

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

**AUDIT COMMITTEE MEETING  
MONDAY, OCTOBER 6, 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; Molly Murphy, Chief Investment Officer (via Zoom); David Kim, Assistant CEO of External Operations; Darren Dang, Chief Technology Officer; Joon Kim, Staff Attorney; Mark Adviento, Director of Member Services (via Zoom); Matt Eakin, Chief Information Security Officer; Jon Gossard, Sr. Information Security Manager; Philip Lam, Director of Internal Audit; Jeff Lamberson, Director of Member Services; Jenny Davey, Internal Auditor; Alex McDowell, Sr. Internal Auditor; Anthony Beltran, Audio Visual Technician; Marielle Horst, Recording Secretary.

**PUBLIC COMMENT**

None.

**CONSENT AGENDA**

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

Audit Committee Meeting Minutes

June 9, 2025

**MOTION** was made 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 - INVESTMENT DUE DILIGENCE AUDIT**

Presentation by Philip Lam, Director of Internal Audit

Mr. Lam reported that the audit received a satisfactory rating, and there were no instances in which management did not follow established procedures. There were two observations noted in the report. The first observation indicated that the reviews performed by management prior to the CIO's final sign-off lacked formal documentation. Mr. Dang confirmed that IT was developing a workflow tool to automate this process. Ms. Murphy clarified that a manual process was currently in place.

The second observation pertained to a project to automate the preparation of the quarterly Portfolio Compliance Report, which was completed in 2024. Management concurred with the recommendation and would establish a peer review process for automation projects involving programming. Ms. Freidenrich questioned whether the benchmark reports were reported correctly, and Mr. Lam confirmed that they were.

**Recommendation:** Receive and file.

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

The motion passed **unanimously**.

#### **A-3 AUDIT REPORT - ORANGE COUNTY SANITATION DISTRICT EMPLOYER AUDIT**

Presentation by Philip Lam, Director of Internal Audit

Mr. Lam reported that the audit received a satisfactory rating, with one observation noting that the Temporary Staffing Budget Tracking Report lacked evidence of management's review. Management concurred with the recommendation and would implement the necessary changes.

Mr. Packard suggested that a reminder be sent to all agencies regarding payroll issues to ensure awareness of these matters. Mr. David Kim confirmed that the new Assembly Bill AB2474 requires employers to submit extra help reports and stated that an annual reminder would be sent to all employers. Mr. Delaney suggested that Mr. Lam send a notice to all employers regarding upcoming Audit Committee meetings and reports.

**Recommendation:** Receive and file.

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

The motion passed **unanimously**.

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### **INFORMATION ITEM**

#### **I-1 MEMBER SERVICES QUALITY ASSURANCE REPORT JANUARY – SEPTEMBER 2025**

*Presentation by David Kim, Assistant CEO, External Operations; Jeff Lamberson, Director of Member Services; and Mark Adviento, Director of Member Services*

Mr. Lamberson presented the Quality Assurance Report, noting that Member Services continued to meet the 100% accuracy goal. The Quality Control Department continued to review all transactions. Management provided additional training in areas where errors were identified and successfully caught errors before payouts. Ms. Freidenrich questioned the number of errors that were found. Mr. Lamberson explained that the department was still developing its reports, with the error rate to be minor.

Ms. Barriga asked whether lump-sum payments have triggered additional quality control reviews, since not all payments are pensionable. Mr. Lamberson agreed, noting that items such as lump-sum payments would receive increased scrutiny.

Mr. Delaney stated that the organization was exploring automation for calculations, which would align with the Memoranda of Understanding (MOUs). Mr. Lamberson confirmed that staff were working with employers to obtain accurate data and collaborating on the New PAS Project to achieve full automation by 2030.

The Employer Data Project continued to progress, with OCERS collaborating with employers to improve data quality. Discussions were being held with employers regarding the inclusion of necessary data on the transmittal file. Mr. Dang noted that the timing was ideal, as both OCERS and the County were seeking new PAS vendors. This alignment would result in more accurate and timely estimates.

Mr. Adviento reported that meetings with employers had been received positively. Employers recognized the efforts their staff had been making to collect data and expressed appreciation for the transition toward greater automation. The collaboration was viewed as mutually beneficial. Mr. Packard inquired whether written instructions and communications had been provided to employers, and whether OCERS planned to assess any charges to them.

Mr. David Kim confirmed that employer guidance was included in the Employer Handbook, which covered the transmittal file process. He added that fees would be addressed in the forthcoming Data Policy, which would be presented to the Governance Committee next year. Mr. Adviento added that quarterly meetings were held with employers during which they received draft versions of the handbook and were informed of upcoming policies.

#### **I-2 INTERNAL AUDIT DEPARTMENT UPDATE**

*Presentation by Philip Lam, Director of Internal Audit*

Mr. Lam highlighted the recent changes within the Internal Audit Department and introduced Mr. McDowell, the new Senior Internal Auditor. Ms. Lopez Tagaloa welcomed Mr. McDowell to the team and congratulated Ms. Hong and Mr. Adviento on their promotions.

Mr. Packard inquired whether there would be any impact on the audit plan. Mr. Lam confirmed that two audits originally scheduled for 2025 had been postponed to 2026.

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*The Committee recessed for break at 10:25 a.m.*

*The Committee reconvened from break and adjourned to closed session at 10:40 a.m.*

### **CLOSED SESSION**

#### **E-1 THREAT TO CRITICAL INFRASTRUCTURE INFORMATION RELATING TO CYBERSECURITY**

(Government Code Section § 54957)

Consultation with OCERS Chief Information Security Officer

**Recommendation:** Take appropriate action.

*The committee returned from closed session at 11:52 a.m.*

Mr. Joon Kim reported that there was no reportable action taken during closed session.

### **WRITTEN REPORTS**

#### **R-1 GLOBAL INSTITUTE OF INTERNAL AUDITOR'S CONFERENCE REPORT**

*Written Report*

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

*Written Report*

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

*Written Report*

Ms. Freidenrich pulled the written report, *Status Update of the 2025 Audit Plan*, seeking clarification on whether the revised plan should be approved by the Committee. She suggested that the Audit Plan be presented to the Audit Committee for approval and requested that any changes be summarized. Mr. Lam explained that the reduction in scope was due to recent changes within the department.

Mr. Delaney suggested that the revised Audit Plan be presented to the Committee in December for approval. Mr. Lam confirmed that three audits remain scheduled for 2025.

#### **COMMITTEE MEMBER/CHIEF EXECUTIVE OFFICER**

None.

### **STAFF COMMENTS**

Mr. Lam commented that there was incomplete data in the Death Match process from the current vendor. From now on, Member Services will use two vendors to verify data. He noted that this issue is not unique to other systems, and Internal Audit is working with Member Services to ensure that appropriate procedures are in place. A report will be provided at the upcoming Audit Committee Meeting in December.

### **ADJOURNMENT**

Chair Lopez Tagaloa adjourned the meeting at 12:02 p.m.

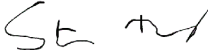
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Submitted by:

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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 Tagalosa,  
Chairperson