



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 15

MEETING DATE: July 17, 2019

SUBJECT: Audit Committee Charter

SUBMITTED FOR: Consent **Deliberation** and Action **Receive** and File

RECOMMENDATION

Staff recommends the Board approve revisions to the Audit Committee Charter and approve committee membership for 2019-20.

PURPOSE

This item supports the 2018-19 Strategic Management Plan by maintaining transparent communications to stakeholders and demonstrating fiscal responsibility and stewardship.

DISCUSSION

The Audit Committee Charter was adopted by the Board in January of 2018. The original Charter required two meetings in a year, the revised Charter will require the Audit Committee to meet once a year for the formal presentation of SCERS' annual financial statement audit results, with authority to convene additional meetings as circumstances require.

As prescribed in the Audit Committee Charter, committee membership will consist of at least three and no more than five members of the Board. The Board appointed the membership in 2018-19, which included Alan Matré (Chair), James Diepenbrock, and Martha Hoover. Given new trustees have joined the Board, the Board may wish to consider the appointment of additional members to the Committee for 2019-20.

ATTACHMENTS

- Audit Committee Charter – Revised Version
- Audit Committee Charter – Redlined Version

/S/

Debbie Chan
Senior Accounting Manager

/S/

Eric Stern
Chief Executive Officer

REVISED

AUDIT COMMITTEE CHARTER

I. INTRODUCTION

The Board of Retirement (Board) has established an Audit Committee to assist in overseeing the audit function for the Sacramento County Employees' Retirement System (SCERS).

II. PURPOSE

The purpose of the Audit Committee is to serve as an advisory committee to the full Board on matters of the integrity of the trust fund's finances, financial reports, operations, and internal controls.

III. MEMBERSHIP

The Audit Committee will consist of at least three and no more than five members of the Board. The Board President will appoint members of the Audit Committee as provided in the SCERS Bylaws and designate one member to serve as the Committee Chairperson.

Ideally, members should have expertise in accounting, auditing, financial reporting, and internal control. Although these desired traits are not mandatory, members should be sufficiently knowledgeable about these topics to make informed recommendations with the assistance of a financial expert.

IV. MEETINGS

The Audit Committee will meet at least once each year, with authority to convene additional meetings as circumstances require. All Audit Committee members are expected to attend each meeting. Three Audit Committee members present at the meeting shall constitute a quorum. No motion may be passed or business transacted without three affirmative votes. The Chief Executive Officer or designee will attend the Audit Committee meetings and may request that other staff attend the Audit Committee meetings. Meeting notices will be provided to interested parties in conformance with applicable laws, regulations, customs, and practices. All meetings are subject to the Ralph M. Brown Act, Government Code Section 54950 *et seq.* Meeting agendas will be prepared and provided in advance to Audit Committee members, along with appropriate briefing materials. Minutes of meetings will be prepared. Minutes of the meeting will contain a record of persons present, decisions taken, and a high level summary of the discussion.

V. RESPONSIBILITIES AND DUTIES

The Audit Committee's areas of responsibility are:

1. Reviewing recommendations of SCERS staff and the independent auditor regarding audited financial statements, SCERS internal controls and audit and compliance plans;
2. Reviewing and addressing audit and compliance review findings;
3. Monitoring compliance with policies and oversight of SCERS' internal controls;
4. Overseeing the appointment of the independent auditor;
5. Ensuring the independence of the independent auditor;
6. Ensuring that the independent auditor has all necessary opportunities to share its findings with the committee or the Board as appropriate;
7. Identifying other specific subject matters that the full Board deems appropriate.
8. Meeting with SCERS' senior management, employees, internal auditors, Independent auditor, outside counsel, and/or specialists, as necessary to assist the Board with audit matters.
9. The Audit Committee shall meet with the independent auditor conducting the financial statement audit at least once a year separately, without management.

VI. REPORT AND RECOMMENDATION TO THE FULL BOARD

The Audit Committee will report its activities and make recommendations to the full Board. All formal actions taken at committee meetings must be considered for approval by the full Board at a scheduled and properly noticed full Board meeting.

REDLINE

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The Audit Committee will meet at least ~~twice~~once each year, with authority to convene additional meetings as circumstances require. All Audit Committee members are expected to attend each meeting. Three Audit Committee members present at the meeting shall constitute a quorum. No motion may be passed or business transacted without three affirmative votes. The Chief Executive Officer or designee will attend the Audit Committee meetings and may request that other staff attend the Audit Committee meetings. Meeting notices will be provided to interested parties in conformance with applicable laws, regulations, customs, and practices. All meetings are subject to the Ralph M. Brown Act, Government Code Section 54950 *et seq.* Meeting agendas will be prepared and provided in advance to Audit Committee members, along with appropriate briefing materials. Minutes of meetings will be prepared. Minutes of the meeting will contain a record of persons present, decisions taken, and a high level summary of the discussion.

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