

**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
2223 E. WELLINGTON AVENUE, SUITE 100
SANTA ANA, CALIFORNIA**

**AUDIT COMMITTEE MEETING
October 4, 2021
9:30 a.m.**

MINUTES

OPEN SESSION

The Chair called the meeting to order at 9:35 pm.

Attendance was as follows:

Present via Zoom Video conference pursuant to Government Code § 54953, as amended by AB 361:

Frank Eley, Chair; Shari Freidenrich; Charles Packard; Jeremy Vallone

Also Present via Zoom:

David Kim, Director of Internal Audit; Steve Delaney, Chief Executive Officer; Gina Ratto, General Counsel; Brenda Shott, Assistant CEO, Internal Operations; Suzanne Jenike, Assistant CEO, External Operations; Jeff Lamberson, Director of Member Services; Jenny Sadoski, Director of Information Technology; Mark Adviento, Internal Auditor; Sonal Sharma-Beeson, Recording Secretary; Anthony Beltran, Audio Visual Technician.

PUBLIC COMMENT

None.

COMMITTEE FINDINGS PURSUANT TO GOVERNMENT CODE § 54953, AS AMENDED BY AB 361

Presentation by Gina Ratto, General Counsel, OCERS

Recommendation: The Committee is asked to make the following findings (a majority vote is required):

- (1) The Committee has reconsidered the circumstances of the state of emergency; and
- (2) The Committee has determined that one or both of the following circumstances exist:
 - a. The state of emergency continues to directly impact the ability of the members of the Committee to meet safely in person; and/or
 - b. State or local officials continue to impose or recommend measures to promote social distancing.

MOTION by Packard, **seconded** by Freidenrich, to approve staff recommendation.

The Committee discussed the AB 361 Resolution and during the course of that discussion considered whether the following paragraph of the Resolution could be deleted:

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“WHEREAS, the Audit Committee does hereby find that the COVID-19 pandemic, the current local case rate indicating high community transmission, and the lack of adequate space to promote safe social distancing of a large number of attendees have caused, and will continue to cause, conditions of peril to the safety of persons that are likely to be beyond the control of services, personnel, equipment, and facilities of OCERS.”

And the following edit could be made to the next paragraph:

“WHEREAS, ~~in making the aforementioned findings,~~ the Audit Committee acknowledges the proclamation of State of Emergency by the Governor of the State of California; the proclamation of Local Health Emergency by the County of Orange Health Officer; the proclamation of a Local Emergency by the Chairwoman of the Orange County Board of Supervisors; and the ratification of the Local Health Emergency and Local Emergency by the Orange County Board of Supervisors; as well as CalOSHA’s prevention Emergency Temporary Standards requiring any employee not wearing a face covering to be at least six feet apart from all other persons unless the unmasked employee is either fully vaccinated or tested at least weekly for COVID-19; the County of Orange Health Officer’s Orders and Strong Recommendations for unvaccinated persons to avoid gathering and practice social distancing; and the CDC’s recommendation for maintaining physical distance and avoiding crowds; and”

Further, the Committee discussed the following revision to Section 5 of the Resolution:

“Section 5. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of November 3, 2021, or such time the Audit Committee or the OCERS Board adopts a subsequent resolution in accordance with Government Code section 54953(e)(3) to extend ~~or terminate~~ the time during which the Audit Committee and/or other legislative bodies of OCERS may continue to teleconference without compliance with paragraph (3) of subdivision (b) of section 54953.”

The maker of the **MOTION**, Charles Packard, **AMENDED THE MOTION** to include the aforementioned edits and further to attach to the Resolution a copy of (i) AB 361, (ii) the State and County declarations and proclamations referenced in the Resolution, and (iii) the various guidance issued by the CDC, CalOSHA, and the County and referenced in the Resolution.

The seconder to the MOTION, Shari Freidenrich, accepted the amendments to the Motion.

The **MOTION, AS AMENDED**, passed **unanimously** with Eley, Freidenrich and Packard voting in favor of the amended motion and Vallone absent.

*The Committee recessed to break at 10:21am
The Committee resumed at 10:32am*

C-1 APPROVE AUDIT COMMITTEE MEETING MINUTES

Audit Committee Meeting Minutes

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MOTION by Packard, **seconded** by Freidenrich, to approve the Minutes.

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The motion passed **unanimously**.

A-2 PRIVATE EQUITY CONSULTANT AUDIT

Presentation by David Kim, Director of Internal Audit and Mark Adviento, Internal Auditor

Recommendation: Receive and file.

MOTION was made by Freidenrich, **seconded** by Packard to approve staff recommendation.

The motion passed **unanimously**.

A-3 SURVIVOR PAYMENTS AND DEPENDENT ELIGIBILITY AUDIT

Presentation by David Kim, Director of Internal Audit

Mr. Vallone joined the meeting.

Recommendation: Receive and file.

MOTION was made by Packard, **seconded** by Freidenrich to approve staff recommendation.

The motion passed **unanimously**.

The Committee recessed to break at 10:56am.

The Committee resumed at 11:02am.

A-5 HOTLINE UPDATE

Presentation by David Kim, Director of Internal Audit

Recommendation: Receive and file.

MOTION was made by Packard, **seconded** by Vallone to approve staff recommendation.

The motion passed **unanimously**.

R-1 MANAGEMENT ACTION PLAN VERIFICATION

Written Report

R-2 STATUS UPDATE OF 2021 AUDIT PLAN

Written Report

A-4 CONTINUOUS AUDIT OF FINAL AVERAGE SALARY CALCULATIONS (Q3 2021)

Presentation by David Kim, Director of Internal Audit

MOTION was made by Packard, **seconded** by Freidenrich to approve staff recommendation.

The motion passed **unanimously**.

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*The Committee recessed into Closed Session at 11:36 am.
The Committee resumed at 12:36 pm.*

E-1 THREAT TO PUBLIC SERVICES OR FACILITIES (GOVERNMENT CODE SECTION 54957)

Adjourn into Closed Session pursuant to Government Code section 54957 to consult with Steve Delaney, CEO, Brenda Shott, Asst. CEO; Suzanne Jenike, Asst. CEO; Matthew Eakin, Director of Information Security; Jenny Sadoski, Director of Information Technology; Jon Gossard, Information Security Manager; Gina M. Ratto, General Counsel; and David Kim, Director of Internal Audit

Recommendation: Take appropriate action.

The Audit Committee took no reportable action.

COMMITTEE MEMBER COMMENTS

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

Mr. Delaney advised the Committee that the updated and streamlined version of the Director of Internal Audit Performance Evaluation, with input from Ms. Freidenrich, was distributed to the Committee for review. The intent is also to align the timing of the annual evaluation of the Director of Internal Audit with the rest of OCERS management. Mr. Delaney will work with Chair Eley for final approval.

Mr. Kim notified the Committee that Internal Audit has performed initial exploratory work for the Alameda Audit as part of 2022 Internet Audit plan.

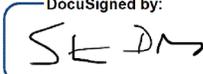
Ms. Shott reminded the Committee that staff is in the process of reviewing RFPs for an External Auditor and will provide the Committee the opportunity to interview finalists in 2022.

COUNSEL COMMENTS

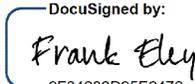
ADJOURNMENT

The Chair adjourned the meeting at 12:40 pm.

Submitted by:

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Steve Delaney
Secretary to the Board

Approved by:

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Frank Eley
Chair