

**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
BOARD OF RETIREMENT
2223 WELLINGTON AVENUE, SUITE 100
SANTA ANA, CA 92701**

**AUDIT COMMITTEE MEETING
July 6, 2017
11:00 a.m.**

MINUTES

The Vice-Chair called the meeting to order at 11:05 a.m. and read the opening statement for the record. Attendance was as follows:

Present: Charles Packard, Chair; Frank Eley, Vice Chair; Eric Gilbert; Shari Freidenrich

Staff: Brenda Shott, Assistant CEO; Internal Operations; Gina Ratto, Chief Legal Officer; David James, Director of Internal Audit; Mark Adviento, Internal Auditor; Anthony Beltran, Audio/Visual Technician; Cammy Danciu, Recording Secretary

A. HOTLINE UPDATE

Presentation by David James, Director of Internal Audit

Recommendation: Receive and file.

Mr. James presented the Hotline Report to the Committee. He discussed three reports to the hotline since the last Audit Committee meeting. One of the anonymous reports was regarding the smoking area at OCERS.

Mr. Packard arrived at 11:10 a.m.

Ms. Freidenrich expressed her concern regarding money invested on the smoking bench and zoning codes.

Ms. Shott clarified that this solution was established to comply with the law in not allowing the public or employees to smoke within 100 feet from an entry way. Health concerns were taken into consideration.

Following discussion, a **motion** was made by Ms. Freidenrich, **seconded** by Mr. Eley to receive and file the *Hotline Report*.

The **motion passed unanimously.**

B. AUDIT COMMITTEE INQUIRY ON ADMINISTRATIVE TIME IN INTERNAL AUDIT

Presentation by David James, Director of Internal Audit

Recommendation: Receive and file.

Mr. James explained that at the March 29, 2017 Audit Committee meeting, the Committee inquired regarding the amount of time Internal Audit spent on administration versus internal audit functions. Internal Audit surveyed several systems and received responses. Most responses were based on estimates of time by the chief audit executives. Mr. James spoke about the survey tools Internal Audit uses when making inquiries.

Mr. Packard asked how time for administrative tasks was defined in the survey. Mr. James responded that to ensure a uniform understanding of the respondents, he discussed with them what specifically were their administrative tasks, and how they differentiated between audit projects, administrative tasks and other types of tasks.

Following discussion, a **motion** was made by Mr. Eley, **seconded** by Mr. Gilbert to receive and file the *Audit Committee Inquiry on Administrative time in Internal Audit*.

The **motion passed unanimously**.

C. STATUS OF INTERNAL AUDITS AND AUDIT PROJECTS

Presentation by David James, Director of Internal Audit

Recommendation: Receive and file.

Mr. James presented the status of Internal Audits and Audit Projects. He explained that due to actions by the Board and staff regarding Orange County Sherriff's Department POST mandatory training benefits, the planned payroll transmittal audit of this department will be delayed until 2018 and replaced with an audit of OCERS' staff and trustee expense reimbursements. Mr. Packard expressed a desire that the expense reimbursement audit report contain high level statistical information regarding expense reimbursements and he also provided feedback on sample selection for testing. Mr. James shared that the V3 data conversion audit report has been finalized. With the approval of the Audit Committee Chair, the report will be presented at the Audit Committee meeting in August. A draft report of the reciprocity claims audit will be given to management for their responses to the findings. Internal Audit will present this report at the next Audit Committee meeting in August. The annual Risk and Controls Matrices review of OCERS' key internal controls with management is in progress and will be presented at the Audit Committee meeting in August. Lastly, the Investments rebalancing review is in the planning stage. Mr. James added that a new category for small miscellaneous projects was added to the Audit Plan. This category will primarily be for newly assigned projects that are anticipated to use few hours.

Following discussion, a **motion** was made by Mr. Gilbert, **seconded** by Mr. Eley to receive and file the *Status of Internal Audits and Audit Projects*.

The **motion passed unanimously**.

***** END OF INDIVIDUAL ITEMS AGENDA *****

CLOSED SESSION ITEM

Audit Committee Meeting
July 6, 2017

The Committee moved to closed session at 11:46 a.m.

**D. THREAT TO PUBLIC SERVICES OR FACILITIES
(GOVERNMENT CODE SECTION 54957)**

*Consultation with Jon Gossard, OCERS Security Operations Manager, and Gina M. Ratto,
OCERS Chief Legal Officer*

Recommendation: Receive and file.

The Committee reconvened at 12:10 p.m.

The Chair reported **no reportable action.**

Meeting adjourned at 12:18 p.m.

PUBLIC COMMENTS:

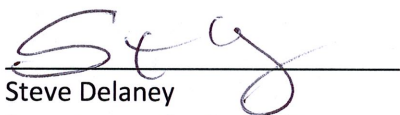
None

COMMITTEE MEMBERS COMMENTS:

None

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS:

Submitted by:



Steve Delaney
Secretary to the Committee

Approved by:



Charles Packard
Committee Chair