BOARD OF ADMINISTRATION

Meeting Minutes - Final

FCERS and Police&Fire Retirement Plan Audit Committee

Thursday, February 20, 2020 | **12:30 PM** | **City Hall, Wing Rooms 118-120**

or immediately following the FCERS Board meeting

FCERS Committee Members:
Mark Keleher, Chair
Julie Jennings, Trustee (Via Teleconference)
855 East Hilton Drive, Boulder Creek, CA 95006
Qianyu Sun, Trustee

Police and Fire Committee Members:
Franco Vado, Chair
Eswar Menon, Trustee
Nick Muyo, Trustee

The Joint Federated and Police and Fire Audit Risk/Committee met on Thursday, February 20, 2020 at City Hall Wing Rooms 118-120, 200 E. Santa Clara St., San Jose, CA. The meeting was called to order at 12:35 p.m. by Trustee Vado on the Police and Fire side and Trustee Keleher on the Federated side.

Trustee Jennings joined the meeting via teleconference.

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

Others Present: Sue Ziegler, Segal Consulting

Present: 1 - Franco Vado

Absent: 1 - Nick Muyo

- **Call To Order**

FEDERATED AUDIT COMMITTEE

- **Consent Calendar**

A motion was made to approve the Consent Calendar.

Approved. (M.S.C. Sun/Keleher 3-0-0)

1. Approval of the 10/1/19-12/31/19 Quarterly Travel and attendance analysis for Federated.

JOINT AUDIT COMMITTEE

- **Consent Calendar**

A motion was made to approve the Consent Calendar

Approved by Federated (M.S.C. Sun/Keleher 3-0-0)
Approved by Police and Fire (M.S.C. Vado/Menon 2-0-0)

2. Approval of the Minutes of the October 17, 2019 Joint Audit Committee meeting for the Federated City Employee's Retirement System and the Police and Fire Retirement Plan.

- **Old Business-Deferred/Continued Items**

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

Benjie Chua-Foy gave an update on the City Auditor's Recommendations to the Office of Retirement Services. She reported on the following recommendations: #5 is partially complete - the City Auditor requested the Board policy be updated to define what comprehensive budget means; #24 is partially complete - a new IT Manager was hired and is currently working on updating the website with a completion target date of the end of this fiscal year; #19 is complete - the Investment Policies have been forwarded to the City Council and: #23 is complete - the first newsletter was issued in January.

4. Update on the Pension Administration System implementation project.

Barbara Hayman, Deputy Director and Sue Ziegler, Segal Consulting gave a quarterly update and answered questions from the Committee on the Pension Administration System. Ms. Ziegler reviewed the status of remaining work for Measure F Change Request including Benefit Calculations, COLA and GPP/Health-in-Lieu. Estimated production date for all three items is the end of March. She discussed activities since October including Member Direct, V3 Control Sheets, Measure F and Incidents Reports. The next 90 days Highlights were presented inlcuding the Implementation Project/5-year Post Implementation Support costs and LRWL/Segal/INetU Budget. A memo will go to the Boards for approval to extend the oversight contract date to June 30, 2020 if needed. There will be no additional costs.

- **New Business**

5. Discussion on the Benefits Disbursement Process by Office of Retirement Services' Internal Auditor, Allain Mallari.

Allain Mallari, Internal Auditor presented and answered questions from the Committee on the Benefits Disbursement Process. He spoke on the issues regarding check sequence number duplication and bank reconciliation. Details of the findings and recommendations to further strengthen other controls and improve the process are addressed in the report. A recommendation from the Committee was made to document actions taken with vendors.

6. Discussion on the Cash Disbursement Process by Office of Retirement Services' Internal Auditor,

Allain Mallari.

Mr. Mallari presented on the Cash Disbursement Process. He explained the difference between both processes. The Benefit Disbursement process is payment to the retirees and the Cash Disbursement process is payment to the vendors. He spoke on invoices that were paid late and the various reasons. In additon, he discussed the security of instructions to wire funds to the Finance Department's bank and the recommendation to consider utilizing eCFM (electronic cash flow module). Details of the findings and recommendations to further strengthen other controls and improve the process are addressed in the report.

POLICE AND FIRE AUDIT COMMITTEE

- **Consent Calendar**

A motion was made to approve the Consent Calendar.

Approved. (M.S.C. Vado/Menon 2-0-0)

7. Approval of the 10/1/19-12/31/19 Quarterly Travel and attendance analysis for Police and Fire.

Next Meeting: May 21, 2020

- **Adjournment**

The Police and Fire meeting adjourned at 1:15 p.m.
The Federated meeting adjourned at 1:15 p.m.

Minutes Recorded, Prepared and Respectfully submitted by,

_____/S/_____
Roberto L. Peña, CEO, Office of Retirement Services