

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

**AUDIT COMMITTEE MEETING  
MONDAY, JUNE 9, 2025  
9:30 A.M.**

**MINUTES**

**OPEN SESSION**

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

Recording Secretary administered the Roll Call attendance.

Attendance was as follows:

Present: Adele Lopez Tagaloa, Chair; Shari Freidenrich, Vice Chair; Iriss Barriga, Board Member; Charles Packard, Board Member

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; Mark Adviento, Director of Member Services; David Beeson, Director of Investments; Tracy Bowman, Director of Finance; Matt Eakin, Director of Cyber Security; Philip Lam, Director of Internal Audit; Jeff Lamberson, Director of Member Services; Jennifer Reyes, Finance Manager; Jenny Davey, Internal Auditor; Esther Hong, Internal Auditor; Anthony Beltran, Audio Visual Technician; Marielle Horst, Recording Secretary.

Guests: Kory Hoggan and Aaron Hamilton, Moss Adams.

**PUBLIC COMMENT**

None.

**CONSENT AGENDA**

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

Audit Committee Meeting Minutes

March 25, 2025

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

The motion passed **unanimously**.

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### **ACTION AND INFORMATIONAL ITEMS**

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

None.

#### **A-2 AUDIT REPORT - ALAMEDA PHASE 2 RECALCULATION AUDIT**

*Presentation by Philip Lam, Director of Internal Audit*

**Recommendation:** Receive and file.

Mr. Lam presented the Audit Report, noting a 100% accuracy rate with no Final Average Salary (FAS) errors identified. However, the audit did highlight two minor observations: first, the need for improved documentation on the Quality Control Checklist; and second, the presence of unprotected cells in the recalculation spreadsheets. Management has acknowledged both findings and committed to implementing the appropriate corrective actions.

Ms. Freidenrich requested clarification on whether the first observation resulted from a systematic issue or an internal administrative oversight. Mr. Lam and Mr. Lamberson provided an explanation regarding the nature and cause of the oversight.

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

The motion passed **unanimously**.

#### **I-1 INTERNAL AUDIT DEPARTMENT UPDATE**

*Presentation by Philip Lam, Director of Internal Audit*

Mr. Lam informed the committee that Mr. Adviento has accepted a new role as Director of Member Services. Mr. Lam noted that he is currently collaborating with Human Resources to identify and appoint a suitable replacement.

Mr. Packard inquired whether the recent staffing changes might impact the Audit Plan. He recommended identifying high-priority audits and preparing a contingency plan to maintain continuity and oversight. Ms. Lopez Tagaloa concurred with Mr. Packard's suggestion and requested that Mr. Lam present an updated Audit Plan at the next committee meeting.

#### **A-3 2024 FINANCIAL STATEMENT AUDIT**

*Introduction by Brenda Shott, Assistant CEO of Finance and Internal Operations, and Tracy Bowman, Director of Finance*

*Presentation by Jennifer Reyes, Finance Manager, OCERS, and Kory Hoggan and Aaron Hamilton, Moss Adams*

**Recommendations:**

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1. Approve OCERS' audited financial statements for the year ended December 31, 2024;
2. Direct staff to finalize OCERS' 2024 Annual Comprehensive Financial Report (Annual Report);
3. Approve the Governmental Accounting Standards Board (GASB) Statement 67 Actuarial Valuation as of December 31, 2024; and
4. Receive and file Moss Adams LLP's (Moss Adams) "OCERS' Report to the Audit Committee for the Year Ended December 31, 2024" and their "Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*."

Ms. Shott expressed her appreciation to the team for their efforts in completing the Annual Comprehensive Financial Report (ACFR). She also extended her gratitude to Ms. Bowman for her service and announced her upcoming retirement at the end of the year. The committee joined in thanking Ms. Bowman for her contributions.

Ms. Reyes presented the ACFR, noting that this year's theme is "*On Track for the Future*." During the discussion, Mr. Delaney commented that the organization is in the early stages of a "soft flip." Mr. Beeson confirmed that Investments continues to meet outgoing payment obligations without drawing on capital.

Mr. Packard asked about the reason for the higher payout amount this year. In response, Ms. Shott explained that the increase is primarily due to new retirees with higher salary ranges, along with the annual Cost of Living Adjustment (COLA).

Ms. Reyes reminded the committee that the actuarial valuation figures reflected in the ACFR are from 2023, which aligns with the report's reporting period. Ms. Freidenrich asked whether it would be possible to advance the ACFR timeline to provide more current information to the public. While Ms. Shott agreed to explore the possibility, she expressed caution about incorporating an actuarial valuation that has not yet been approved by the Board.

Ms. Reyes continued her analysis of the report, noting that it has received multiple awards this year, including the Certificate of Achievement for Excellence in Financial Reporting awarded by GFOA, the Public Pension Coordinating Council's Public Pension Standards Award for Funding and Administration, and the Bronze 2025 American Advertising Federation Award.

Mr. Hoggan presented the External Audit Report, noting that there were no exceptions, findings, or recommendations. He attributed the successful outcome to a highly knowledgeable team, whose attention to detail and strong understanding of risk contributed significantly to the quality of the audit.

Mr. Hamilton informed the committee of the recent merger between Moss Adams and Baker Tilly. As of June 3, 2025, the firm will operate under the name Baker Tilly US.

Ms. Freidenrich thanked the staff for their hard work.

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

The motion passed **unanimously**.

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*The Committee recessed for break at 10:40 a.m.*

*The Committee reconvened from break at 10:55 a.m.*

*The Recording Secretary administered Roll Call, noting all Committee Members were in attendance.*

#### **A-4 GASB 68 VALUATION AND AUDIT REPORT**

*Presentation by Tracy Bowman, Director of Finance, and Jennifer Reyes, Finance Manager*

**Recommendations:** Recommend to the Board of Retirement the following:

1. Approve OCERS' audited Schedule of Allocated Pension Amounts by Employer as of and for the Year Ended December 31, 2024; and
2. Approve the Governmental Accounting Standards Board (GASB) Statement 68 Actuarial Valuation as of December 31, 2024 for distribution to Employers.

Ms. Reyes presented the GASB 68 Valuation and Audit Report, for which Moss Adams issued an unmodified opinion.

A **MOTION** by Mr. Packard, **seconded** by Ms. Barriga, to approve staff's recommendation.

The motion passed **unanimously**.

#### **I-2 UPDATE ON THE OCERS COMPLIANCE PROGRAM**

*Presentation by Manuel Serpa, General Counsel*

Mr. Serpa informed the committee that Chief Compliance Officer, Mr. Addo, had officially resigned following a leave of absence. The Compliance Department will continue to operate without a CCO for the time being, as the department works to fill the newly defined Compliance Officer role, with a staff member from the Internal Audit Department. This move will take place after the Senior Internal Auditor vacancy has been filled. Mr. Serpa outlined the ongoing responsibilities that will be managed by the Compliance Officer, emphasizing that awareness activities will continue regardless of vacancies. Control Monitoring and Compliance Reporting remain long-term objectives.

The committee asked about the implications for the Compliance Program and the timeline for appointing a new CCO. In response, Mr. Delaney shared that the department's needs are currently being reassessed and that hiring for the position is anticipated to be at least a year away. The committee also expressed that Internal Audit should be fully staffed before any personnel are reassigned to Compliance.

### **WRITTEN REPORTS**

#### **R-1 FORM 700 COMPLIANCE UPDATE**

*Written Report*

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

*Written Report*

**R-3 STATUS UPDATE OF 2025 AUDIT PLAN**

*Written Report*

**COMMITTEE MEMBER/CHIEF EXECUTIVE OFFICER/STAFF COMMENTS**

None.

**ADJOURNMENT**

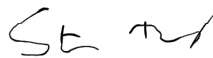
Chair Lopez Tagaloa adjourned the meeting at 11:22 a.m.

Submitted 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,  
Chairperson