

MINUTES
OF THE
BOARD OF FIRE AND POLICE PENSION COMMISSIONERS
SPECIAL MEETING OF AUGUST 19, 2010

The Audit Committee and members of the Board of Fire and Police Pension Commissioners of the City of Los Angeles met in Room 800, 360 East Second Street, on Thursday, August 19, 2010.

COMMITTEE

MEMBERS PRESENT: Dean Hansell, Chair
Brenda Maull
Ruben Navarro
Raúl Pérez

OTHER COMMISSIONERS

PRESENT: George Aliano
Robert von Voigt

AUDIT COMMITTEE

SUPPORT STAFF: William Raggio, Assistant General Manager
Caroline Dinu, Senior Management Analyst II

**DEPARTMENT OF FIRE AND
POLICE PENSIONS:**

Michael A. Perez, General Manager
Laura Guglielmo, Assistant General Manager
William Raggio, Assistant General Manager
Barbara Nobregas, Commission Executive Assistant

CITY ATTORNEY'S OFFICE: Alan Manning, Assistant City Attorney

The Audit Committee will be noted as a Special Board meeting since more than four Commissioners were present. Chair Hansell called the meeting to order at 8:06 a.m. All of the above Commissioners were present at the start of the meeting, with the exception of Commissioner Pérez who arrived at 8:15 a.m.

1. REVIEW OF AUDIT COMMITTEE DUTIES AND RESPONSIBILITIES AND POSSIBLE COMMITTEE ACTION

Ms. Caroline Dinu, Senior Management Analyst, Internal Audit Section presented the proposed policy changes to the Committee. She stated that these have been the only changes since 2007.

MOTION

Chair Hansell moved that the Audit Committee:

1. Approve the duties and responsibilities of the Audit Committee, including the changes to the Governance Policy Section 6.12, and
 2. Recommend changes to the duties and responsibilities of the Committee to the full Board, which was approved by the following vote: ayes, Commissioners Maull, Navarro and Chair Hansell – 3; nays, none.
2. IFS AUDIT PLAN ASSIGNMENTS FOR AUDIT COMMITTEE DISPOSITION AND POSSIBLE COMMITTEE ACTION

Ms. Erin Kenney, Departmental Internal Auditor, Internal Audit Section gave an update on the Independent Fiduciary Services (IFS) annual assignments for Audit Committee disposition. She stated five recommendations remain outstanding and discussed the progress of each one.

MOTION

Commissioner Navarro moved that the Audit Committee recommend that the Board:

1. Determine that the status of Independent Fiduciary Services (IFS) recommendation number 2i/06 be changed from “In Progress” to “Completed.”
 2. Determine that the status of the IFS recommendation number 2c/20 be changed from “Implement at a Later Date” to “Recommend No Action.”
 3. Approved the updated report, which was seconded by Commissioner Maull and approved by the following vote: ayes, Commissioners Maull, Navarro and Chair Hansell – 3; nays, none.
3. STATUS OF 2009-2010 ANNUAL AUDIT PLAN AND PROPOSED ANNUAL AUDIT PLAN; REVISION TO STRATEGIC PLAN MILESTONE DATES, AND POSSIBLE COMMITTEE ACTION

Ms. Erin Kenney gave a status report on the outstanding IFS recommendations and nine internal audit projects. Seven of the nine internal audit projects are completed, one item is in progress, and the remaining item is pending discussions with the Associations regarding a new Memorandum Of Understanding. The Strategic Plan includes modifying the milestone to January 31, 2011 and presenting the Annual Audit Plan (AAP) on a calendar year basis to allow for the risk assessment and development for a substantive audit plan. Chair Hansell suggested staff consider testing the business continuity system to ensure its security. General Manager Perez stated that the issue of

security is a high priority. We have contracted out to having testing done by a consultant. We are continuing to put forth efforts in this process to ensure we have a process that is repeatable and consistent.

MOTION

Commissioner Navarro moved that the Audit Committee:

1. Receive and file the status of the 2009-2010 Annual Audit Plan (AAP);
2. Approve revising the AAP format from a fiscal year to a calendar year basis; and,
3. Recommend to the full Board revisions to the Strategic Plan Milestone dates for the Internal Audit Project to reflect the change in format, which was seconded by Commissioner Maull and approved by the following vote: ayes, Commissioners Maull, Navarro, Pérez, and Chair Hansell – 4; nays, none.

4. PUBLIC COMMENTS

There were no public comments.

Chair Hansell suggested as a future agenda item to address the overhaul of the Governmental Accounting Standard Board (GASB) accounting and reporting rules for public pensions. Historically plan sponsors, rather than the pension systems make comments. The Committee may want to review the issue and relay comments with the City of Los Angeles, or comment separately with the assistance of the staff. General Manager Perez stated the comment period closes on September 17, 2010. The Committee agreed to have the issue heard by the Board due to time constraints. Mr. William Raggio, Assistant General Manager stated that staff has had a series of meetings with the CAO, Controller's Office, Mayor's Office and three pension systems discussing the GASB changes. The approach that the City is taking is that the Controller's Office is taking the lead since the GASB changes specifically relate to the financial reporting for the City. The Controller's Office is preparing a response for the comment period to be reviewed by all parties, and will be communicated by September 17, 2010. Mr. Raggio will provide an update to the Committee on the focused areas of the report. The City departments reviewing the issue believe it is better for the plan sponsors to provide comments than the individual retirement systems. Chair Hansell stated to place the issue on the agenda and if staff has concerns that LAFPP is not adequately represented then the Committee may wish to take other action.

The meeting adjourned at 8:21 a.m.



Chair



Secretary