



AGENDA  
AUDIT COMMITTEE  
SAN BERNARDINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
May 3, 2018  
8:00 AM  
Board Room  
348 West Hospitality Lane, First Floor  
San Bernardino, California 92415

**PUBLIC NOTICE**

Items of interest to the public that are within the subject matter jurisdiction of the Board of Retirement, hereinafter referred to as "Board", may be addressed by the public during the meeting. Persons wishing to address items on the agenda should provide notice to the Secretary of the Board prior to Board's discussion of the item. Members of the public may also comment during the Public Comment period at the end of Open Session. Speakers are limited to three minutes.

1. Call meeting to order.
2. Action: Approve minutes of Audit Committee of February 15, 2018.
3. Action: Review and discuss the Request for Proposal process for actuarial auditing services, and recommend to the Board of Retirement to authorize the Managing Trustee to execute a one-year contract with Cheiron for actuarial auditing services for an amount not to exceed \$85,000.

**PUBLIC COMMENT**

At this time, the Committee will provide an opportunity for the public to address any subject, within the jurisdiction of the Committee, which is not already scheduled on this agenda. Committee members may respond briefly to statements made or questions posed. They may ask a question for clarification and, through the Chairman, make a referral to staff for factual information or request staff to report back to the Committee at a later meeting. Speakers are limited to three minutes.

**ADJOURN**

**NOTES**

The term "Action" in the wording of any Agenda item contained herein serves as notice that the Committee may, in its discretion, dispose of any item by any action in the following non-exclusive list: approve, disapprove, modify, defer, table, take no action, and receive and file.

The Board of Retirement meeting facility is accessible to persons with disabilities. If assistive listening devices or other auxiliary aids or services are needed in order to participate in the public meeting, requests should be made through the Executive Assistant at least three (3) business days prior to the meeting. The Executive Assistant's telephone number is (909) 885-7980, and the office is located at 348 W. Hospitality Lane, Third Floor, San Bernardino, CA 92415.



**MINUTES  
AUDIT COMMITTEE  
February 15, 2018  
BOARD ROOM  
348 WEST HOSPITALITY LANE, FIRST FLOOR  
SAN BERNARDINO, CA**

Trustees Present:

BRENDAN BRANDT, Committee Chair  
LOUIS FIORINO, Committee Member  
JOHN MICHAELSON, Committee Member  
VERE WILLIAMS, Committee Member

Others Present:

MICHAEL CALABRESE, Chief Counsel  
DONALD PIERCE, Chief Investment Officer  
CHRISTIE PORTER, Chief Operating Officer  
JOSELLE ROMERO, Internal Auditor  
JULIE UNDERWOOD, Chief Fiscal Services  
CHRISTA JAMES, Recorder

1. Call meeting to order.

Committee Chair Brandt called the meeting to order at 11:03 a.m.

2. Action: Approve minutes of Audit Committee of January 17, 2018.

Michaelson moved, Fiorino seconded, to Approve minutes of Audit Committee of January 17, 2018.

Ayes: Brandt, Fiorino, Michaelson, Williams  
Motion Passed.

3. Presentation by Staff on follow-up items related to the KMCO report.

Pierce presented.

4. Action: Recommend that the Board of Retirement Approve the Actuary & Audit Policy No. 004 – Audit Committee Charter.

Underwood reviewed. Committee made various amendments.

Williams moved, Michaelson seconded, to Recommend that the Board of Retirement Approve the Actuary & Audit Policy No. 004 – Audit Committee Charter, as amended.

Ayes: Brandt, Fiorino, Michaelson, Williams  
Motion Passed.

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5. Action: Recommend that the Board of Retirement Approve the Actuary & Audit Policy No. 005 – Internal Audit Charter.

Underwood reviewed. Committee made various amendments.

Michaelson moved, Brandt seconded, to Recommend that the Board of Retirement Approve the Actuary & Audit Policy No. 005 – Internal Audit Charter, as amended.

Ayes: Brandt, Fiorino, Michaelson, Williams

Motion Passed.

6. Action: Recommend that the Board of Retirement Approve the Proposed Three-Year Internal Audit Plan.

Underwood and Romero reviewed.

Michaelson moved, Williams seconded, to Recommend that the Board of Retirement Approve the Proposed Three-Year Internal Audit Plan.

Ayes: Brandt, Fiorino, Michaelson, Williams

Motion Passed.

### **PUBLIC COMMENT**

No Public Comment was provided.

### **ADJOURN**

Committee Chair Brandt adjourned the meeting at 11:52 a.m.

Respectfully submitted,

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BRENDAN BRANDT, Committee Chair

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CHRISTIE L. PORTER, Acting  
Board Secretary

DATED \_\_\_\_\_

**REPORT/RECOMMENDATION TO THE AUDIT COMMITTEE  
OF SAN BERNARDINO COUNTY EMPLOYEES'  
RETIREMENT ASSOCIATION**

**May 3, 2018**

**FROM:** JULIE UNDERWOOD  
Chief Financial Officer

**SUBJECT:** Audit of Primary Actuary's Valuation and Review

**RECOMMENDATION:** Action: Review and discuss the Request for Proposal process for actuarial auditing services, and recommend to the Board of Retirement to authorize the Managing Trustee to execute a one-year contract with Cheiron for actuarial auditing services for an amount not to exceed \$85,000.

**BACKGROUND INFORMATION:** SBCERA's Actuary and Audit policy requires an audit of the primary actuary's (currently Segal Consulting) valuation and experience study (if applicable) at least every five years. The last actuarial audit and review was performed by Milliman on the June 30, 2013 actuarial valuation.

On December 11, 2017 SBCERA issued a Request for Proposal (RFP) for Actuarial Auditing Services. The RFP was posted on SBCERA's website and emailed to a list of known actuaries with a proposal submission deadline of February 12, 2018. Three proposals were received by the submission deadline. The proposals were independently reviewed by SBCERA's Chief Counsel, Chief Operating Officer, and Chief Financial Officer. In addition to meeting basic proposal requirements, the proposal review included an examination of firm/staff qualifications, experience, and cost.

Cheiron was independently chosen as the firm with the most competitive qualifications and experience by each of the three reviewers.

**BUDGET IMPACT:** Costs for this item were included in the FY 2018/2019 non-administrative budget.

**ATTACHMENTS:** No

**PRESENTER:** Julie Underwood

