

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

**AUDIT COMMITTEE MEETING  
February 14, 2023  
9:30 A.M.**

**MINUTES**

**OPEN SESSION**

Chair Oates called the meeting to order at 9:36 a.m.

Recording Secretary administered the Roll Call attendance.

Attendance was as follows:

Present: Richard Oates, Chair; Charles Packard, Vice Chair; Adele Tagaloa; Shari Freidenrich

Also Present: Steve Delaney, Chief Executive Officer; Suzanne Jenike, Assistant CEO, External Operations; Brenda Shott, Assistant CEO, Internal Operations; Gina Ratto, General Counsel; David Kim, Director of Internal Audit; Jeff Lamberson, Director of Member Services; Jenny Sadoski, Director of Information Technology; Mark Adviento, Internal Auditor; Esther Hong, Internal Auditor; Jenny Davey, Internal Auditor; Marielle Horst, Recording Secretary; Anthony Beltran, Audio Visual Technician

Guests: Graham Schmidt, Cheiron; Anne Harper, Cheiron; Andy Yeung, Segal; and Todd Tauzer, Segal

**PUBLIC COMMENT**

None.

**C-1 APPROVE AUDIT COMMITTEE MEETING MINUTES**

Audit Committee Meeting Minutes

December 15, 2022

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

The motion passed **unanimously**.

**C-2 REQUEST FOR PROPOSAL – EXTERNAL QUALITY ASSESSMENT OF INTERNAL AUDIT**

Orange County Employees Retirement System  
February 14, 2023  
Audit Committee Meeting

**Recommendation:** Staff request the Audit Committee approve the distribution of a Request for Proposal to initiate a search for an external quality assessment of the Internal Audit Department.

Discussion: Madam Treasurer Freidenrich brought up a number of suggestions for possible inclusion or modifications to this and similar future RFPs. Staff will consider the suggestions and issue the RFP.

**MOTION** by Mr. Packard, **seconded** by Ms. Freidenrich, to adopt staff's recommendation.

The motion passed **unanimously.**

**A-2 ACTUARIAL AUDIT OF OCERS'S 2021 ACTUARIAL VALUATION AND 2019 ACTUARIAL EXPERIENCE STUDY**

*Presentation by Graham Schmidt and Anne Harper, Cheiron*

**Recommendation:** Receive and file.

Discussion: Chair Oates thanked the representatives from Cheiron and Segal for their work on the Actuarial Valuation and Experience study.

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

The motion passed **unanimously.**

*The Board recessed for break at 10:53 a.m.*

*The Board reconvened from break at 11:05 a.m.*

**A-3 THE TRANSPORTATION CORRIDOR AGENCIES EMPLOYER AUDIT**

*Presentation by Mark Adviento, Senior Internal Auditor*

**Recommendation:** Receive and file.

Discussion: Madam Treasurer Freidenrich provided positive feedback on the new audit report format and thanked the Chair for making the changes to the report format.

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

The motion passed **unanimously.**

**A-4 TRIENNIAL REVIEW OF THE OPERATIONAL RISK POLICY**

*Presentation by Brenda Shott, Assistant CEO, Internal Operations*

**Recommendation:** Approve and recommend that the Board approve the Operational Risk Policy.

Orange County Employees Retirement System  
February 14, 2023  
Audit Committee Meeting

**MOTION** by Mr. Packard, **SECONDED** by Ms. Tagaloa to adopt staff's recommendation.

The motion passed **unanimously**.

**A-5 TRIENNIAL REVIEW OF OCERS'S AUDIT COMMITTEE CHARTER**

*Presentation by David Kim, Director of Internal Audit*

**Recommendation:** Approve, and recommend that the Board approve, revisions to the Audit Committee Charter.

**MOTION** by Mr. Packard, **SECONDED** by Ms. Tagaloa to adopt staff's recommendation.

The motion passed **unanimously**.

**A-6 TRIENNIAL REVIEW OF OCERS'S INTERNAL AUDIT CHARTER**

*Presentation by David Kim, Director of Internal Audit*

**Recommendation:** Approve, and recommend that the Board approve, revisions to the Internal Audit Charter.

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

The motion passed **unanimously**.

**A-7 AUDIT OF INFORMATION TECHNOLOGY AUTOMATED CONTROLS**

*Presentation by David Kim, Director of Internal Audit*

**Recommendation:** Receive and file

**MOTION** by Ms. Freidenrich, **SECONDED** by Ms. Tagaloa to adopt staff's recommendation.

The motion passed **unanimously**.

*The Board recessed for break at 11:32 a.m.*

*The Board reconvened from break at 11:37 a.m.*

**CLOSED SESSION ITEMS**

*Adjourned to closed session at 11:37 a.m.*

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

Orange County Employees Retirement System  
February 14, 2023  
Audit Committee Meeting

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.

*Returned to open session at 12:21 p.m.*

*No reportable action taken.*

**WRITTEN REPORTS**

**R-1 OPERATIONAL RISK MANAGEMENT ANNUAL REPORT**

*Written Report*

**R-2 MANAGEMENT ACTION PLAN VERIFICATION REPORT**

*Written Report*

**R-3 STATUS UPDATE OF 2023 AUDIT PLAN**

*Written Report*

**COMMITTEE MEMBER COMMENTS**

None

**STAFF COMMENTS**

None

**CHIEF EXECUTIVE OFFICER**

None

**COUNSEL COMMENTS**

None

**ADJOURNMENT**

Chair Oates adjourned the meeting at 12:23 p.m.

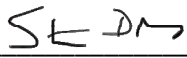
Orange County Employees Retirement System  
February 14, 2023  
Audit Committee Meeting


Submitted by:

Submitted by:

Approved by:

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Committee Liaison

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Steve Delaney  
Secretary to the Board

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Richard Oates  
Chair