



BOARD OF ADMINISTRATION

City Hall
Wing Rooms 118-120
200 East Santa Clara
Street,
San Jose, CA 95113

Meeting Minutes - Final FCERS and Police&Fire Retirement Plan Audit Committee

Thursday, May 16, 2019

10:00 AM

City Hall, Wing Rooms 118-119

or immediately following the Federated City Employees Retirement System Board meeting

FCERS Committee Members:

Jay Castellano, Chair

VACANT, Vice-Chair

Elaine Orr, Trustee

Police and Fire Committee Members:

Andrew Lanza, Chair

Franco Vado, Vice-Chair

Eswar Menon, Trustee

Alternates:

Andrew Gardanier, Trustee

- **Call To Order**

The Joint Federated and Police and Fire Audit/Risk Committee met on Thursday, May 16, 2019 at 10:00 a.m. at City Hall Wing Rooms, 118-120, 200 E. Santa Clara St., San Jose, CA. The meeting was called to order at 10:03 a.m. by Trustee Lanza on the Police and Fire side and 10:04 by Trustee Castellano on the Federated side.

Staff Present: Roberto Peña, Barbara Hayman, Benjie Chua-Foy, Linda Alexander, Michelle San Miguel and Marti Zarate.

Others Present: Harvey Liederman, General and Fiduciary Counsel; Sue Ziegler, L.R. Wechsler; John Caldwell and Angela Hans, Grant Thornton.

Present: 5 - Andrew Lanza, Franco Vado, Jay Castellano, Eswar Menon and Elaine Orr

FEDERATED AUDIT COMMITTEE

- **Consent Calendar**

A motion was made to approve the Consent Calendar.

Approved. (M.S.C. Castellano/Orr 2-0-0) The motion passed unanimously.

1. Approval of the 1/1/19-3/31/19 Quarterly Travel and attendance analysis for Federated.

JOINT AUDIT COMMITTEE

- **Consent Calendar**

2. Approval of the Minutes of the February 21, 2019 Joint Audit Committee meeting for the Federated City Employee's Retirement System and the Police and Fire Retirement Plan.

A motion was made to approve the Minutes of the February 21, 2019 Joint Audit Committee meeting for the Federated City Employee's Retirement system and the Police and Fire Retirement Plan.

**Approved by Police and Fire. (M.S.C. Vado/Lanza 3-0-0) The motion passed unanimously.
Approved by Federated. (M.S.C. Castellano/Orr 2-0-0) The motion passed unanimously.**

- **New Business**

3. Update on the City Auditor's Recommendations to the Office of Retirement Services.

Roberto Peña, CEO, gave an update and answered questions from the Committee on the City Auditor's Recommendations to the Office of Retirement Services. He reported Recommendations #3 and #4 have been implemented. There are 3 Recommendations yet to be completed. Recommendation #15 has a target completion date of December 2019. In addition, Recommendations #23 and #24 have a target completion date of June 2020. He will be reaching out to the Acting City Auditor on the status of the report.

4. Update on the Pension Administration System implementation project.

Deputy Director Barbara Hayman and Sue Ziegler, L.R. Wechsler, gave a quarterly update and answered questions from the Committee on the Pension Administration System. Ms. Hayman reviewed the memo which included the budget and timeline of the project. She notified the Committee the budget is on track and the 5-year maintenance and support contract will be renewed annually once the post implementation period has expired. Ms. Ziegler reported on the current status of the project and the remaining work that needs to be done which includes Member Direct training beginning next week and continued work on the following: Measure F; change requests; problem incident reports; correspondence and reports; and workflow and control sheets.

The security of member's data was discussed. Fiduciary counsel suggested adding funds to the INETU budget to include testing for weaknesses. This item will come back to the Joint Audit Committee before seeking approval from the Boards to hire a 3rd party to test security. Trustee Lanza and CEO Peña acknowledged the team on behalf of the members, staff and the Board.

5. Discussion and action on FY19 Office of Retirement Services Retirement Plans Audit Planning by Grant Thornton.

John Caldwell and Angela Hans from Grant Thornton spoke to the item and answered questions from the Committee on the FY 19 Audit Plan. They discussed the role of the Auditor, responsibilities of the Audit Committee and management, the timeline, deliverables,

materiality, risk assessment overview, internal control matters and GASB 87. Trustee Lanza requested a list of significant deficiencies and material weaknesses going back 4 years. Mr. Caldwell indicated it will be provided as part of the follow up report.

A motion was made to approve the FY 19 Audit Plan.

Approved by Police & Fire. (M.S.C. Lanza/Franco 3-0-0) The motion passed unanimously.

Approved by Federated. (M.S.C. Castellano/Orr 2-0-0) The motion passed unanimously.

POLICE & FIRE AUDIT COMMITTEE

- **Consent Calendar**

A motion was made to approve the Consent Calendar.

Approved. (M.S.C. Lanza/Menon 3-0-0). The motion passed unanimously

6. Approval of the 1/1/19-3/31/19 Quarterly Travel and attendance analysis for Police and Fire.

- **Adjournment**

The Police and Fire meeting adjourned at 11:17 a.m.

The Federated meeting adjourned at 11:17 a.m.

Minutes Recorded, Prepared and Respectfully submitted by,

Roberto L. Peña, CEO, Office of Retirement Services