



BOARD OF ADMINISTRATION

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

Thursday, May 21, 2020

11:30 AM

The Joint Federated and Police and Fire Audit Risk/Committee met via Zoom meeting on Thursday, May 21, 2020. The meeting was called to order at 12:40 p.m. by Trustee Keleher on the Federated side and Trustee Vado on the Police and Fire side.

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

Others Present via Teleconference: Sue Ziegler, Segal Consulting; John Caldwell and Angela Hans, Grant Thornton.

Present: 6 - Franco Vado, Nick Muyo, Howard Lee, Mark Keleher, Julie Jennings and Qianyu Sun

- **Call To Order**

FEDERATED AUDIT COMMITTEE

- **Consent Calendar**

A motion was made to approve the Consent Calendar.
Approved. (M.S.C. Sun/Jennings 3-0-0)

1. Approval of the 1/1/20 - 3/30/20 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. Keleher/Sun 3-0-0)
Approved by Police and Fire. (M.S.C. Lee/Muyo 3-0-0)

2. Approval of the Minutes of the February 20, 2020 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

CEO Peña reported there have been no changes to the matrix since the last time the Boards reviewed it. Going forward it will no longer be on the Board agenda except when there is an update. The matrix will go to the Audit Committee meetings on a quarterly basis with Staff calling attention to any changes. The City is aware of all updates. The City Auditor reports to the City every 6 months. A suggestion was made for the City Auditor to provide the Audit Committee with an update after the meetings with the City. This item was received and filed.

4. Update on the Pension Administration System implementation project.

Barbara Hayman, Deputy Director, reported the project is complete and introduced Sue Ziegler, Segal Consulting. Ms. Ziegler gave the last quarterly update on the Pension Administration project and answered questions from the Committee. All major components of Measure F are in production or will be soon. She reported on activities since February 2020 and total implementation and support costs. CEO Peña acknowledged and thanked Ms. Ziegler and staff for working together to make this a successful project.

- **New Business**

5. Discussion on the Service Retirement Application Process and Benefits Recalculation Audits.

CEO Peña introduced the item and Allain Mallari, Internal Senior Auditor. Mr. Mallari discussed the findings and recommendations of the 2 highest priority items and answered questions from the Committee. The audit was limited to the process for service retirements only. Overall, good practices were observed. Recommendations for Finding #1 included: Management should coordinate with the pension administration system's vendor to automate the calculation of COLA for Tier 2 members of both Federated and Police and Fire plans, Management together with Staff should discuss and implement a consistent methodology in computing the prorated COLA amount for Tier 2 members and after agreeing on the best approach to calculate the prorated COLA figures, Benefits Division Staff should revisit the COLA calculation for Tier 2 retirees and make changes as applicable. Recommendations for Finding #2 included: improve the planning process for anticipated operation closures, enhance the communication of the application process timeline to plan members and reevaluate the current procedures and timeline of the set-up and payroll processes to see if there is room to extend the process deadlines in order to accommodate for more benefit claim set-ups. Internal Audit believes ORS should strive to issue first retirement checks no later than one month after the retirement date month. Kathryn Schaefer, Benefits Division Manager, provided oral responses to the findings and recommendations and answered questions from the Committee. A written response will be provided at a later time. This item was received and filed.

6. Discussion and action on FY20 Office of Retirement Services Retirement Plans Audit Planning by Grant Thornton.

Benjie Chua-Foy, Accounting Division Manager, introduced the FY20 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. They discussed the role of the Auditor, responsibilities of the Audit Committee and management, the timeline, deliverables, materiality, risk assessment overview, considerations of COVID-19 and internal control matters. CEO Peña announced he is looking forward to working with Grant Thornton on the audit.

A motion was made to approve the FY20 Audit Plan.

Approved by Police & Fire. (M.S.C. Lee/Muyo 3-0-0)

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

POLICE & FIRE AUDIT COMMITTEE

- **Consent Calendar**

A motion was made to approve the Consent Calendar.

Approved. (M.S.C. Lee/Vado 3-0-0)

7. Approval of the 1/1/20 - 3/31/20 Quarterly Travel and attendance analysis for Police and Fire.

Next Meeting: August 20, 2020

- **Adjournment**

Federated meeting adjourned at 2:09 p.m.

Police and Fire meeting adjourned at 2:09 p.m.

Minutes Recorded, Prepared and Respectfully submitted by,

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