

MINUTES
AUDIT COMMITTEE MEETING
MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (MCERA)
One McInnis Parkway, 1st Floor
Retirement Board Conference Room
San Rafael, CA
May 6, 2020 – 11:00 a.m.

This meeting was held via teleconference pursuant to Executive Order N-25-20, issued by Governor Newsom on March 12, 2020, Executive Order N-29-20, issued by Governor Newsom on March 17, 2020, and Executive Order N-35-20, issued by Governor Newsom on March 21, 2020. The meeting was accessible to the public via livestream on MCERA's YouTube channel.

CALL TO ORDER

Retirement Administrator Jeff Wickman called the meeting to order on behalf of Chair Gladstern at 11:04 a.m.

ROLL CALL

PRESENT: Block, Given, Gladstern, Silberstein
ABSENT: None

MINUTES

It was M/S Given/Gladstern to approve the December 4, 2019 Audit Committee meeting Minutes as submitted.

AYES: Block, Given, Gladstern, Silberstein
NOES: None
ABSTAIN: None
ABSENT: None

A. OPEN TIME FOR PUBLIC EXPRESSION

No members of the public provided comment.

B. NEW BUSINESS

1. Annual Financial Audit Scope of Services & Process – Rosalva Flores, Brown Armstrong
Review and discuss audit process

Engagement Partner Rosalva Flores, Engagement Co-Partner Ashley Casey, and Engagement Manager Colin Lo presented Brown Armstrong's objectives, strategy, areas of focus, the planned approach to the annual financial audit, and the audit reports that will be issued. This year, Brown Armstrong will conduct a more detailed review of highest average compensation calculations for new retirees. They noted that the Government Accounting Standards Board (GASB) is considering approval of a one-year delay for standards that were scheduled for implementation this year. A review of the results from MCERA's independent cybersecurity assessment will also be included in the scope of the audit if they are available prior to audit completion.

2. 2020 Audit Schedule - Rosalva Flores, Brown Armstrong
Review and discuss schedule of audit activities for 2020

The audit schedule begins with a planning stage that leads into interim field work during July. By mid-August final field work planning is completed and the auditors typically conduct final field work onsite. During final field work MCERA's books are closed and final values are released to the actuary to compose GASB 67/68 reports. The audit wrap-up phase begins in September and includes a meeting with the Audit Committee and staff, currently scheduled for October. After draft reports are issued and input is provided, the auditor develops clean draft financials and begins the process of getting information from the actuary. These results would be presented to the Audit Committee for review prior to final presentation of the financials to the Board in December.


Trustee Block raised a concern about delays in real estate appraisals and the impact of prior valuations being rolled forward to the next measurement date. Ms. Flores said the auditors perform internal analytics to determine whether the value presented by any manager is reasonable with market conditions. They also plan to revise their investment manager confirmations asking for more information from the real estate managers in light of the current situation. Ms. Flores further noted that disclosure templates are available to use when there are major market declines. Trustee Block asked whether a change in the fiscal year end date would eliminate reporting delays. Mr. Wickman explained that due to the timing of certain portfolio valuations, there would always be a delay regardless of whether the fiscal year ended in June or December. Ms. Flores said that Brown Armstrong tracks concerns regarding the timing of valuations and that these delays are common. Trustee Block inquired whether the state has considered delaying deadlines. Ms. Flores is not aware of any such plans by the state. Mr. Wickman noted that due to the current shelter in place and social distancing requirements MCERA was exploring how Brown Armstrong could use remote access to conduct the work they would have previously completed on site. Ms. Flores indicated that other clients are considering similar steps.

3. Future Meetings

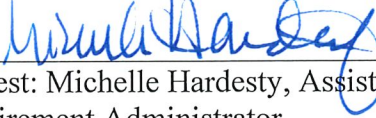
Consider possible agenda topics for future meetings

No topics were presented.

There being no further business, Chair Gladstern adjourned the meeting at 11:50 a.m.



Jeff Wickman, Retirement Administrator
On behalf of:
Maya Gladstern, Chairperson



Attest: Michelle Hardesty, Assistant
Retirement Administrator