



MINUTES

Executive Staff:

Eric Stern
Chief Executive Officer

Steve Davis
Chief Investment Officer

Stephen Lau
General Counsel

Stephen Hawley
Chief Strategy Officer

Mario Sierras
Chief Benefits Officer

AUDIT COMMITTEE MEETING

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM

Members of the Board of Retirement:

Rick Fowler, President
Appointed by the Board of Supervisors

John B. Kelly, Vice President
Appointed by the Board of Supervisors

Keith DeVore, Vice President
Appointed by the Board of Supervisors

James A. Diepenbrock
Appointed by the Board of Supervisors

Diana Gin
Elected by the Miscellaneous Members

Ben Lamera
Ex Officio, Director of Finance

Alan Matré, CPA
Elected by the Miscellaneous Members

Kathy O'Neil
Elected by the Retired Members

Matt Petersen
Elected by the Safety Members

John Conneally
Elected by the Safety Members

Martha J. Hoover
Elected by the Retired Members

**MONDAY, DECEMBER 2, 2019
2:30 P.M.**

**Location: SCERS Board Room
980 9th Street, 19th Floor
Sacramento, California 95814**

OPEN SESSION

- Item 1. Call to Order** — The meeting was convened at 2:30 p.m.
- Item 2. Public Comment** — None.
- Item 3. Annual Independent Financial Statement Audit**

Andy Paulden and Ashley Casey reported that SCERS received a clean audit and no issues were identified.

Mr. Paulden and Ms. Casey provided an overview of the audit scope, which focused on revenue recognition, management override of controls, investments and related earnings, participant and actuarial data, benefit payments, and employer and employee contributions. The auditors also looked at internal controls by selecting transactions to determine the reliability of procedures and controls. Another component of the audit process included fraud interviews with selected staff, and no issues of concern were found.

The auditors also looked at minutes of Board meetings to consider items that may have to do with the financial statements. Auditors also updated their permanent file for items such as agreements that have been amended or new agreements SCERS has entered into during the audit period. Mr. Paulden emphasized the importance of the process of testing data from plan sponsors flowing through SCERS and to the actuaries. The auditors also tested data on deceased and terminated members.

Mr. Paulden reported that he saw no impact on audit procedures to date. Mr. Paulden stated that the audit opinions would be issued by December 6, 2019.

Item 4. Discussion with Brown Armstrong and Committee Members

Audit Committee members discussed the financial audit materials and recommended the Board receive and file the Independent Auditor's Report on the Comprehensive Annual Financial Report; Required Communications to the Audit Committee and Board of Retirement in Accordance with Professional Standards (SAS 114); and, the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. (3-0)

ADJOURNMENT

There being no further business, the meeting was adjourned at 3:07 p.m.

COMMITTEE

MEMBERS PRESENT: Alan Matré (chair), James A. Diepenbrock, and Martha Hoover

OTHERS PRESENT: Eric Stern, Chief Executive Officer; Debbie Chan, Senior Accounting Manager; Joycy Escobar, Accounting Manager, Xee Vang, Accounting Manager; Andy Paulden and Ashley Casey, Brown Armstrong, and Debbie Musilli-Sidhu, Executive Secretary.

Respectfully submitted,

/S/

Eric Stern
Chief Executive Officer and
Secretary of the Retirement Board

APPROVED: _____
Richard B. Fowler II, President

DATE: _____