

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

**AUDIT COMMITTEE MEETING
MONDAY, JUNE 8, 2026
9:00 A.M.**

MINUTES

OPEN SESSION

Chair Lopez Tagaloa called the meeting to order at 9:01 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

Also Present: Brenda Shott, Deputy CEO; Manuel Serpa, General Counsel; Will Tsao, Assistant CEO; External Operations; Mark Adviento, Director of Member Services; Jennifer Reyes, Director of Finance; Markell Kuper, Interim Director of Internal Audit (via Zoom); Alex McDowell, Sr. Internal Auditor; Esther Hong, Compliance Officer; Kristine De Los Santos, Finance Manager; Jenny Davey, Internal Auditor; Anthony Beltran, Audio Visual Technician; Marielle Horst, Recording Secretary.

Guests: Aaron Hamilton and Kory Hoggan, Baker Tilly

PUBLIC COMMENT

None.

CONSENT AGENDA

C-1 APPROVE AUDIT COMMITTEE MEETING MINUTES

Audit Committee Meeting Minutes

March 26, 2026
April 30, 2026
May 18, 2026

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

The motion passed **unanimously**.

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ACTION ITEMS

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

None.

A-2 2025 FINANCIAL STATEMENT AUDIT

Introduction by Brenda Shott, Deputy CEO, and Jennifer Reyes, Director of Finance

Presentation by Jennifer Reyes, Director of Finance, OCERS, and Kory Hoggan and Aaron Hamilton, Baker Tilly

Recommendations: Recommend to the Board of Retirement the following:

1. Approve OCERS' audited financial statements for the year ended December 31, 2025
2. Direct staff to finalize OCERS' 2025 Annual Comprehensive Financial Report (Annual Report)
3. Approve the Governmental Accounting Standards Board (GASB) Statement 67 Actuarial Valuation as of December 31, 2025
4. Receive and file Baker Tilly US, LLP's (Baker Tilly) "OCERS' Report to the Audit Committee for the Year Ended December 31, 2025" 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). Ms. Reyes then presented the ACFR, noting that this year's theme is "80 Years of Strength and Service." She provided a summary of information in the Management Discussion and Analysis Section of the report. She also highlighted that last year's report received multiple awards, including the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting, the Public Pension Coordinating Council's Public Pension Standards Award for Funding and Administration, and the Silver 2026 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 the team's high level of expertise, attention to detail, and strong understanding of risk, which contributed significantly to the quality of the audit.

Ms. Freidenrich and Ms. Lopez Tagaloa thanked the staff for their hard work.

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

The motion passed **unanimously**.

A-3 GASB 68 VALUATION AND AUDIT REPORT

Presentation by Brenda Shott, Deputy CEO; Jennifer Reyes, Director of Finance

Recommendations: Recommend to the Board of Retirement the following:

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1. Approve OCERS' audited Schedule of Allocated Pension Amounts by Employer as of and for the Year Ended December 31, 2025
2. Approve the Governmental Accounting Standards Board (GASB) Statement 68 Actuarial Valuation as of December 31, 2025 for distribution to employers

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

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

The motion passed **unanimously**.

A-4 AUDIT REPORT – ORANGE COUNTY DISTRICT ATTORNEY'S OFFICE EMPLOYER AUDIT

Recommendation: Receive and File

Mr. McDowell presented the Audit Report for the District Attorney's Office, noting two observations. The first observation involved an incomplete premium pay item authorization form, which was promptly corrected. The second observation involved unreported terminations, which were also addressed and corrected immediately.

The Committee expressed its appreciation to staff for their work on the audit.

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

The motion passed **unanimously**.

INFORMATION ITEMS

I-1 UPDATE ON THE OCERS COMPLIANCE PROGRAM

Presentation by Esther Hong, Compliance Officer

Ms. Hong presented the compliance program updates. Currently, the compliance department is working on governance around AI, Procedure Life Cycle, Operational Risk Management, and an internal newsletter to educate staff on compliance issues. Overall, the compliance department is robust and continuing to move forward.

Mr. Oates and Ms. Freidenrich thanked Ms. Hong for her work. Ms. Lopez Tagaloa suggested that the Compliance newsletter be shared with SACRS.

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

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Written Report

R-2 STATUS UPDATE OF 2026 AUDIT PLAN

Written Report

R-3 FORM 700 COMPLIANCE UPDATE

Written Report

Mr. Oates pulled R-3 for discussion regarding the process change. Mr. Serpa confirmed all forms were filed on time.

COMMITTEE MEMBER

Chair Lopez Tagaloea inquired about the timeline for the onboarding of the new Director of Internal Audit and requested the schedule.

CHIEF EXECUTIVE OFFICER COMMENTS

None.

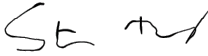
STAFF COMMENTS

None.

ADJOURNMENT

Chair Lopez Tagaloea adjourned the meeting at 10:23 a.m.

Submitted by:

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Steve Delaney,
Secretary to the Board

Approved by:

Signed by:

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Adele Lopez Tagaloea,
Chairperson