

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

**AUDIT COMMITTEE MEETING
August 30, 2017
12:30 p.m.**

MINUTES

The Chair called the meeting to order at 12:33 p.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: Steve Delaney, CEO; Brenda Shott, Assistant CEO, Internal Operations; Suzanne Jenike, Assistant CEO, External Operations; Gina Ratto, Chief Legal Officer; David James, Director of Internal Audit; Jenny Sadoski, Director of Information Technology; Mark Adviento, Internal Auditor; Anthony Beltran, Audio/Visual Technician; Julius Cuaresma, Recording Secretary

CLOSED SESSION ITEM

E. PUBLIC EMPLOYEE PERFORMANCE EVALUATION (GOVERNMENT CODE §54957(b))

Title: Director of Internal Audit

Adjourn pursuant to Government Code section 54957(b) to evaluate the performance of the Director of Internal Audit

The Committee recessed into closed session at 12:33 p.m.

The Committee reconvened from closed session at 1:40 p.m.

The Committee recessed at 1:40 p.m.

The Committee reconvened at 1:46 p.m.

The Committee took no reportable action.

INDIVIDUAL ITEMS AGENDA

A. AUDIT OF V3 DATA CONVERSION AND KEY REPORTS

Presentation by David James, Director of Internal Audit

Audit Committee Meeting
August 30, 2017

Mr. James, discussed the purpose and outcomes of the VS Data Conversion Audit.

Ms. Freidenrich discussed the importance of creating an effective executive summary in future audit reports.

Ms. Freidenrich, Ms. Sadoski, and Ms. Jenike remarked upon the issues surrounding missing social security numbers.

Mr. James discussed the overall summary of the data conversion. He indicated the overall quality of the conversion was excellent in light of the limited number of issues and the errors, all of which were minor and insignificant.

Following discussion, a **motion** was made by Mr. Eley, **seconded** by Ms. Freidenrich to receive and file the *AUDIT OF V3 DATA CONVERSION AND KEY REPORTS*.

The **motion passed unanimously**.

B. AUDIT OF OCERS' RECIPROCITY PROCESS

Presentation by David James, Director of Internal Audit

Mr. James discussed the findings of finding of OCERS' reciprocity audit.

Mr. James and Ms. Freidenrich discussed the objective of this particular audit, and possible process improvements.

Ms. Jenike and Ms. Freidenrich discussed OCERS' reciprocity process, particularly regarding verification of contributions, the validation of the appropriate rates, as well as reciprocity refunds.

Ms. Freidenrich inquired as to any liability coming from reciprocity and whose responsibility it is for proper payments and refunds.

Mr. Eley, Ms. Freidenrich, and Ms. Jenike discussed the potential issues that could arise from reciprocity, including differing age-based rates between systems.

Mr. James, Ms. Freidenrich, and Mr. Packard discussed having a policy in place for collecting on errors of overpayment.

Following discussion, a **motion** was made by Ms. Freidenrich, **seconded** by Mr. Eley to receive and file the *AUDIT OF OCERS' RECIPROCITY PROCESS*.

The **motion passed unanimously**.

C. ANNUAL INTERNAL CONTROL SELF-ASSESSMENT BY MANAGEMENT

Presentation by David James, Director of Internal Audit

Ms. Freidenrich asked for a copy of management's internal control self-assessment.

Audit Committee Meeting
August 30, 2017

Mr. James, Ms. Freidenrich, and Mr. Delaney discussed possible security issues with sharing the report.

Mr. Delaney noted that the Audit committee is allowed to convene in closed session and could at some future date incorporate a discussion of such a report.

Following discussion, a **motion** was made by Ms. Freidenrich, **seconded** by Mr. Eley to receive and file the *ANNUAL INTERNAL CONTROL SELF-ASSESSMENT BY MANAGEMENT*.

The **motion passed unanimously.**

D. STATUS OF INTERNAL AUDITS AND AUDIT PROJECTS

Presentation by David James, Director of Internal Audit

Mr. James discussed the status of ongoing internal audit projects.

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.**

Meeting adjourned at 2:37 p.m.

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

PUBLIC COMMENTS:

None

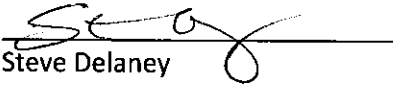
COMMITTEE MEMBERS COMMENTS:

None

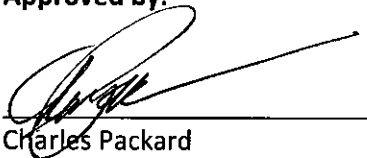
CHIEF EXECUTIVE OFFICER/STAFF COMMENTS:

None

Submitted by:


Steve Delaney
Secretary to the Committee

Approved by:


Charles Packard
Committee Chair