

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

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

August 19, 2020 – 11:30 a.m.

This meeting will be 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 public may listen to and observe the meeting on YouTube at https://youtu.be/BjRVj8_I4AE.

If members of the public wish to comment, those comments may be submitted to MCERA via email at MCERABoard@marincounty.org. This account will be monitored prior to and for the duration of the meeting. If the comment pertains to a particular agenda item, please identify that item number and the comment will be read to the Board during that discussion. Otherwise, the comment will be read under Item A, Open Time for Public Expression. All public comments submitted before or during the meeting that pertain to topics within the jurisdiction of the MCERA Board and otherwise comply with MCERA guidelines will be read in open session and kept as part of the permanent record.

The Board of Retirement encourages a respectful presentation of public views to the Committee. The Committee, 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 Committee meetings.

CALL TO ORDER

ROLL CALL

MINUTES

May 6, 2020 Audit Committee meeting

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.

B. NEW BUSINESS

1. Financial Audit Review – Interim Fieldwork Phase – Rosalva Flores, Brown Armstrong
Review and discuss preliminary Interim Fieldwork Phase results
2. Future Meetings
Consider possible agenda topics for future meetings

Note on Process: Items designated for information are appropriate for Committee action if the Committee wishes to take action.



Agenda material is provided upon request. Requests may be submitted by email to MCERABoard@marincounty.org, or by phone at (415) 473-6147.

MCERA is committed to assuring that its public meetings are accessible to persons with disabilities. If you require American Sign Language interpreters, assistive listening devices or other accommodations to participate in this meeting, these may be requested by calling (415) 499-7331 (voice) or (415) 499-6172 (TTY) at least 72 hours in advance.

The agenda is available on the Internet at <http://www.mcera.org>

For consideration at August committee meeting.

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.

For consideration at August committee meeting.

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.

For consideration at August committee meeting.

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

DRAFT

B.1 Financial Audit Review – Interim Fieldwork Phase

This is a discussion item with no backup.