

BENEFITS COMMITTEE

AGENDA

Board of Fire and Police Pension Commissioners

George Aliano, Chair
Carl Cade
Sam Diannitto
Pedram Salimpour

October 2, 2014
8:30 a.m.

Los Angeles Times Building
202 W. First Street, Suite 500
Los Angeles, CA 90012

Commissioner Diannitto will participate telephonically from
4612 El Reposo Drive, Los Angeles, CA 90065

An opportunity for the public to address the Board or Committee about any item on today's agenda for which there has been no previous opportunity for public comment will be provided before or during consideration of the item. Members of the public who wish to speak on any item on today's agenda are requested to complete a speaker card for each item they wish to address, and present the completed card(s) to the commission executive assistant. Speaker cards are available at the commission executive assistant's desk.

In compliance with Government Code Section 54957.5, non-exempt writings that are distributed to a majority or all of the Board or applicable Committee of the Board in advance of their meetings may be viewed at the office of the Los Angeles Fire and Police Pension System (LAFPP), located at 360 East 2nd Street, 4th Floor, Los Angeles, California 90012, or by clicking on LAFPP's website at www.lafpp.com, or at the scheduled meeting. Non-exempt writings that are distributed to the Board or Committee at a scheduled meeting may be viewed at that meeting. In addition, if you would like a copy of any record related to an item on the agenda, please contact the commission executive assistant, at (213) 978-4555 or by e-mail at barbara.nobregas@lafpp.com.

Sign language interpreters, communication access real-time transcription, assistive listening devices, or other auxiliary aids and/or services may be provided upon request. To ensure availability, you are advised to make your request at least 72 hours prior to the meeting you wish to attend. Due to difficulties in securing sign language interpreters, five or more business days notice is strongly recommended. For additional information, please contact the Department of Fire and Police Pensions, (213) 978-4545 voice or (213) 978-4455 TDD.

1. [CITY MANAGEMENT AUDIT RECOMMENDATIONS ASSIGNED TO THE BENEFITS COMMITTEE AND POSSIBLE COMMITTEE ACTION](#)
2. GENERAL PUBLIC COMMENT ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION

SPECIAL MEETING

AGENDA

Board of Fire and Police Pension Commissioners

October 2, 2014

8:30 a.m.

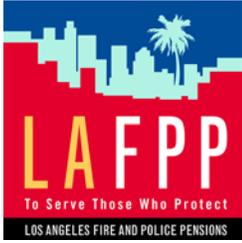
**Los Angeles Times Building
202 W. First Street, Suite 500
Los Angeles, CA 90012**

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- 1. CITY MANAGEMENT AUDIT RECOMMENDATIONS ASSIGNED TO THE BENEFITS COMMITTEE AND POSSIBLE COMMITTEE ACTION**
- 2. GENERAL PUBLIC COMMENT ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION**



DEPARTMENT OF FIRE AND POLICE PENSIONS

360 East Second Street, Suite 400
Los Angeles, CA 90012
(213) 978-4545

REPORT TO THE BENEFITS COMMITTEE

OCTOBER 2, 2014

ITEM: 1

FROM: Raymond P. Ciranna, General Manager

**SUBJECT: CITY MANAGEMENT AUDIT RECOMMENDATIONS ASSIGNED TO THE
BENEFITS COMMITTEE; AND POSSIBLE COMMITTEE ACTION**

RECOMMENDATIONS

That the Benefits Committee:

1. Review the proposed status of the City Management Audit recommendations assigned to the Benefits Committee;
2. Recommend that the Board approve the status of the City Management Audit recommendations and direct staff to report back to the Benefits Committee within 120 days with an updated status of the outstanding items.

BACKGROUND

On March 12, 2014, the City Controller's Office released the City Management Audit, also referred to as the Hewitt EnnisKnupp (HEK) Management Audit Final Report of the Los Angeles Fire and Police Pension Fund (Audit). On April 3, 2014, the Board assigned implementation of HEK's recommendations to the Board, staff, or standing committees. The Audit included a total of 55 recommendations, of which ten were referred to the Benefits Committee. Nine of the ten recommendations were assigned to Pensions Division; the remaining recommendation was assigned to Investments Division.

DISCUSSION

Staff recommends that the Benefits Committee review staff's proposed status and dispositions of each recommendation. Staff proposes that five recommendations are "completed," four recommendations are "in progress," and one recommendation is "recommend no action." The ten recommendations, the proposed status of each, staff input, and if applicable, estimated completion dates are indicated below.

HEK Recommendation No. 1.1 (assigned to Investments Division)

Reconsider Independent Fiduciary Services (IFS) 2a/23. The Board's Securities Litigation Policy should be amended to incorporate Claims Filing and Monitoring procedures.

Status: Recommend no action.

Staff Input: The Securities Litigation Policy includes the following language regarding claims monitoring: "The City Attorney in conjunction with outside legal counsel shall provide ongoing status reports to the Board on all securities litigation cases in which the Plan is a class member or in which the Plan has filed an independent action. These reports shall include a summary of all major developments in connection with such cases." Staff believes that procedures for filing claims normally would be included in an instruction manual and not embedded in policy. Staff recommends no action regarding this recommendation.

HEK Recommendation 3 (assigned to Pensions Division)

Continue to examine ways to become more efficient in processing benefits and collaborate with peers about their cost control efforts.

Status: Completed.

Staff input: LAFPP issued a request for proposal for a replacement Pension Administration System. This new system is expected to result in more efficient operations leveraging the latest technology. Additionally staff regularly attend CALAPRS roundtables as well as other training/conferences in order to collaborate with staff from other pension funds.

HEK Recommendation 28 (assigned to Pensions Division)

LAFPP Management should continue to compile all benefit determinations received to date, including precedents set by court decisions, Board decisions, management decisions and legal opinions, in one central repository.

Status: Completed.

Staff input: All documents, both day-forward and backfile, are being compiled in our electronic document management system, Documentum.

HEK Recommendation 29 (assigned to Pensions Division)

LAFPP Management should develop and furnish a Summary Plan Description for Tier 6 as soon as possible.

Status: Completed.

Staff input: The Summary Plan Description for Tier 6 was finalized and is posted on www.lafpp.com.

HEK Recommendation 32 (assigned to Pensions Division)

LAFPP Management should subject the healthcare subsidy program to the same accounting verification process as all other monthly pension roll payments.

Status: In progress.

Staff input: The Medical & Dental Benefits Section and the Accounting Section will continue to develop a verification process tailored specifically to the health subsidy program. The final verification process will be reported to the Board in the first quarter of 2015.

Estimated Completion Date: March 2015.

HEK Recommendation 36 (assigned to Pensions Division)

LAFPP Management should add expected turnaround times for internal processing, where appropriate, to [Disability] staff's Desk Manual.

Status: Completed.

Staff input: Staff procedural manuals now include a revised flowchart that indicates expected processing timeframes.

HEK Recommendation 37 (assigned to Pensions Division)

LAFPP Management should evaluate all member-facing information and publications to ensure that disability application processing turnaround times are consistently communicated.

Status: Completed.

Staff input: Applications and information booklets for new members were revised to indicate average processing time of 12 months and are available at www.lafpp.com.

HEK Recommendation 38 (assigned to Pensions Division)

The LAFPP Board and Management should evaluate the informal practice currently used to schedule Board [Disability] hearing dates, and explore ways to enhance timeliness.

Status: In progress.

Staff input: Staff is analyzing current practices and will provide a report to the Board.

Estimated Completion Date: November 2014.

HEK Recommendation 39 (assigned to Pensions Division)

The LAFPP Board and Management should shift some of the burden of information submission to the member as part of the disability application process.

Status: In progress.

Staff input: Staff is analyzing current practices and will provide a report to the Board.

Estimated Completion Date: November 2014.

HEK Recommendation 40 (assigned to Pensions Division)

The LAFPP Board and Management should determine what other common practices, such as delegating specific decision-making authority or retaining a Board medical advisor, could

streamline the process, and what changes to governing law, policies or procedures would be necessary to do so.

Status: In progress.

Staff input: Staff is surveying other similar pension systems and will provide a report to the Board.

Estimated Completion Date: November 2014.

BUDGET

There is no budget impact associated with this report.

This report was prepared by:

Erin J. Kenney
Departmental Audit Manager
Internal Audit Section

RPC:EJK

Attachment: *HEK Recommendations Status Log – Recommendations Assigned to the Benefits Committee*

HEK RECOMMENDATIONS STATUS LOG - RECOMMENDATIONS ASSIGNED TO THE BENEFITS COMMITTEE

HEK No.	Recommendation	Original Management Response	Responsible Division / Section	Proposed Status: Completed In Progress Implement Later Recommend No Action	Actions taken/ to be taken	Estimated Date of Completion
1.1	Reconsider Independent Fiduciary Services (IFS) 2a/23. The Board's Securities Litigation Policy should be amended to incorporate Claims Filing and Monitoring procedures.	LAFPP will present the reconsideration of this recommendation to the Board or Pension Commissioners.	Investments Division	Recommend no action.	The Securities Litigation Policy includes the following language regarding claims monitoring: "The City Attorney in conjunction with outside legal counsel shall provide ongoing status reports to the Board on all securities litigation cases in which the Plan is a class member or in which the Plan has filed an independent action. These reports shall include a summary of all major developments in connection with such cases." Staff believes that procedures for filing claims normally would be included in an instruction manual and not embedded in policy. Staff recommends no action regarding this recommendation	None
3	Continue to examine ways to become more efficient in processing benefits and collaborate with peers about their cost control efforts.	Agreed. This will continue to be done on an ongoing basis.	Pensions Division	Completed	LAFPP issued an RFP for a replacement Pension Administration System. This new system is expected to result in more efficient operations leveraging the latest technology. Additionally staff regularly attend CALAPRS roundtables and other training/conferences in order to collaborate with staff from other pension funds.	Completed
28	LAFPP Management should continue to compile all benefit determinations received to date, including precedents set by court decisions, Board decisions, management decisions and legal opinions, in one central repository.	Agreed. This will continue to be done on an ongoing basis in our document imaging system.	Pensions Division	Completed	All documents, both day-forward and backfile, are being compiled in our electronic document management system, Documentum.	Completed

HEK RECOMMENDATIONS STATUS LOG - RECOMMENDATIONS ASSIGNED TO THE BENEFITS COMMITTEE

HEK No.	Recommendation	Original Management Response	Responsible Division / Section	Proposed Status:		Actions taken/ to be taken	Estimated Date of Completion
				Completed	In Progress		
29	LAFPP Management should develop and furnish a Summary Plan Description for Tier 6 as soon as possible.	Agreed.	Pensions Division	Completed		Tier 6 Summary Plan Description finalized and available at www.lafpp.com .	Completed
32	LAFPP Management should subject the healthcare subsidy program to the same accounting verification process as all other monthly pension roll payments.	Agreed. Staff implemented an accounting reconciliation process for the health subsidy program beginning with the November 2013 pension roll.	Pensions Division	In progress		The Medical & Dental Benefits Section and the Accounting Section will continue to develop a verification process tailored specifically to the health subsidy program. The final verification process will be reported to the Board in the first quarter of 2015.	March 2015
36	LAFPP Management should add expected turnaround times for internal processing, where appropriate, to [Disability] staff's Desk Manual.	Agreed.	Pensions Division	Completed		Staff procedural manuals were revised to include a revised flowchart that includes expected processing timeframes.	Completed
37	LAFPP Management should evaluate all member-facing information and publications to ensure that disability application processing turnaround times are	Agreed.	Pensions Division	Completed		Applications and information booklets for new members were revised to indicate average processing time of 12 months. See www.lafpp.com .	Completed

HEK RECOMMENDATIONS STATUS LOG - RECOMMENDATIONS ASSIGNED TO THE BENEFITS COMMITTEE

HEK No.	Recommendation	Original Management Response	Responsible Division / Section	<u>Proposed Status:</u> Completed In Progress Implement Later Recommend No Action	Actions taken/ to be taken	Estimated Date of Completion
38	The LAFPP Board and Management should evaluate the informal practice currently used to schedule Board [Disability] hearing dates, and explore ways to enhance timeliness.	Agreed. Staff will work with the Board to enhance the timeliness of disability hearings.	Pensions Division	In progress	Staff is analyzing current practices and will provide a report to the Board.	November 2014
39	The LAFPP Board and Management should shift some of the burden of information submission to the member as part of the disability application process.	Staff will research the matter and bring a supported recommendation to the Board.	Pensions Division	In progress	Staff is analyzing current practices and will provide a report to the Board.	November 2014
40	The LAFPP Board and Management should determine what other common practices, such as delegating specific decision-making authority or retaining a Board medical advisor, could streamline the process, and what changes to governing law, policies or procedures would be necessary to do so.	Staff will research the matter and bring a supported recommendation to the Board.	Pensions Division	In progress	Staff is surveying other similar pension systems and will provide a report to the Board.	November 2014