

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

**AUDIT COMMITTEE MEETING
October 3, 2022
9:30 a.m.**

MINUTES

OPEN SESSION

Chair Eley called the meeting to order at 9:30 a.m.

Recording Secretary administered the Roll Call attendance.

Attendance was as follows:

Present: Frank Eley, Chair; Sheri Freidenrich, Vice Chair; Richard Oats; Charles Packard

Also Present: Steve Delaney, Chief Executive Officer; Brenda Shott, Assistant CEO, Internal Operations; Tracy Bowman, Director of Finance; David Kim, Director of Internal Audit; Jeff Lamberson, Director of Member Services; Jenny Sadoski, Director of Information Technology; Matt Eakin, Director of Cyber Security; Jon Gossard, Information Security Manager; Mark Adviento, Internal Auditor; Ayanna McGiffert, Executive Secretary; Bill Singleton, Recording Secretary; Anthony Beltran, Audio Visual Technician.

Present via Zoom: Gina Ratto, General Counsel; Brenda Shott, Assistant CEO, Internal Operations; Suzanne Jenike, Assistant CEO, External Operations.

PUBLIC COMMENT

None.

C-1 APPROVE AUDIT COMMITTEE MEETING MINUTES

Audit Committee Meeting Minutes

June 2, 2022

MOTION by Mr. Oates, **seconded** by Ms. Freidenrich, to approve the Minutes.

The motion passed **unanimously**

A-1 INDIVIDUAL ACTION ON ANY ITEM TRAILED FROM THE CONSENT AGENDA

A-2 PROCUREMENT PROCESS AUDIT

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Presentation by David Kim, Director of Internal Audit

Recommendation: Receive and file.

After Committee discussion, Steve Delaney Chief Executive Officer offered to report back to the Committee audit results and findings. **MOTION** by Mr. Oates, **SECONDED** by Mr. Packard.

The motion passed **unanimously**

A-3 CONTINUOUS AUDIT OF FINAL AVERAGE SALARY CALCULATIONS (Q2 2022)

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

Recommendation: Receive and file.

The Committee discussed the need and frequency of future FAS audits. Ms. Freidenrich suggested moving away from the Quarterly FAS audits since the accuracy issue has been identified and Executive Management has taken the necessary steps on the issue, including adding staff to the process. Ms. Freidenrich suggested an annual audit with fewer samples. Chair Eley and Mr. Oates would still like the FAS audits performed quarterly until the results are below a proposed reportable threshold. The audits could be performed with fewer samples. Mr. Packard noted as long as there is some level of human involvement, even after the implementation of RPA/AI, there is a possibility of errors. Chair Eley recommended the continuation of the Quarterly FAS audits.

After Committee discussion, **MOTION** by Mr. Oates, **SECONDED** by Ms. Freidenrich to adopt staff's recommendation.

The motion passed **unanimously**.

A-5 REPORTABLE THRESHOLD FOR BENEFIT CALCULATIONS

Presentation by Suzanne Jenike, Assistant CEO of External Operations and Jeff Lamberson, Director of Member Services

Recommendation:

After Committee discussion, Chair Eley directed staff to bring this item back to the next Audit Committee meeting with Internal Audit FAS reporting examples using a \$10 reportable threshold.

A-4 ETHICS COMPLIANCE AND FRAUD HOTLINE UPDATE

Presentation by David Kim, Director of Internal Audit

Recommendation: Receive and file

After Committee discussion, **MOTION** by Ms. Freidenrich, **SECONDED** by Mr. Packard to adopt staff's recommendation.

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The motion passed unanimously.

The Board recessed for break at 11:23 a.m.

The Board reconvened from break at 11:40 a.m.

The Board adjourned into closed session at 11:43 a.m.

CLOSED SESSION

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; Matthew Eakin, Director of Information Security; Jenny Sadoski, Director of Information Technology; Jon Gossard, Information Security Manager; and Gina M. Ratto, General Counsel.*

Recommendation: Take appropriate action.

The Board reconvened into open session at 12:41 p.m.

The Audit Committee took no reportable action.

COMMITTEE MEMBER COMMENTS

None

STAFF COMMENTS

None

CHIEF EXECUTIVE OFFICER

COUNSEL COMMENTS

None

ADJOURNMENT

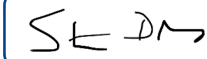
Chair Eley adjourned the meeting at 12:42 p.m.

Submitted by:

Approved by:

Audit Committee Meeting

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DocuSigned by:


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Steve Delaney

Secretary to the Board

DocuSigned by:



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Frank Eley

Chair