

MINUTES

AUDIT COMMITTEE MEETING MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (MCERA)

One McInnis Parkway, 1st Floor
Retirement Board Conference Room
San Rafael, CA

April 24, 2019 – 10:00 a.m.

The Board of Retirement for the Marin County Employees' Retirement Association encourages a respectful presentation of public views to the Board. The Board, staff and public are expected to be polite and courteous, and refrain from questioning the character or motives of others. Please help create an atmosphere of respect during Board and Committee meetings. If members of the public wish to speak on any agenda items, please alert the Retirement Administrator to that request prior to the matter being called.

CALL TO ORDER

Chair Gladstern called the meeting to order at 10:04 a.m.

ROLL CALL

PRESENT: Block, Gladstern, Shaw

ABSENT: Given

A. OPEN TIME FOR PUBLIC EXPRESSION

Note: The public may also address the Committee regarding any agenda item when the Committee considers the item.

Open time for public expression, from three to five minutes per speaker, on items not on the Committee Agenda. While members of the public are welcome to address the Committee during this time on matters within the Committee's jurisdiction, except as otherwise permitted by the Ralph M. Brown Act (Government Code Sections 54950 et seq.), no deliberation or action may be taken by the Committee concerning a non-agenda item. Members of the Committee may (1) briefly respond to statements made or questions posed by persons addressing the Committee, (2) ask a question for clarification, or (3) provide a reference to staff for factual information.

No members of the public provided comment.

B. NEW BUSINESS

1. Audit Committee Charter

Review and discuss charter provisions and committee processes

Mr. Wickman stated since this is the Audit Committee's first meeting, the Audit Committee Charter is being presented to make sure if there are any questions, we address the Charter which should guide the work of the committee. Trustee Block said he looked at CalPERS' designation for their audit committee for guidance but much of it was not relevant to our committee. He asked about how ethics complaints would be addressed, which is a delegated responsibility for the CalPERS audit committee. Mr. Wickman and Ms. Dunning explained that MCERA's ethics-related policy is the Whistleblower Policy that would have complaints directed to the Board Chair, full Board or Finance and Risk Management depending on the situation.

Trustee Block inquired about weighing in on accounting issues; for example, if the Governmental Accounting Standards Board (GASB) is proposing new policies. The Administrator said these are items he sees coming before the Audit Committee for discussion and potential recommendation to the Board. Similarly, proposed GASB changes may go to the Finance and Risk Management Committee for written comment on actuarial standards. The Administrator stated MCERA has not commented on GASB proposals, but he has reviewed Cheiron's comments on standards, and mechanisms are in place through either the Audit or Finance and Risk Management Committees to do so.

Trustee Block asked if we care about CalPERS' view on the new accounting body of the federal government that regulates the private sector. In response, Mr. Wickman said there are occasions where it may be effective to let larger systems, like CalPERS, speak on behalf of issues that are more global in nature.

2. Annual Financial Audit Process

Consider and discuss annual financial audit processes

Brown Armstrong has been engaged to conduct the June 30, 2019 financial audit at a \$1,400 (3%) increase from their prior year's fee. Trustee Block requested a change in who at Brown Armstrong leads the audit, and Mr. Wickman will discuss this point with Andy Paulden. Trustee Shaw stated the salient point is not to have the same person and the same team doing the audit every year. Mr. Wickman noted the onsite teams change every year.

Trustee Block's suggestion to review prior disclosures as a working basis for moving forward will be scheduled for the next Committee meeting. Mr. Wickman said this Committee is a working Committee, and it is good to have auditors as part of the discussion.

Trustee Gladstern asked if the auditors are finding a need for more or less data clean up. Ms. Hardesty replied the auditors continue to find valuable items, but many are not data related. Mr. Wickman said this is the normal relationship where the auditor identifies issues to discuss that may ultimately be fine and don't need to be changed. Trustee Block noted if we had an internal auditor that is where that would come up.

3. Audit Committee Meeting Schedule (Action)

Consider and take possible action to set committee meeting schedule for 2019

The Administrator recommended that the Committee set three more meetings for the year. The next meeting will include results of demographic and performance-related auditing. Another meeting will be scheduled around the informal exit with staff, and finally to consider the final audit results. Staff will follow up on dates and times for these meetings with Committee members.

4. Financial Auditor Request for Proposal (RFP)

Consider and discuss timeline and process for financial auditor RFP

Mr. Wickman stated the plan is to issue a Request for Proposal (RFP) this June so an auditor will be ready to conduct the June 30, 2020 audit. A draft RFP is substantially complete and being reviewed by staff. The draft RFP will be presented to the Committee for input and review.

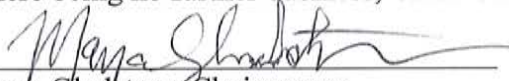
Trustee Block inquired about reviewing the RFP and how it would be distributed. In response, Mr. Wickman said in addition to being published on MCERA's website, the RFP will be broadly distributed to companies through multiple sources, including direct mailing. A separate list of companies has been compiled and will be used for the direct mailing.

5. Future Meetings

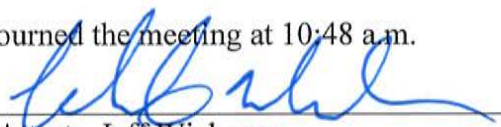
Consider possible agenda topics for future meetings

Staff will coordinate with Committee members to establish dates for the Committee's meetings in 2019 and have the financial auditor RFP finalized and reviewed.

There being no further business, Chair Gladstern adjourned the meeting at 10:48 a.m.



Maya Gladstern, Chairperson



Attest: Jeff Wickman
Retirement Administrator