



BOARD OF ADMINISTRATION

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

Thursday, February 18, 2021

11:30 AM

or immediately following the FCERS Board Meeting

MEETING TO BE HELD BY ZOOM CONFERENCE IN LIEU OF PHYSICAL LOCATION

Dial In: +1 669 900 9128

Meeting ID: 983 6419 3662

Password: 188006

FCERS Committee Members:

Mark Keleher, Chair

Julie Jennings, Trustee

Qianyu Sun, Trustee

Police and Fire Committee Members:

Howard Lee, Chair

Drew Lanza, Trustee

Nick Muyo, Trustee

The Joint Federated and Police and Fire Audit Risk/Committee met via Zoom meeting on Thursday, February 18, 2021. The meeting was called to order at 1:37 p.m. by Chair Keleher on the Federated side and Chair Lee on the Police and Fire side.

Present: 4 - Howard Lee, Mark Keleher, Julie Jennings and Andrew Lanza

Absent: 1 - Nick Muyo

Staff Present via Zoom: Roberto Peña, Barbara Hayman, Benjie Chua-Foy, Houman Boussina, Jay Kwon, Ron Kumar, Brian Staff, Eran Amir, Linda Alexander, Michelle San Miguel and Marti Zarate.

Others Present via Zoom: Harvey Leiderman, General and Fiduciary Counsel

- **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 10/1/20 - 12/31/20 Quarterly Travel and attendance 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. Lanza/Lee 2-0-0)

2. Approval of the Minutes of the October 15, 2020 Joint Audit Committee meeting for the Federated City Employee's Retirement System and the Police and Fire Retirement Plan.

- **New Business**

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

CEO Peña introduced the item and answered questions from the Committee regarding closed items and Recommendation #5.

4. Discussion on the 2020 Internal ORS staff survey by Office of Retirement Services, Internal Auditor, Houman Boussina.

Houman Boussina, Senior Internal Auditor, led the discussion on the 2020 Internal Staff survey by ORS and answered questions from the Committee. He reviewed the staff survey results and noted there was an 85% response rate. Areas of concern include: personnel turnover, sufficiency of resources, tools, and time to accomplish objectives as well as communication and process improvement. Staff has shown resilience and a continued commitment to serving our members throughout this challenging year.

5. Discussion and action on the Assessment of the Internal Audit Division by Office of Retirement Services, Internal Auditor, Houman Boussina.

Mr. Boussina led the discussion on the Assessment of the Internal Audit Division by ORS.

The Committee directed Counsel and Staff to work on recommendation #1 to achieve organizational independence for the Internal Audit Division (IAD) by exploring options to assign the responsibility of hiring, evaluating, and compensating the Chief Audit Executive to the Boards or Audit Committees of the Boards and providing an independent budget, approved by the Boards, to the IAD. This recommendation will come back to the Audit Committee.

6. Discussion on the Status of Audit Recommendations by Office of Retirement Services, Internal Auditor, Houman Boussina.

Mr. Bousina led the discussion on the Status of Audit Recommendations by ORS and answered questions from the Board. He reported there were 26 audit recommendations, 65%

have been implemented and 6 are in process. ORS management disagreed with some of the audit recommendations, and the IAD has closed 3 of those recommendations meaning that management accepts the risk of not implementing them and they will not be included in future status reports. ORS staff provided some updates and those are noted in the attached exhibits.

A motion was made to accept the Status of Audit Recommendations.

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

Approved by Police and Fire. (M.S.C. Lanza/Lee 2-0-0)

POLICE & FIRE AUDIT COMMITTEE

- **Consent Calendar**

A motion was made to approve the Consent Calendar.

Approved. (M.S.C. Lanza/Lee 2-0-0)

7. Approval of the 10/1/20-12/31/20 Quarterly Travel and attendance analysis for Police and Fire.

Next Meeting: May 20, 2021

- **Adjournment**

The Federated meeting adjourned at 1:03 p.m.

The Police and Fire meeting adjourned at 1:03 p.m.

Minutes Recorded, Prepared and Respectfully submitted by,

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