

MINUTES

FINANCE AND RISK MANAGEMENT COMMITTEE MEETING MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

August 13, 2009 9:00 A.M.

CALL TO ORDER

Chair Arrigoni called the meeting to order at 9:12 A.M.

ROLL CALL

Present: Arrigoni, Bolger, Richardson, Sweet
Absent: Given, Phillips

A. OLD BUSINESS

None.

B. NEW BUSINESS

1. Review of FY08-09 Grand Jury Report Findings

Discuss aspects of the report related to finance and risk management and discuss proposed responses

Counsel Dunning advised the Committee that the law provides three acceptable responses to Grand Jury findings: Agree, Disagree Partially, and Disagree. Chair Arrigoni directed discussion to the Committee's proposed responses.

- Finding 9. The Administrator provided additional background on the history of department staffing which included long service employees retiring without adequate notice, difficulty in attracting suitable candidates for certain positions, one position in particular that accounted for approximately 1/3 of the total turnover, the tremendous increase in workload owing to the SAP implementation, and the need to hire swiftly from a limited pool of resources. Bolger agreed that rapid expansion was appropriate as a way to explain turnover and that staff turnover was not "high". The committee concurs that the proposed response should be: *The Board disagrees that staff turnover has been high. Some turnover was due to staff retirements and some due to poor performance.*
- Finding 12. Counsel reviewed the Committee members' individual responses at the Chair's request. Bolger said she disagreed with the finding because the recommendations of the outside accountant were related to internal controls and not to fiscal controls. She also questioned the reference to GAAP accounting standards. The Administrator explained that procedures had already been implemented in response to the accountant's recommendations.

- Recommendation 2. The committee discussed recommending that the response be that a staffing plan has been implemented and to add a reference to Finding 7 to the response.
- Recommendation 7. The committee discussed whether the recommendation should be implemented and determined that it should not, referring also to Finding 9.
- Recommendation 8. The Committee discussed and agreed to the proposed wording. Dunning suggested that the Chair inform the board during the committee report of the documents that the Committee is requesting be compiled for its review on a quarterly basis. Regarding the Form 700, which is listed on the document review chart, several trustees expressed reluctance to review the financial reports of their fellow trustees. Counsel also recommended some oversight by the Board of Form 700s, which are currently reviewed only by the Administrator. Benner suggested that the data be summarized by staff, absent reference to individual trustees or service providers, and reviewed by Counsel Dunning. The committee agreed.

Regarding quarterly reporting on and review of invoices and payments, Benner stated she would meet with MCERA's accountant to develop a process that was not overly cumbersome. Trustee Richardson recommended a summary be reviewed with details available as backup, and the Chair agreed, adding that he would be willing to meet with Benner to develop a suitable approach. There was general agreement that during the initial period staff would provide extensive documentation until the committee felt comfortable with the size and type of expenditures and then the amount of detail required would be reviewed.

Chair Arrigoni summarized the Grand Jury response process and said he understood that Counsel and the Administrator would compile the responses based on the Committee's discussions and then submit the recommended response to the Board at the September meeting. Discussion followed regarding possible items for the next meeting which the Chair announced will be held on September 3 at 2 P.M.

C. OPEN TIME FOR PUBLIC EXPRESSION

None.

There being no further business, the meeting was adjourned at 10:23 A.M.

Peter Arrigoni, Chair

Attest: Charnel Benner, Administrator