · PHASE II

Structured and unstructured organizational data, classified and managed through the same lifecycle discipline.

3



Systems

PLANNED · PHASE III

The applications, platforms and infrastructure that store, process and transmit ACERA's other asset classes.

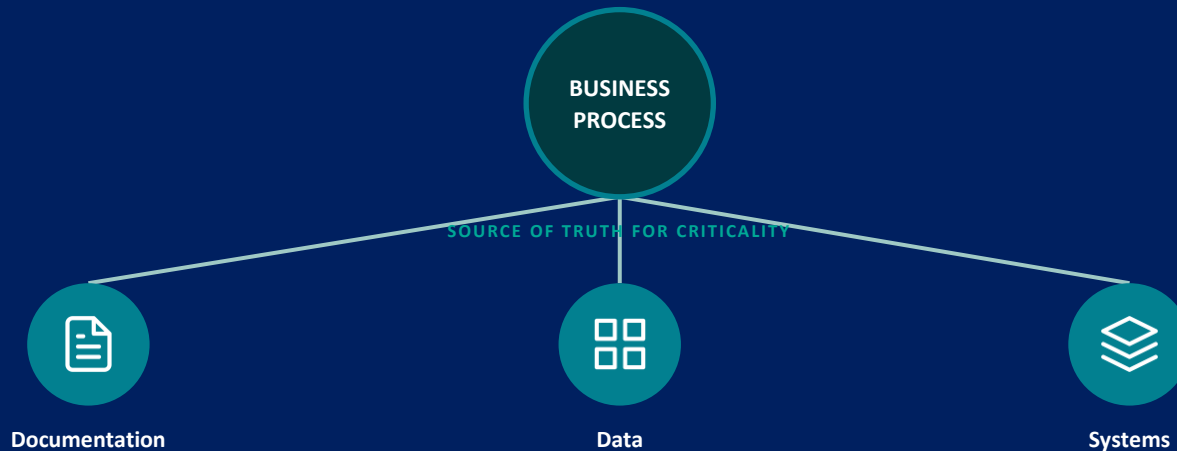
WHAT DOESN'T CHANGE ACROSS PHASES

Every asset type — documentation, data, systems — is run through the same CIA-based impact analysis to determine its criticality and the level of security control required. The asset changes; the discipline doesn't.

DETERMINING CRITICALITY – Data Systems and Documentation

Maturity Goal: Integrated Risk Model

An asset's criticality is inherited from the business process it enables. Documentation, data and systems supporting the same process carry the same criticality rating.



Example: a payroll process's criticality is the same whether it's carried by the payroll system, its underlying data, or the policy documenting it.



CIA Impact Analysis

Translates a process's criticality into required controls — Confidentiality, Integrity, Availability — for whichever asset carries that process.



PDCA Continuous Review

Keeps that criticality rating and its controls current as the process evolves. It maintains the rating — it doesn't set it.

NEXT STEPS

Beyond Phase I - 2027

- ✓ Educate staff on applicable security policies and Information Security platform
- ↻ Work with Governance Team across InfoSec, Internal Audit and PMO to conduct gap analysis 2027
- ≡ Begin discussions integrated risk management program requirements
- 📖 Report maturity progress to Sr. Leadership and Audit Committee against the Level 1→5 roadmap

Documentation is consistently managed, measured, and governed as a strategic asset. Continuous improvement and monitoring

Questions & Discussion

BUSINESS IMPACT ANALYSIS

Marlon Montenegro
ACERA PRISM Department
October 2026

DEFINITION

Business Impact Analysis (BIA) identifies mission essential functions, assess and quantify potential consequences of major disruptions to critical business operations, processes & resources

WHY IS THE BIA IMPORTANT?

Business Continuity Planning (BCP)

Reduce Financial Losses

Meet Regulatory & Legal Requirements

Organizational Resilience

DEPARTMENT BIA WORKSHEET

- **Inventory of Business Processes**
 - Prioritization of Mission Essential Functions & Processes
- **Impact Evaluation**
 - Financial Loss, Operational Disruption, Regulatory/Legal Risk, Reputational
- **Recovery Objectives**
 - Recovery Time Objective (RTO) – Maximum Tolerable Downtime
 - Recovery Point Objective (RPO) – Maximum Data Loss
- **Dependencies & Resources**
 - Staffing
 - Technology/IT
 - Facilities
 - Internal/External & Third-Party Dependencies

CRITICAL BUSINESS FUNCTIONS & RECOVERY

Stage 1 (Emergency Response & Disaster Recovery)

Process	Description	Responsible Party	RTO	Systems/Resources
Emergency Response	Initial incident response & crisis management & coordination	Administration	0-2 Hours	Emergency Communications
Systems Recovery	Restoration of IT Infrastructure	PRISM	0-4 Hours	Cloud Services

Stage 2 (Business Recovery & Resumption – Tier 1 Process Recovery)

Benefits Payroll	Restore monthly pension & retiree benefits	Benefits	8 Hours	Pension Administration System
Member Services, Benefits Administration	Restore ability to access member records, Call Center Services	Benefits	8 Hours	Pension Administration System, EDMS, Virtual Call Center
Investments and Accounting	Restore ability to conduct Investment & Accounting transactions	Investments, Fiscal Services	8 Hours	Network access to custodial & commercial banking services, Financial & Accounting Application

BIA 2025-2026 FINDINGS

No major changes to organizational functions & processes from previous BIA cycle

Continued efforts to upgrade and virtualize systems to provide high availability, security & faster recovery

- Financial Management Software Upgrade (2026)
- Files Migration to Cloud Services Completed

Single Point of Staff Expertise of Critical Functions

- Workforce Audit

Questions