

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

**AUDIT COMMITTEE MEETING
FRIDAY, JANUARY 19, 2024
9:30 A.M.**

MINUTES

OPEN SESSION

Chair Packard called the meeting to order at 9:32 a.m.

Recording Secretary administered the Roll Call attendance.

Attendance was as follows:

Present: Charles Packard, Chair; Adele Tagaloo, Vice Chair; Shari Freidenrich, Ex-Officio Member; Chris Prevatt; Board Member

Also Present: Steve Delaney, Chief Executive Officer; Brenda Shott, Assistant CEO Internal Operations; Manuel Serpa, General Counsel; David Kim, Director of Internal Audit; Mark Adviento, Senior Internal Auditor; Jenny Davey, Internal Auditor; Esther Hong, Internal Auditor; Jeff Lamberson, Director of Member Services; Silviu Ardeleanu, Director of Member Services; Marielle Horst, Recording Secretary; Anthony Beltran, Audio Visual Technician.

Guests via Zoom: Alfred Ko and Tyler Larchick, RSM; Susan Verghese, Institute of Internal Auditors (IIA) Quality Services

PUBLIC COMMENT

None.

CONSENT AGENDA

C-1 APPROVE AUDIT COMMITTEE MEETING MINUTES

Audit Committee Meeting Minutes

December 12, 2023

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

The motion passed **unanimously**.

CLOSED SESSION ITEMS

Orange County Employees Retirement System
January 19, 2024
Audit Committee Meeting

The Committee adjourned to closed session at 9:34 a.m.

E-1 THREAT TO PUBLIC SERVICES OR FACILITIES
(Government Code Section § 54957)
Consultation with OCERS Director of Cyber Security

Recommendation: Take appropriate action.

OPEN SESSION

The Committee reconvened to open session at 9:52 a.m.

REPORT OF ACTIONS TAKEN IN CLOSED SESSION

Mr. Serpa reported no reportable action was taken during closed session.

ACTION ITEMS

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

None.

A-2 CONSIDERATION OF 2024 RISK ASSESSMENT AND 2024 AUDIT PLAN

Presentation by David Kim, Director of Internal Audit

Recommendation: Receive and file.

Mr. Kim presented the proposal for the 2024 Audit Plan, which included four first-time audits: Healthcare Agency, Public Law Library, Orange County Employees Retirement System (OCERS), and Cost of Living Adjustments (COLA). Continuing audits include Final Average Salary (FAS) calculations, as well as the implementation of Alameda.

Ms. Freidenrich commented that she appreciates Internal Audit for continuing to expand on audit areas that have not been previously reviewed. Ms. Tagaloa and Mr. Prevatt suggested Internal Audit reduce the number of FAS calculation audits to one in the fourth quarter and instead rely on the controls in place from the Quality Assurance team. In addition, Ms. Freidenrich suggests implementing quarterly reports from the Quality Assurance team. Internal Audit might then be called in on future occasions for additional audits during the year.

Ms. Freidenrich also suggested revising the scope of the Alameda 2 recalculation audit, lessening the breadth of the audit but still providing some independent input to CEO Delaney on the work being accomplished. Mr. Delaney concurred that while confident in his team's work, Internal Audit confirmation would be of value.

After discussion, the committee directed Internal Audit to adjust the Audit Plan and return in March while continuing to work on employer audits.

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MOTION by Ms. Freidenrich, **seconded** by Mr. Prevatt, to receive and file.

The motion passed **unanimously**.

A-3 EXTERNAL QUALITY PEER REVIEW REPORT

Presentation by Susan Verghese, IIA Quality Services

Recommendation: Receive and file.

Ms. Verghese presented the findings of the External Quality Peer Review Report and found that OCERS Internal Audit scored consistently higher than the universe of Internal Audit organizations reviewed by the IIA since 2013, specifically around Internal Audit governance, Internal Audit staff, Internal Audit management, and Internal Audit processes. Stakeholders view Internal Audit as a partner and how Internal Audit is operating. This level of the survey results is not seen frequently.

MOTION by Ms. Freidenrich, **seconded** by Ms. Tagaloa, to receive and file.

The motion passed **unanimously**.

WRITTEN REPORTS

R-1 REPORTING OF INTERNAL AUDIT KEY PERFORMANCE INDICATORS

Written Report

Mr. Kim reviewed the Key Performance indicators, noting that the KPIs were referenced from other Internal Audit organizations, and can be adjusted going forward.

R-2 MANAGEMENT ACTION PLAN VERIFICATION REPORT

Written Report

STAFF COMMENTS

Ms. Horst reviewed the 2024 calendar with the Committee Members. The following dates were confirmed for future Audit Committee meetings: March 28, June 6, October 9, and December 12, 2024.

COMMITTEE MEMBER COMMENTS

Ms. Tagaloa welcomed Mr. Prevatt to the Audit Committee and commented that all committees should work in collaboration, especially with the Personnel Committee. Mr. Packard also welcomed Mr. Prevatt to the Audit Committee.

CHIEF EXECUTIVE OFFICER

NONE

COUNSEL COMMENTS

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NONE

ADJOURNMENT

Chair Packard adjourned the meeting at 10:58 a.m.

Submitted by:

DocuSigned by:

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David Kim
Committee Liaison

Submitted by:

DocuSigned by:

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Steve Delaney
Secretary to the Board

Approved by:

DocuSigned by:

CEB4495A5A6D423...
Charles Packard
Chair