

**MINUTES**

**AUDIT COMMITTEE  
MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (MCERA)**

**One McInnis Parkway, 1st Floor  
Retirement Board Chambers  
San Rafael, CA**

**November 29, 2023 – 9:00 a.m.**

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This meeting was held at the address listed above and, absent technological disruption, was accessible via videoconference and conducted in accordance with Government Code section 54953 and 54954.2.

**CALL TO ORDER**

Chair Gladstern called the meeting to order at 9:06 a.m.

**ROLL CALL**

PRESENT: Gladstern, Martinovich, Silberstein

ABSENT: None

**CONSIDER ANY BOARD MEMBER REQUESTS TO TELECONFERENCE FOR  
“JUST CAUSE” OR “EMERGENCY,” AS SET FORTH ON THIS AGENDA BELOW**

No Board members requested to teleconference.

**MINUTES**

It was M/S Silberstein/Martinovich to approve the September 18, 2023 Audit Committee Meeting Minutes as submitted. The motion passed by a vote of 3-0 as follows:

AYES: Gladstern, Martinovich, Silberstein

NOES: None

ABSTAIN: None

ABSENT: None

**A. OPEN TIME FOR PUBLIC EXPRESSION**

Note: The public may also address the Board regarding any agenda item when the Board considers the item.



Open time for public expression, from three to five minutes per speaker, on items not on the Board Agenda. While members of the public are welcome to address the Board during this time on matters within the Board's jurisdiction, except as otherwise permitted by the Ralph M. Brown Act (Government Code Sections 54950 et seq.), no deliberation or action may be taken by the Board concerning a non-agenda item. Members of the Board may (1) briefly respond to statements made or questions posed by persons addressing the Board, (2) ask a question for clarification, or (3) provide a reference to staff for factual information.

No members of the public provided comment.

## **B. NEW BUSINESS**

1. Financial Audit Review – Neeraj Datta and Andy Paulden, Partners, Brown Armstrong  
Review and discuss audit results.

Andy Paulden and Neeraj Datta, CPAs with Brown Armstrong, presented results of the audit of June 30, 2023 financial statements. Mr. Paulden gave an overview of audit processes, explaining the auditors have the responsibility to render a written opinion on the accuracy of the financial statements to give assurance that an outside entity has reviewed and opined on the financials. In the conduct of the engagement auditor standards followed include those issued by the Comptroller General of the United States. Auditors report to the Audit Committee and Board on any weaknesses in internal controls or potential enhancements in efficiencies and controls presented in the Agreed Upon Conditions Report.

Mr. Datta reported remote interim fieldwork conducted at the end of August included tests of internal controls, walkthroughs of key accounting areas, and review of Board meeting minutes and MCERA agreements. Final fieldwork was conducted on site in mid-October to substantiate all accounts and balances and review confirmation responses. In early November auditors conducted the financial statement review and drafted related reporting.

Mr. Datta discussed audit areas of focus in significant risk areas. For revenue recognition auditors test controls over contribution amounts as part of participant data and obtain confirmations from third parties. Auditors test journal entries to ensure no inappropriate or unusual activity was noted. Investments and related earnings are confirmed through the custodian, investment managers, and investment consultant. In addition, testing and analytics are performed for employer and employee contributions and for benefit payments.

In conclusion, Mr. Paulden advised Brown Armstrong has issued an unmodified, clean opinion that MCERA's financial statements are fairly presented in accordance with Generally Accepted Accounting Principles (GAAP). There were no issues that arose during the conduct of the audit to report to the Board. Brown Armstrong is comfortable with MCERA's policies and procedures for determining fair valuations and the allocation of the overall Net Pension Liability to Plan sponsors. Also, there were no corrections or misstatements identified during the audit process to report. Regarding internal controls there were no instances of noncompliance having a material impact on the financial statements. The final report to management identifies items from the prior year's audit that



have been corrected. Mr. Paulden added that once auditors are comfortable with the audit process, there is a third level of review within Brown Armstrong that includes all deliverables. Mr. Paulden invited comments on the audit from the Audit Committee.

Chair Gladstern asked if a lookback was conducted to locate additional members as a result of recommendations in the prior year's Agreed Upon Conditions Report. Mr. Datta replied the matter was revisited during the current year's audit with no findings. Mr. Paulden added appropriate corrective action was taken by MCERA.

2. Financial Statements (ACTION) – Neeraj Datta and Andy Paulden, Partners, Brown Armstrong

Review, discuss and possibly recommend that the Board adopt proposed June 30, 2023 Financial Statements.

Mr. Paulden presented the proposed audited financial statements for June 30, 2023 for the Committee's consideration. Trustee Silberstein asked about holdings in foreign currencies, including a small amount in the British pound and larger amount in Indonesian rupees. Mr. Wickman replied these holdings come from a schedule provided by MCERA's custodian, which Mr. Paulden said are likely to fluctuate on a daily basis.

Trustee Martinovich congratulated the Brown Armstrong auditors on working with staff and doing a good job in conveying information that is thorough and to the point. Mr. Wickman thanked Sandra Arebalo, Chief Financial Officer, and her accounting team for their work. He also commended auditors Neeraj Datta and Andy Paulden for approaching the audit as a partnership and offering new areas and educational opportunities to improve internal controls. The result has been a good process to review MCERA's financial operations, he said.

It was M/S Silberstein/Martinovich to recommend that the Board adopt proposed June 30, 2023 Financial Statements as submitted. The motion passed by a vote of 3-0 as follows:


AYES: Gladstern, Martinovich, Silberstein  
NOES: None  
ABSTAIN: None  
ABSENT: None

3. Future Meetings

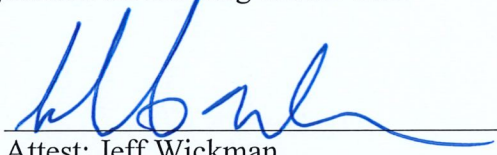
Consider and discuss agenda items for future meetings.

Administrator Wickman said the plan is to move financials forward to include an Annual Comprehensive Financial Report (ACFR) next year.

There being no further business, Chair Gladstern adjourned the meeting at 9:39 a.m.

 for \_\_\_\_\_

Maya Gladstern  
Audit Committee Chair

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Attest: Jeff Wickman  
Retirement Administrator