

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

**AUDIT COMMITTEE MEETING  
TUESDAY, FEBRUARY 11, 2025  
9:00 A.M.**

**MINUTES**

**OPEN SESSION**

Chair Lopez Tagaloa called the meeting to order at 9:02 a.m.

Recording Secretary administered the Roll Call attendance.

Attendance was as follows:

Present: Adele Lopez Tagaloa, Chair; Iriss Barriga; Board Member; Charles Packard, Board Member (via Zoom)

Also Present: Steve Delaney, Chief Executive Officer; David Kim, Assistant CEO of External Operations, Brenda Shott, Assistant CEO of Internal Operations; Manuel Serpa, General Counsel; Philip Lam, Director of Internal Audit; Mark Adviento, Senior Internal Auditor; Jenny Davey, Internal Auditor; Esther Hong, Internal Auditor; Michelle Pak, Audio Visual Technician; Marielle Horst, Recording Secretary.

Absent: Shari Freidenrich, Vice Chair

Guests: *Chris Kalafatis, Stacey Gill, Madhu Maganti, and Peter Tsengas, Baker Tilly; Alfred Ko, Joe Strain, Baru Sanchez, and Jane Schneider, RSM; and Mike Del Giudice and Trevor Krause, Crowe LLP.*

Mr. Packard provided a statement regarding his participation via Zoom, citing *AB2429 Just Cause*.

**PUBLIC COMMENT**

None.

**CONSENT AGENDA**

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

Audit Committee Meeting Minutes

December 12, 2024

**MOTION** by Mr. Packard, **seconded** by Ms. Lopez Tagaloa, to approve the Consent Items.

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The motion passed with two votes, Ms. Barriga abstained.

**ACTION ITEMS**

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

None.

**A-3 CONSIDERATION OF 2025 RISK ASSESSMENT AND AUDIT PLAN**

*Presentation by Philip Lam, Director of Internal Audit, and Mark Adviento, Senior Internal Auditor*

**Recommendation:** Approve the 2025 Risk Assessment and Audit Plan.

Mr. Lam presented the 2025 Risk Assessment and Audit Plan. In the first half of the year, there will be audits on Investment Due Diligence and Investment Compensation Calculation Review.

Mr. Delaney questioned if the Audit team will require additional assistance from an Investment expert for the upcoming audits. Mr. Lam confirmed the Audits focus on procedures and are within the scope of the department; however, if they are directed to do additional investigations that are outside of their scope, they would need support.

In the second half of the year, there will be an audit on Service Credit Purchases (SCP). Ms. Lopez Tagalao requested to add the County Registrar Office to the Audit Plan. Mr. Packard sought clarification on how a member could purchase service credit. Mr. Serpa confirmed that a member can buy back all, or a portion of the credits. Mr. Delaney commended Jeff Lamberson and the Member Services Department for cleaning up the SCP process, reducing the amount of time it takes to calculate.

Ms. Lopez Tagalao directed Internal Audit to provide a matrix of the audits that were presented throughout the years. Mr. Adviento noted a matrix is available in the Risk Assessment Matrix. Ms. Lopez Tagalao confirmed she would like to see a simpler form of the matrix.

**MOTION** by Mr. Packard, **seconded** by Ms. Barriga, to approve the 2025 Risk Assessment and Audit Plan.

The motion passed **unanimously**.

*The Committee recessed for break at 9:30 a.m.*

*The Committee reconvened from break at 9:43 a.m.*

*The Recording Secretary administered Roll Call attendance, noting Mr. Packard was not in attendance.*

*Mr. Packard arrived at 9:54 am.*

**A-2 IT AUDIT CONSULTANT FINALIST INTERVIEWS**

*Introduction by Philip Lam, Director of Internal Audit*

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*Presentations by Chris Kalafatis, CPA, Baker Tilly; Mike Del Giudice, Principal, Crowe LLP; and Alfred Ko, Risk Consultant, RSM.*

**Recommendation:** Staff recommends awarding the contract (subject to satisfactory negotiation of terms) to perform co-sourced IT audits, to one of the three finalists, based on the firm’s presentation, responsiveness to the Audit Committee’s questions, and the written proposal submitted.

Mr. Lam introduced the candidates for the IT Audit Consultant interviews. BakerTilly, RSM, and Crowe, LLP, presented their firm's capabilities to serve OCERS and fulfill the contract.

*The Committee recessed for break at 10:23 a.m.*

*The Committee reconvened from break at 10:31 a.m.*

*The Recording Secretary administered Roll Call attendance, noting Mr. Packard was not in attendance.*

*Mr. Packard arrived at 11:24 am.*

After discussion, a **MOTION** by Mr. Packard, **seconded** by Ms. Barriga, to award the contract to RSM.

The motion passed **unanimously**.

#### **WRITTEN REPORTS**

The following are written reports that will not be discussed unless a member of the Committee requests discussion.

**R-1 REPORTING OF INTERNAL AUDIT KEY PERFORMANCE INDICATORS**

*Written Report*

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

*Written Report*

**R-3 AUDIT COMMITTEE REVIEW OF ACTIVITIES**

*Written Report*

#### **COMMITTEE MEMBER COMMENTS**

Mr. Packard thanked the Audit Committee for his ability to participate via Zoom.

Ms. Barriga thanked the Audit Committee and staff for making her first Committee meeting easy.

Ms. Lopez Tagaloa thanked the Audit Committee and staff for her first meeting as Chair.

#### **CHIEF EXECUTIVE OFFICER COMMENTS**

Mr. Delaney reminded the Committee that the upcoming Board meeting will be on Wednesday, February 19<sup>th</sup>, due to the holiday.

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**STAFF/COUNSEL COMMENTS**

None.

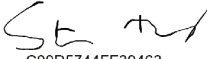
**ADJOURNMENT**

Chair Lopez Tagaloa adjourned the meeting at 12:46 p.m.

Submitted by:

Signed by:  
  
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Philip Lam  
Committee Liaison

Submitted by:

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Steve Delaney  
Secretary to the Board

Approved by:

Signed by:  
  
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Adele Lopez Tagaloa  
Chair