

Background

1. In keeping with the duty of the Board of Retirement to oversee the activities and performance of OCERS, the Board has established this Monitoring and Reporting Policy, which sets out the Board's expectations concerning the reports it is to receive on a regular basis.

Principles

2. Although it is prudent for the Board of Retirement to delegate certain of its responsibilities, it must nevertheless supervise those to whom it has delegated responsibilities using defined reporting and monitoring processes.

Guidelines

3. The Board of Retirement will be provided the routine reports outlined in Appendix 1 with a frequency also set out in Appendix 1. The Board will be provided other ad hoc reports as required.
4. Appendix 1 of this Policy will address the routine reporting needs of the Board of Retirement across a range of reporting areas including:
 - a. Governance;
 - b. Investments;
 - c. Funding;
 - d. Member Services and Disability;
 - e. Administration; and
 - f. Audit.
5. Board members are expected to review all reports provided to the Board of Retirement, and to question management about any issues of concern contained in any such report.
6. Management will work continuously to improve the format and content of routine reports provided to the Board to ensure they meet the needs of the Board, provide adequate and timely information and are understandable.
7. Routine reports will not only address performance measurement, but also compliance with OCERS' policies and procedures.

Investment Reports

8. For the purposes of Board reporting, investment performance of the Fund will be measured by an independent performance measurement firm.
9. Investment performance reports will be prepared in accordance with the *Performance Presentation Standards* prescribed by the CFA Institute, or comparable standards.
10. Investment performance benchmarks will be specified within the investment policy statement.

OCERS Board Policy Monitoring and Reporting

11. The primary performance benchmarks used to evaluate the performance of public market investments will be based on passive market indices or similar generally accepted benchmarks. For the alternative assets, appropriate benchmarks as specified within the investment policy statement will be used to evaluate performance. Peer comparisons of total fund performance will be considered when reviewing the performance of the investment program, but shall not constitute the primary investment benchmark.

Other Reports

12. Where feasible, performance measurement on administration and other matters – such as service quality to members – may be delegated to independent third-parties; however, due to the lack of standard measurement techniques and benchmarks, much of the performance measurement function may be performed internally for the foreseeable future. If available, appropriate peer group comparisons may be used as benchmarks in assessing the performance of the benefit administration function.

Policy Review

13. The Board of Retirement will review this policy, including Appendix 1, at least once every three (3) years to ensure that it remains relevant and appropriate.

Policy History

14. The Board of Retirement adopted this policy on Monday, November 18, 2002.
15. The policy was revised May 16, 2005, May 19, 2008, December 19, 2011, October 20, 2014, January 16, 2019 and October 17, 2022.

Secretary's Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this policy.



Steve Delaney
Secretary of the Board

10/17/22

Date

Governance Reports

Standard Reports

ISSUE	REPORT DESCRIPTION AND PURPOSE	FREQUENCY	PREPARED BY
Trustee Education	Summarizes the activities of the Board of Retirement with respect to education.	Quarterly	Chief Executive Officer
CEO Evaluation	Summarizes the performance assessment of the CEO	Annually	Chair / Vice Chair/ Designated Third Party

Investment Reports

Standard Reports

ISSUE	REPORT DESCRIPTION AND PURPOSE	FREQUENCY	PREPARED BY
Investment Performance	Enables Investment Committee to assess investment performance for total fund, each asset class, and by investment manager.	Quarterly	Investment Consultant
Investment Manager Portfolio Compliance	Enables Investment Committee to review investment manager compliance with respect to investment guidelines.	Quarterly	Investment -Team
Performance Review of Alternative Investments	Enables Investment Committee to evaluate performance of alternative investment classes such as private equity, venture capital and natural resource investments.	Semi-annually	Private Equity/Private Real Assets Consultant
Performance Review of Real Estate Investments	Enables Investment Committee to assess the performance of the system's real estate investments.	Semi Annually	Real Estate Consultant
Portfolio Allocations	Enables Investment Committee to monitor the portfolio and the asset allocations.	Quarterly	Investment Team

Appendix 1

ISSUE	REPORT DESCRIPTION AND PURPOSE	FREQUENCY	PREPARED BY
Portfolio Risk Review	Enables Investment Committee to assess risks in the system’s portfolio and current macro risks.	Quarterly	Risk Consultant
Investment Manager Compliance Report	Facilitates periodic review of Committee’s Watch list and staff’s portfolio surveillance activity.	Quarterly	Investment Team
Asset Class and Sector Reviews	Assures periodic Investment Committee review of the structure and manager performance within sub asset classes.	1 or 2 per quarter	Investment Team and Respective Asset Class Consultant

Other Investment Reports

ISSUE	REPORT DESCRIPTION AND PURPOSE	FREQUENCY	PREPARED BY
Annual Fee Report	Enables Investment Committee to monitor and evaluate OCERS’ manager fees for prior calendar year by manager and by asset class.	Annually	Investment Team
Annual Proxy Voting Report	Facilitates Board’s ongoing oversight of OCERS’ proxy voting policy, summary of OCERS’ proxy voting, and key governance trends for current proxy voting season.	Annually	Investment Team
Annual Vendor Reviews	Facilitates Board’s ongoing oversight of OCERS’ vendors such as custodian, cash overlay, etc.	Annually	Investment Team

Funding Reports

Standard Reports

ISSUE	REPORT DESCRIPTION AND PURPOSE	FREQUENCY	PREPARED BY
Actuarial Valuation	Establishes the financial position of the pension plan on a going concern and solvency basis, and determines the rates of contribution.	Annually	Consulting Actuary
Experience Analysis	Reviews the appropriate long-term economic assumptions such as investment return and wage and price inflation, and demographic assumptions such as disability rates and mortality rates.	Every three years	Consulting Actuary
Asset / Liability Study	A study of the relationship between OCERS's assets and liabilities to determine the appropriateness of OCERS' asset allocation policy.	At least every five years	Consulting Actuary / Investment Consultant

Member Services and Disability

Standard Reports

ISSUE	REPORT DESCRIPTION AND PURPOSE	FREQUENCY	PREPARED BY
Applications for Retirement	Report on members who have applied for retirement	Monthly	Member Services
Payees who have died	Identifies payees who have died	Monthly	Member Services
Disability applications	Report on disability applications processed during the preceding year	Yearly	Disability

Audit

Standard Reports

<u>ISSUE</u>	<u>REPORT DESCRIPTION AND PURPOSE</u>	<u>FREQUENCY</u>	<u>PREPARED BY</u>
Actuarial Audit	An independent review of the validity of the analyses and methodologies used in preparing OCERS' actuarial valuation.	At least every five years	Independent Actuary
Business Continuity/ Disaster Recovery	Report on staff activities to ensure OCERS' preparedness	Quarterly	Assistant CEO of Internal Operations
Cybersecurity	Report on staff activities regarding cybersecurity	Quarterly	Director of Cybersecurity
Financial statements audit reports: "OCERS' Report to the Audit Committee for the Year Ended December 31, 20XX" and "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"	The external auditor's report on communications with the Audit Committee, including significant findings and other matters. The second report describes the scope of audit testing of internal control, compliance, and the results of testing.	Annually	External Auditor
Audit Plan	A description of planned audits and projects of Internal Audit approved by the Audit Committee.	At least annually	Internal Audit
Ethics, Compliance, and Fraud Hotline Usage Report	A description of the reports submitted using a third party hotline.	At least annually	Internal Audit

Administrative Reports

Standard Reports

<u>ISSUE</u>	<u>REPORT DESCRIPTION AND PURPOSE</u>	<u>FREQUENCY</u>	<u>PREPARED BY</u>
Business Plan and Strategic Plan	Summarizes the status of each initiative contained in the Business Plan and sets out the multi-year Strategic Plan.	Annually	CEO
Budget	Operational Budget for both Administration and Investment.	Annually	CEO
Budget Variance	Summarizes the status of material variances from the operational budget.	Quarterly	Assistant CEO, Internal Operations
Financial Reports	Quarterly report on the financial position of OCERS, covering unaudited financial statements, progress on the audited financial statements, expenses and recaptured commissions.	Quarterly	Assistant CEO, Internal Operations
Audited Financial Statements & Auditor's Opinion	The audited financial statements, which indicate the financial position of OCERS.	Annually	Independent Auditor
Form 700 Filing Requirements	List of positions that are Designated Filers (under the OCERS Conflict of Interest Code) required to file Form 700 annually.	Annually in January	OCERS Form 700 Filing Officer
Vendor Contracts	List of all vendor contracts above \$50,000 annually with those due for renewal highlighted.	Annually	Budget Officer
Board Communications	Communications Policy Fact Sheet summarizes the policy for all Board communications.	Annually in January	CEO