

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

**AUDIT COMMITTEE MEETING
THURSDAY, FEBRUARY 26, 2026
9:00 A.M.**

**MEETING LOCATIONS
2223 E. WELLINGTON AVENUE, SUITE 100
SANTA ANA, CALIFORNIA**

**88 BYRAM SHORE ROAD
GREENWICH, CT 06830**

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; Richard Oates, Board Member; and 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; Jeff Lamberson, Director of Member Services (via Zoom); Mark Adviento, Director of Member Services; Mary-Joy Coburn, Director of Communications; Philip Lam, Director of Internal Audit; Alex McDowell, Sr. Internal Auditor; Jenny Davey, Internal Auditor; Esther Hong, Compliance Officer; Gabe Pel, Member Services Manager; Anthony Beltran, Audio Visual Technician; Marielle Horst, Recording Secretary.

Guests: Tim Deutsch, General Manager, OC Cemetery District

PUBLIC COMMENT

None.

CONSENT AGENDA

C-1 APPROVE AUDIT COMMITTEE MEETING MINUTES

Audit Committee Meeting Minutes

December 9, 2025

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MOTION was made by Mr. Packard, **seconded** by Mr. Oates, to approve the Consent Items.

The motion passed **unanimously**.

ACTION ITEMS

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

None.

A-2 CONSIDERATION OF 2026 RISK ASSESSMENT AND AUDIT PLAN

Presentation by Philip Lam, Director of Internal Audit

Recommendation: Approve the 2026 Risk Assessment and Audit Plan.

Mr. Lam presented the 2026 Risk Assessment and Audit Plan. He stated that the Risk Assessment survey has been distributed to Directors and that follow-up meetings have been scheduled. The Internal Audit Department will prioritize identified high-risk areas.

Mr. Packard questioned whether the Internal Audit team would be able to accomplish the Audit Plan following the resignation of the Director of Internal Audit. Mr. Lam indicated that, if the position is not filled in the near term, certain audits may need to be deferred to the following year.

Chair Lopez Tagaloa recommended that audits not be postponed to 2027 and expressed full confidence that the Internal Audit team will be able to meet the audit plan. Mr. McDowell agreed with Chair Lopez Tagaloa and stated that he does not anticipate needing to defer audits to the following year.

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

The motion passed **unanimously**.

ADDITIONAL AGENDA ITEM UNDER GOV. CODE § 54954.2

Mr. Serpa requested that the committee consider adding an item to today's agenda.

Pursuant to Gov. Code §54954.2, the Committee voted unanimously to determine that 1) the resignation of the Director of Internal Audit results in the immediate need for the Committee to take action, and 2) that this need arose after the posting of the agenda. Accordingly, the Committee added the following item to the agenda:

CLOSED SESSION

PUBLIC EMPLOYEE PERFORMANCE EVALUATION

(Government Code Section § 54957(b))

Title: Director of Internal Audit

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A-3 AUDIT REPORT - SERVICE CREDIT PURCHASE AUDIT

Presentation by Philip Lam, Director of Internal Audit, and Alex McDowell, Senior Internal Auditor

Recommendation: Receive and file.

Mr. Lam presented the Service Credit Purchase (SCP) Audit and noted that two observations were identified.

The first observation concerns the lack of a documented interpretation of the County Employees Retirement Law (CERL). Management is currently working with the Legal Department to incorporate the SCP business rules and SCP Business Process Document (BPD) into the Master Repository Project.

The second observation identified findings related to the SCP BPD methodology for medical leave, which should be reevaluated to align with best practices or include additional steps for accuracy. The Member Services Department is working with the Legal Department to review and update the SCP BPD and related business rules.

Mr. Adviento noted that documenting the interpretation of CERL would help address the gaps between the SCP BPD methodology and CERL provisions. The Legal Department is drafting a formal memorandum that Member Services will incorporate into its procedures. This update will be implemented on a prospective basis to formalize the process. No recalculations will be required.

Ms. Freidenrich arrived at 9:27 am.

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

The motion passed **unanimously**.

A-4 AUDIT REPORT – ORANGE COUNTY CEMETERY DISTRICT EMPLOYER AUDIT

Presentation by Alex McDowell, Senior Internal Auditor

Recommendation: Receive and file.

Mr. McDowell presented the audit report and noted that there were no observations.

Mr. Deutsch thanked staff for their professionalism, commenting that his team worked collaboratively with OCERS and that the audit process and outcome were both positive and a pleasure to experience.

Mr. Oates also thanked staff and expressed his satisfaction with the positive audit results.

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

The motion passed **unanimously**.

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INFORMATION ITEMS

I-1 SUPPORTING FAMILIES AFTER A MEMBER’S PASSING: NEW SURVIVOR GUIDANCE BROCHURE

Presentation by Mary-Joy Coburn, Director of Communications

Ms. Coburn presented a new survivor guidance brochure. She noted that, at the request of the Committee, survivor benefit information has been made more readily accessible through all platforms.

I-2 UPDATE ON THE OCERS COMPLIANCE PROGRAM

Presentation by Esther Hong, Compliance Officer

Ms. Hong provided an update on the compliance program, noting that it has made meaningful advancements. The recent communications risk assessment identified no major gaps. Ms. Hong is currently working with the Learning and Organizational Development (LOD) and Legal Departments to develop and deliver compliance training for frontline staff. A quarterly compliance newsletter covering key topics will be implemented. Additionally, the compliance hotline reported no active cases at this time.

WRITTEN REPORTS

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

R-1 MANAGEMENT ACTION PLAN VERIFICATION REPORT

Written Report

R-2 AUDIT COMMITTEE REVIEW OF ACTIVITIES

Written Report

R-3 REPORTING OF INTERNAL AUDIT KEY PERFORMANCE INDICATORS

Written Report

COMMITTEE MEMBER/CHIEF EXECUTIVE OFFICER COMMENTS

None.

STAFF COMMENTS

Mr. Lam reported that Ms. Davey completed and received an Internal Auditor Certification.

The committee adjourned to closed session at 10:17 a.m.

CLOSED SESSION

E-1 PUBLIC EMPLOYEE PERFORMANCE EVALUATION (GOVERNMENT CODE §54957(b))

Title: Director of Internal Audit

The committee reconvened from closed session at 11:27 a.m.

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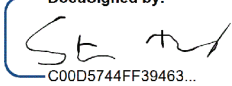
Recording Secretary did not administer the Roll Call attendance but witnessed that all Committee Members were present.

Mr. Serpa reported that the committee directed Mr. Delaney to begin the recruitment for the Director of Internal Audit position immediately.

ADJOURNMENT

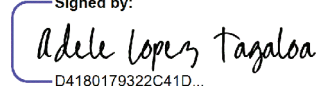
Chair Lopez Tagaloa adjourned the meeting at 11:27 a.m.

Submitted by:

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Steve Delaney,
Secretary to the Board

Approved by:

Signed by:

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Adele Lopez Tagaloa,
Chairperson