

# LASERS Benefits Louisiana.

Louisiana State Employees'  
Retirement System



Board Book



**NOTICE AND AGENDA**  
***Audit Committee Meeting***  
***Thursday, June 27, 2019***  
***12:30 p.m.***

The Audit Committee will meet in the fourth floor conference room of the Retirement Systems Building, 8401 United Plaza Boulevard, Baton Rouge, Louisiana.

**Please silence your cell phone before meeting begins.**

**I. CALL TO ORDER**

**II. ROLL CALL**

**III. PUBLIC COMMENT** (allowed upon request before action items)

**IV. REGULAR BUSINESS**

1. Approval of the minutes of the March 21, 2019, meeting of the Audit Committee **(Action Item)**  
*Virginia Burton, Chair*
2. FYE 2019 Audit Projects Status Update **(Action Item)**  
*Ryan Babin, Audit Director*

**V. NEW BUSINESS**

1. Audit Committee and the External Auditors  
*Bonnie Marcantel, Postlethwaite & Netterville*  
*Tara Oskins, Postlethwaite & Netterville*  
*Megan Mensi, Postlethwaite & Netterville*
2. Approval of the Louisiana Compliance Questionnaire (External Audit) **(Action Item)**  
*Ryan Babin, Audit Director*
3. Approval of the FYE 2020 Audit Plan (Multi Year Plan Included) **(Action Item)**  
*Ryan Babin, Audit Director*
4. Audit Services Division Charter Updates **(Action Item)**  
*Ryan Babin, Audit Director*
5. Customer Service Evaluation Survey Results  
*Ryan Babin, Audit Director*

6. Reports to be Reviewed  
*Ryan Babin, Audit Director*
7. Audit Director's Comments  
*Ryan Babin, Audit Director*
8. Executive Director's Comments  
*Cindy Rougeou, Executive Director*

**VI. OTHER BUSINESS**

**VII. ADJOURNMENT**

**NOTE: If special accommodations are needed, please contact this office prior to meeting.**

**Louisiana State Employees' Retirement System  
Audit Committee Meeting  
March 21, 2019**

The Audit Committee of the Louisiana State Employees' Retirement System met on Thursday, March 21, 2019 in the fourth floor conference room of the Retirement Systems Building located at 8401 United Plaza Boulevard, Baton Rouge, Louisiana.

Ms. Virginia Burton, Chair, called the meeting to order at 1:03 p.m. Roll was called by Ms. Beth Labello, recording secretary.

\*\*\*\*\*

**Members Present:** Ms. Virginia Burton, Mr. Thomas Bickham, Ms. Beverly Hodges, Judge William Kleinpeter, Ms. Janice Lansing

**Staff Present:** Mr. Ryan Babin, Audit Director; Ms. Cindy Rougeou, Executive Director; Ms. Maris LeBlanc, Deputy Director and Chief Operating Officer; Mr. Trey Boudreaux, Chief Administrative Officer; Ms. Tina Grant, Executive Counsel; Mr. Artie Fillastre, Chief Fiscal Officer; Ms. Beth Labello, recording secretary

**Also Present:** Tyler Bosworth, House Retirement Committee; Ms. Lorry Trotter; Ms. Lori Pierce; Ms. Barbara McManus, Trustees; Mr. Rick McGimsey, Designee for the Commissioner of Administration; \*Ms. Amy Mathews, Designee for the Treasurer

A quorum was announced present and the meeting opened for business.

**Public Comment**

No public comments were made.

**Regular Business**

Ms. Burton called for approval of the minutes of the December 13, 2018 Audit Committee Meeting. **Ms. Hodges moved, seconded by Judge Kleinpeter, to approve the minutes. With no objection or discussion, the motion carried.**

Mr. Babin reviewed the fiscal year ending 2019 Audit Projects Status Report. The report included summaries of the following projects:

- Optimus Project Implementation (Phase 3)
- Microsoft Office 365 Implementation Project
- IT Security Management Review – project being delayed to the next fiscal year
- Investment Manager Review

**Judge Kleinpeter moved, seconded by Mr. Bickham, to recommend the Board approve the Fiscal Year End 2019 Audit Plan changes, as presented. With no objection or discussion, the motion carried.**

### **New Business**

Mr. Babin reviewed the Semi-Annual Review of Open Items Report. The report included a summary of the following item:

- 1608 – Southern University Baton Rouge - Mr. Babin has been in contact with the Audit Director at Southern University to respond to open items on the report

\*Ms. Mathews arrived at 1:09 p.m.

Mr. Babin distributed the Audit Committee Fundamentals Manual and explained its purpose.

Mr. Babin reviewed the customer service evaluation survey results, which included positive comments.

Mr. Babin reviewed the Reports to be Reviewed, which included a summary of the following items:

- 1915 GASB 68 Actuarial Data File Review (FYE 2018)
- 1917 Delgado Community College (DCC) (External Review)
- 1919 Lallie Kemp Regional Medical Center (External Review)
- 1920 Actuarial Experience Study File Review
- 1922 Northeast Delta Human Services Authority (External Review)
- 1926 Louisiana School for the Deaf (External Review)
- 1927 Louisiana Military Department (External Review)

Mr. Babin had no additional comments.

Ms. Rougeou had no Executive Director comments.

### **Other Business**

No other business was discussed.

### **Adjournment**

The meeting adjourned at 1:30 p.m.

## FYE 2019 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
01	Member Services	Annuitant Verifications (International and Over Age 95)	<b>Project 1816 - COMPLETED.</b>	Sep-Oct	10/10/2017	8/3/2018
02	Member Services	Disability	<p>This project will cover:</p> <ul style="list-style-type: none"> <li>- Convert to Regular Retiree</li> <li>- Approvals and Appeals</li> <li>- Physician Management</li> <li>- Recertification</li> <li>- Return to Work.</li> </ul> <p>Note: Calculations are not included since this is reviewed annually and income verification not included since it was reviewed during FYE 2014.</p> <p><b>Project 1804 - COMPLETED.</b></p>	Jan-Mar	3/5/2018	6/22/2018
03	All Divisions	Optimus Project Implementation (Phase 1)	<p>This is Phase 1 of the Imaging replacement project and audit's involvement will vary. Potential areas of focus include: data migration, user security/roles, and system functionality testing.</p> <p><b>Project 1708 - COMPLETED.</b></p>	N/A	8/2/2016	11/9/2018
04	Fiscal	Agency Contribution Reporting	<b>Project 1801 - fieldwork being performed.</b>	Oct-Dec	3/14/2018	
05	Investments/Fiscal	Investment manager review	<p>Bernhard Capital Partners is being reviewed.</p> <p><b>Project 1823 - COMPLETED.</b></p>	Jan-Mar	4/16/2018	7/5/2018

### FYE 2019 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
06	Fiscal/IT	JD Edwards User Security Review	This will be a joint project between Audit, Fiscal, and IT. Due to the specialized nature of this project, a third party company may be utilized to co-source an audit of the security. In addition, an evaluation of automated tools available to manage and audit security will be performed. <b>Project 1802 - fieldwork being performed. Update: The initial audit by the third party vendor has been completed and LASERS is in the process of addressing the exceptions identified. This is scheduled for completion in the fall of 2018. Once the exceptions have been addressed, a follow up audit will be performed by the third party vendor.</b>	Jan-Mar	2/26/2018	
07	Member Services/Fiscal	Employer Agency Reviews	Testing of employer agencies is conducted throughout the fiscal year. As one employer agency review is completed another is started.	Jul-Jun	N/A	N/A
		1905 Department of Children and Family Services	<b>Completed.</b>	N/A	7/2/2018	7/23/2018
		1907 University of Louisiana at Monroe	<b>Completed.</b>	N/A	7/10/2018	9/24/2018
		1909 Department of Public Safety	<b>Completed.</b>	N/A	7/16/2018	9/25/2018
		1913 Louisiana Department of Agriculture and Forestry	<b>Completed.</b>	N/A	7/30/2018	8/17/2018
		1916 Louisiana Workforce Commission	<b>Completed.</b>	N/A	8/28/2018	10/19/2018
		1917 Delgado Community College	<b>Completed.</b>	N/A	9/4/2018	1/15/2019
		1919 Lallie Kemp Regional Medical Center	<b>Completed.</b>	N/A	10/4/2018	2/4/2019
		1922 Northeast Delta Human Services Authority	<b>Completed.</b>	N/A	11/29/2018	12/5/2018
		1924 LA State University Medical Center	<b>Completed.</b>	N/A	1/11/2019	5/17/2019



## FYE 2019 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
		1925 Board of Commissioners Port of New Orleans	<b>Completed.</b>	N/A	1/11/2019	3/26/2019
		1926 Louisiana School for the Deaf	<b>Completed.</b>	N/A	1/11/2019	1/24/2019
		1927 Louisiana Military Department	<b>Completed.</b>	N/A	1/15/2019	1/25/2019
08	Member Services/Fiscal	Employer Agency Queries	This project consists of a monthly evaluation of automated testing on employer agencies related to proper enrollment of members and rehired retirees and leave reporting for retirees. Project <b>1902A &amp; B - report being finalized.</b>	Jul-Jun	7/5/2018	
			This project consists of the development of new automated testing for employer agencies. <b>1902C - fieldwork being performed.</b>	Jul-Jun	7/10/2018	
09	Audit Services	Fraud Investigations		Jul-Jun	7/2/2018	
10	Member Services/Fiscal/IT	Funding Actuarial File Review (FYE 2018)	This project includes the testing of the actuarial data files submitted to the System Actuary for completion of the funding actuarial valuation. <b>Project 1906 - Completed.</b>	Jul-Sep	7/9/2018	9/28/2018
11	Audit Services	Mkinsight Upgrade and Enhancement	This project will be completing an upgrade of our audit management system along with implementing certain enhancements to improve the efficiency and effectiveness of our division. <b>Project 1911 - Completed.</b>	Jul-Sep	7/26/2018	12/17/2018
12	Executive/Member Services/Fiscal/IT	Actuarial File Layout Update Project	This consulting project will consist of working with the necessary parties to evaluate proposed changes to the annual actuarial file layout and perform the necessary testing of those changes. This will be a multi-year project. <b>Project 1910 - Fieldwork being performed.</b>	Jul-Sep	7/16/2018	

## FYE 2019 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
13	Member Services/Fiscal/IT	Optimus Project Implementation (Phase 3)	This is Phase 3 of the Imaging replacement project. Audit's involvement in this project will vary; however, some possible review areas include: Online self-service security and functionality upgrades/enhancements, evaluation of possible online storage of Optimus data and disaster recovery related changes, and electronic forms. <b>Project 1904 - Fieldwork being performed.</b>	Jul-Sep	7/6/2018	
14	Investments/Fiscal	Internally Managed Portfolio Review	<b>Project 1912 - COMPLETED.</b>	Jul-Sep	7/30/2018	11/15/2018
15	IT	Microsoft Office 365 Implementation Project	Microsoft's Office 365 product moves their applications (i.e., Outlook, Word, Excel, etc.) to a subscription based service (online only) model instead of the traditional on site model. IT is currently evaluating the options available to implement the Microsoft 365 version of Outlook at LASERS. If steps are taken to implement this application, then audit will participate in this project in a consulting capacity and review the components of the implementation plan and other key aspects of this project as they are developed. <b>Update: This item has been delayed until no earlier than 1st quarter of 2019. Project 1930 - fieldwork being performed.</b>	Jul-Sep	2/25/2019	
16	Member Services/Fiscal/IT	GASB 68 Actuarial File Review (FYE 2018)	This project includes the following: - Testing of the actuarial data files submitted to the System Actuary for completion of the GASB 68 audit report. - Review of the GASB 68 audit report. <b>Project 1915 - COMPLETED.</b>	Aug-Oct	8/28/2018	12/13/2018

## FYE 2019 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
17	Fiscal	External Financial Statement Audit Report and Funding Actuarial Valuation Report Review	This is an annual project that consists of a review of the external financial statement audit report and the funding actuarial valuation report. A cross comparison to the funding actuarial valuation report is also performed as part of this project. <b>Project 1918 - COMPLETED.</b>	Sep	9/10/2018	9/28/2018
18	Member Services/Fiscal/IT	Actuarial Experience Study File Review	This project will consist of testing the experience study data files before being submitted to the System Actuary. <b>Project 1920 - COMPLETED.</b>	Nov-Dec	10/30/2018	1/23/2019
19	Audit Services	Audit Charter and Policy Compliance Review	This project will consist of the annual assessment of compliance and completion of the items outlined in the Audit Committee Charter, Audit Services Division Charter, and the Audit Resolution Policy and Procedures. <b>Project 1921 - COMPLETED.</b>	Oct-Dec	11/20/2018	11/29/2018
20	Member Services	Benefit Calculation Review	<b>Project 1923 - COMPLETED.</b>	Jan-Mar	12/5/2018	4/2/2019
21	Fiscal	Rehire Retirees	<b>Project 1914 - fieldwork being performed.</b>	Jan-Mar	8/29/2018	
22	IT	IT Security Management Review	The area of focus for this review is Active Directory, Group Policy Management, and Network Logical Security. IT and Audit plan to partner with a third party firm to complete the technical aspects of this project. The process components of this area will be reviewed by audit. <b>This project will be moved to next fiscal year. The IT resources necessary to complete this project are unavailable primarily due to the focus on the Optimus cloud disaster recovery and Office 365 implementation projects.</b>	Jan-Mar	N/A	N/A
23	Investments/Fiscal	Investment manager review	<b>Project 1928 - report being finalized.</b>	Jan-Mar	2/27/2019	

## FYE 2019 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
24	IT	Disaster Recovery Process Modernization (non-Optimus)	<p>IT is currently evaluating the options available to modernize the technology and approach to disaster recovery at LASERS as part of the Optimus Phase 3 project. If steps are taken to modernize this process with Optimus, then this will allow for the disaster recovery process to be modernized for other non-Optimus systems (i.e., SOLARIS and JD Edwards). If this occurs, then audit will participate in this project in a consulting capacity and review the new process as it is being developed and implemented.</p> <p><b>This project will be moved to next fiscal year. The IT resources necessary to complete this project are unavailable primarily due to the focus on the Optimus cloud disaster recovery and Office 365 implementation projects.</b></p>	Jan-Mar	N/A	N/A
25	Member Services/Fiscal/IT	SOLARIS User Security Update and Review	<p>This will be a consulting and assurance type project. Member Services will be initiating a project to evaluate and update the user security roles in SOLARIS. Audit will provide feedback and recommendations in this area as the suggested updates are being developed and implemented. This project will also include an evaluation of all non-Member Service user security roles in SOLARIS to ensure proper configuration.</p> <p><b>This project will be moved to next fiscal year. The resources in Member Services necessary to complete this project are unavailable primarily due to the focus on the Optimus Phase 3 implementation project.</b></p>	Jan-Mar	N/A	N/A

## FYE 2019 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
26	Audit Services	Review of Audit Committee Charter, Audit Services Division Charter, and Audit Resolution Policy & Procedures	These charters and policy document require a review every three years. Any updates will be submitted to the audit committee for review and approval. <b>Project 1929 - report being finalized.</b>	Apr-Jun	2/20/2019	
27	Executive	Enterprise Risk Management (ERM) Implementation	This is a consulting project where Audit Services is working with the Chief Risk Officer to evaluate the various components of ERM that are in the process of being implemented. <b>Project 1901 - report being finalized.</b>	Jul-Jun	12/17/2018	
28	All Divisions	Continuous Auditing of Various Processes	Continuous Auditing Queries performed in the following areas: <ul style="list-style-type: none"> <li>- Accounting Processes (SOLARIS)</li> <li>- Accurant Search Activity</li> <li>- Benefits</li> <li>- Death</li> <li>- Disability</li> <li>- Membership</li> <li>- Refunds</li> <li>- Service Purchases</li> <li>- Transfers</li> </ul> This is the project for the research of the exceptions identified during this testing. <b>Project 1903A - report being finalized.</b>	Jul-Jun	7/5/2018	
			This project consists of the development of new continuous auditing tests. <b>Project 1903B - report being finalized.</b>	Jul-Jun	7/2/2018	
			Review of IRS Form 1099-R issued by LASERS. <b>Project 1903C - report being finalized.</b>	Jan	11/19/2018	
			Review of Required Minimum Distributions issued by LASERS. <b>Project 1903D - report being finalized.</b>	Oct-Dec	11/8/2018	

## FYE 2019 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
29	Audit Services	Audit Services Follow Up Activities	This project consists of follow up on open items from previous projects conducted by the audit division. A larger than normal allocation has been assigned to this area for follow up related to Project 1604 IT Security Management Review.	Jul-Jun	7/13/2018	
		<b><u>ADMINISTRATIVE WORK</u></b>				
30	Audit Services	Administrative work--including audit committee preparation, preparing audit division budget, updates of the charter, updates of the audit services division procedure manual, audit plan development, staff performance evaluations, travel, etc.	LASERS will be hosting the May 2019 Association of Public Pension Fund Auditors' (APPFA) Conference in New Orleans. The hours spent planning this conference will be assigned to this area.		N/A	
		<b><u>UNBUDGETED PROJECTS</u></b>				
31	Audit Services	These projects will consist of those not planned at the start of the fiscal year.			N/A	
		<b><u>PERCENTAGE OF HOURS ALLOCATION</u></b>				
		<b><u>% of work hrs available</u></b>				
		77.19%	Budgeted Projects			
		2.02%	Follow up Activities			
		7.03%	Unbudgeted Projects			
		7.83%	Administrative Time			
		<b><u>PERFORMANCE MEASURES</u></b>				
		Audit Committee Satisfaction Survey	Feedback will be used to identify improvements.			
		External Quality Assessment (Peer) Review	Performed once every five years and should receive a "generally complies" rating which is the highest offered.			
		Training hours per auditor	Each auditor must obtain 40 hrs of continuing education each fiscal year.			
		<b><u>STAFFING RESOURCES</u></b>				

## FYE 2019 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
		<u>Name and Position</u>	<u>Certifications</u>	<u>Audit Experience (Approx.)</u>		
		Ryan Babin, Audit Director	Certified Public Accountant (CPA), Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA)	16 years		
		Reece Babin, Staff Auditor		2 years		
		Nicole Xue, Staff Auditor		1 year		
		Paul Tran, Staff Auditor		1 year		

## FYE 2019 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
01	Member Services	Annuitant Verifications (International and Over Age 95)	<b>Project 1816 - COMPLETED.</b>	Sep-Oct	10/10/2017	8/3/2018
02	Member Services	Disability	<p>This project will cover:</p> <ul style="list-style-type: none"> <li>- Convert to Regular Retiree</li> <li>- Approvals and Appeals</li> <li>- Physician Management</li> <li>- Recertification</li> <li>- Return to Work.</li> </ul> <p>Note: Calculations are not included since this is reviewed annually and income verification not included since it was reviewed during FYE 2014.</p> <p><b>Project 1804 - COMPLETED.</b></p>	Jan-Mar	3/5/2018	6/22/2018
03	All Divisions	Optimus Project Implementation (Phase 1)	<p>This is Phase 1 of the Imaging replacement project and audit's involvement will vary. Potential areas of focus include: data migration, user security/roles, and system functionality testing.</p> <p><b>Project 1708 - COMPLETED.</b></p>	N/A	8/2/2016	11/9/2018
04	Fiscal	Agency Contribution Reporting	<b>Project 1801 - fieldwork being performed.</b>	Oct-Dec	3/14/2018	
05	Investments/Fiscal	Investment manager review	<p>Bernhard Capital Partners is being reviewed.</p> <p><b>Project 1823 - COMPLETED.</b></p>	Jan-Mar	4/16/2018	7/5/2018



## FYE 2019 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
06	Fiscal/IT	JD Edwards User Security Review	This will be a joint project between Audit, Fiscal, and IT. Due to the specialized nature of this project, a third party company may be utilized to co-source an audit of the security. In addition, an evaluation of automated tools available to manage and audit security will be performed. <b>Project 1802 - fieldwork being performed.</b> <b>Update: The initial audit by the third party vendor has been completed and LASERS is in the process of addressing the exceptions identified. This is scheduled for completion in the fall of 2018. Once the exceptions have been addressed, a follow up audit will be performed by the third party vendor.</b>	Jan-Mar	2/26/2018	
07	Member Services/Fiscal	Employer Agency Reviews	Testing of employer agencies is conducted throughout the fiscal year. As one employer agency review is completed another is started.	Jul-Jun	N/A	N/A
		1905 Department of Children and Family Services	<b>Completed.</b>	N/A	7/2/2018	7/23/2018
		1907 University of Louisiana at Monroe	<b>Completed.</b>	N/A	7/10/2018	9/24/2018
		1909 Department of Public Safety	<b>Completed.</b>	N/A	7/16/2018	9/25/2018
		1913 Louisiana Department of Agriculture and Forestry	<b>Completed.</b>	N/A	7/30/2018	8/17/2018
		1916 Louisiana Workforce Commission	<b>Completed.</b>	N/A	8/28/2018	10/19/2018
		1917 Delgado Community College	<b>Completed.</b>	N/A	9/4/2018	1/15/2019
		1919 Lallie Kemp Regional Medical Center	<b>Completed.</b>	N/A	10/4/2018	2/4/2019
		1922 Northeast Delta Human Services Authority	<b>Completed.</b>	N/A	11/29/2018	12/5/2018
		1924 LA State University Medical Center	<b>Completed.</b>	N/A	1/11/2019	5/17/2019

## FYE 2019 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
		1925 Board of Commissioners Port of New Orleans	<b>Completed.</b>	N/A	1/11/2019	3/26/2019
		1926 Louisiana School for the Deaf	<b>Completed.</b>	N/A	1/11/2019	1/24/2019
		1927 Louisiana Military Department	<b>Completed.</b>	N/A	1/15/2019	1/25/2019
08	Member Services/Fiscal	Employer Agency Queries	This project consists of a monthly evaluation of automated testing on employer agencies related to proper enrollment of members and rehired retirees and leave reporting for retirees. Project <b>1902A &amp; B - report being finalized.</b>	Jul-Jun	7/5/2018	
			This project consists of the development of new automated testing for employer agencies. <b>1902C - fieldwork being performed.</b>	Jul-Jun	7/10/2018	
09	Audit Services	Fraud Investigations		Jul-Jun	7/2/2018	
10	Member Services/Fiscal/IT	Funding Actuarial File Review (FYE 2018)	This project includes the testing of the actuarial data files submitted to the System Actuary for completion of the funding actuarial valuation. <b>Project 1906 - Completed.</b>	Jul-Sep	7/9/2018	9/28/2018
11	Audit Services	Mkinsight Upgrade and Enhancement	This project will be completing an upgrade of our audit management system along with implementing certain enhancements to improve the efficiency and effectiveness of our division. <b>Project 1911 - Completed.</b>	Jul-Sep	7/26/2018	12/17/2018
12	Executive/Member Services/Fiscal/IT	Actuarial File Layout Update Project	This consulting project will consist of working with the necessary parties to evaluate proposed changes to the annual actuarial file layout and perform the necessary testing of those changes. This will be a multi-year project. <b>Project 1910 - Fieldwork being performed.</b>	Jul-Sep	7/16/2018	

## FYE 2019 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
13	Member Services/Fiscal/IT	Optimus Project Implementation (Phase 3)	This is Phase 3 of the Imaging replacement project. Audit's involvement in this project will vary; however, some possible review areas include: Online self-service security and functionality upgrades/enhancements, evaluation of possible online storage of Optimus data and disaster recovery related changes, and electronic forms. <b>Project 1904 - Fieldwork being performed.</b>	Jul-Sep	7/6/2018	
14	Investments/Fiscal	Internally Managed Portfolio Review	<b>Project 1912 - COMPLETED.</b>	Jul-Sep	7/30/2018	11/15/2018
15	IT	Microsoft Office 365 Implementation Project	Microsoft's Office 365 product moves their applications (i.e., Outlook, Word, Excel, etc.) to a subscription based service (online only) model instead of the traditional on site model. IT is currently evaluating the options available to implement the Microsoft 365 version of Outlook at LASERS. If steps are taken to implement this application, then audit will participate in this project in a consulting capacity and review the components of the implementation plan and other key aspects of this project as they are developed. <b>Update: This item has been delayed until no earlier than 1st quarter of 2019. Project 1930 - fieldwork being performed.</b>	Jul-Sep	2/25/2019	
16	Member Services/Fiscal/IT	GASB 68 Actuarial File Review (FYE 2018)	This project includes the following: - Testing of the actuarial data files submitted to the System Actuary for completion of the GASB 68 audit report. - Review of the GASB 68 audit report. <b>Project 1915 - COMPLETED.</b>	Aug-Oct	8/28/2018	12/13/2018

## FYE 2019 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
17	Fiscal	External Financial Statement Audit Report and Funding Actuarial Valuation Report Review	This is an annual project that consists of a review of the external financial statement audit report and the funding actuarial valuation report. A cross comparison to the funding actuarial valuation report is also performed as part of this project. <b>Project 1918 - COMPLETED.</b>	Sep	9/10/2018	9/28/2018
18	Member Services/Fiscal/IT	Actuarial Experience Study File Review	This project will consist of testing the experience study data files before being submitted to the System Actuary. <b>Project 1920 - COMPLETED.</b>	Nov-Dec	10/30/2018	1/23/2019
19	Audit Services	Audit Charter and Policy Compliance Review	This project will consist of the annual assessment of compliance and completion of the items outlined in the Audit Committee Charter, Audit Services Division Charter, and the Audit Resolution Policy and Procedures. <b>Project 1921 - COMPLETED.</b>	Oct-Dec	11/20/2018	11/29/2018
20	Member Services	Benefit Calculation Review	<b>Project 1923 - COMPLETED.</b>	Jan-Mar	12/5/2018	4/2/2019
21	Fiscal	Rehire Retirees	<b>Project 1914 - fieldwork being performed.</b>	Jan-Mar	8/29/2018	
22	IT	IT Security Management Review	The area of focus for this review is Active Directory, Group Policy Management, and Network Logical Security. IT and Audit plan to partner with a third party firm to complete the technical aspects of this project. The process components of this area will be reviewed by audit. <b>This project will be moved to next fiscal year. The IT resources necessary to complete this project are unavailable primarily due to the focus on the Optimus cloud disaster recovery and Office 365 implementation projects.</b>	Jan-Mar	N/A	N/A
23	Investments/Fiscal	Investment manager review	<b>Project 1928 - report being finalized.</b>	Jan-Mar	2/27/2019	

## FYE 2019 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
24	IT	Disaster Recovery Process Modernization (non-Optimus)	<p>IT is currently evaluating the options available to modernize the technology and approach to disaster recovery at LASERS as part of the Optimus Phase 3 project. If steps are taken to modernize this process with Optimus, then this will allow for the disaster recovery process to be modernized for other non-Optimus systems (i.e., SOLARIS and JD Edwards). If this occurs, then audit will participate in this project in a consulting capacity and review the new process as it is being developed and implemented.</p> <p><b>This project will be moved to next fiscal year. The IT resources necessary to complete this project are unavailable primarily due to the focus on the Optimus cloud disaster recovery and Office 365 implementation projects.</b></p>	Jan-Mar	N/A	N/A
25	Member Services/Fiscal/IT	SOLARIS User Security Update and Review	<p>This will be a consulting and assurance type project. Member Services will be initiating a project to evaluate and update the user security roles in SOLARIS. Audit will provide feedback and recommendations in this area as the suggested updates are being developed and implemented. This project will also include an evaluation of all non-Member Service user security roles in SOLARIS to ensure proper configuration.</p> <p><b>This project will be moved to next fiscal year. The resources in Member Services necessary to complete this project are unavailable primarily due to the focus on the Optimus Phase 3 implementation project.</b></p>	Jan-Mar	N/A	N/A

## FYE 2019 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
26	Audit Services	Review of Audit Committee Charter, Audit Services Division Charter, and Audit Resolution Policy & Procedures	These charters and policy document require a review every three years. Any updates will be submitted to the audit committee for review and approval. <b>Project 1929 - report being finalized.</b>	Apr-Jun	2/20/2019	
27	Executive	Enterprise Risk Management (ERM) Implementation	This is a consulting project where Audit Services is working with the Chief Risk Officer to evaluate the various components of ERM that are in the process of being implemented. <b>Project 1901 - report being finalized.</b>	Jul-Jun	12/17/2018	
28	All Divisions	Continuous Auditing of Various Processes	Continuous Auditing Queries performed in the following areas: <ul style="list-style-type: none"> <li>- Accounting Processes (SOLARIS)</li> <li>- Accurant Search Activity</li> <li>- Benefits</li> <li>- Death</li> <li>- Disability</li> <li>- Membership</li> <li>- Refunds</li> <li>- Service Purchases</li> <li>- Transfers</li> </ul> This is the project for the research of the exceptions identified during this testing. <b>Project 1903A - report being finalized.</b>	Jul-Jun	7/5/2018	
			This project consists of the development of new continuous auditing tests. <b>Project 1903B - report being finalized.</b>	Jul-Jun	7/2/2018	
			Review of IRS Form 1099-R issued by LASERS. <b>Project 1903C - report being finalized.</b>	Jan	11/19/2018	
			Review of Required Minimum Distributions issued by LASERS. <b>Project 1903D - report being finalized.</b>	Oct-Dec	11/8/2018	

## FYE 2019 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
29	Audit Services	Audit Services Follow Up Activities	This project consists of follow up on open items from previous projects conducted by the audit division. A larger than normal allocation has been assigned to this area for follow up related to Project 1604 IT Security Management Review.	Jul-Jun	7/13/2018	
		<b><u>ADMINISTRATIVE WORK</u></b>				
30	Audit Services	Administrative work--including audit committee preparation, preparing audit division budget, updates of the charter, updates of the audit services division procedure manual, audit plan development, staff performance evaluations, travel, etc.	LASERS will be hosting the May 2019 Association of Public Pension Fund Auditors' (APPFA) Conference in New Orleans. The hours spent planning this conference will be assigned to this area.		N/A	
		<b><u>UNBUDGETED PROJECTS</u></b>				
31	Audit Services	These projects will consist of those not planned at the start of the fiscal year.			N/A	
		<b><u>PERCENTAGE OF HOURS ALLOCATION</u></b>				
		<b><u>% of work hrs available</u></b>				
		77.19%	Budgeted Projects			
		2.02%	Follow up Activities			
		7.03%	Unbudgeted Projects			
		7.83%	Administrative Time			
		<b><u>PERFORMANCE MEASURES</u></b>				
		Audit Committee Satisfaction Survey	Feedback will be used to identify improvements.			
		External Quality Assessment (Peer) Review	Performed once every five years and should receive a "generally complies" rating which is the highest offered.			
		Training hours per auditor	Each auditor must obtain 40 hrs of continuing education each fiscal year.			
		<b><u>STAFFING RESOURCES</u></b>				

## FYE 2019 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
		<u>Name and Position</u>	<u>Certifications</u>	<u>Audit Experience (Approx.)</u>		
		Ryan Babin, Audit Director	Certified Public Accountant (CPA), Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA)	16 years		
		Reece Babin, Staff Auditor		2 years		
		Nicole Xue, Staff Auditor		1 year		
		Paul Tran, Staff Auditor		1 year		



**LOUISIANA COMPLIANCE QUESTIONNAIRE  
(For Audit Engagements of Governments)**

Dear Chief Executive Officer:

Attached is the Louisiana Compliance Questionnaire that is to be completed by you or your staff. This questionnaire is a required part of a financial audit of Louisiana state and local government and quasi-public agencies. Upon completion, the questionnaire must be presented to and adopted by the governing body, if any, of your organization by means of a formal resolution in an open meeting. Independently elected officials should sign the document, in lieu of such a resolution.

The completed questionnaire and a copy of the adoption instrument, if appropriate, must be given to the auditor at the beginning of the audit. The auditor will, during the course of his regular audit, test the accuracy of the responses in the questionnaire. It is not necessary to return the questionnaire to my office.

Certain portions of the questionnaire may not be applicable to your organization, especially those related to federal financial assistance. In such cases, it is appropriate to mark the representation "not applicable." However, you must respond to each applicable representation. A 'yes' answer indicates that you have complied with the applicable law or regulation. A 'no' answer to any representation indicates a possible violation of law or regulation and, as such, should be fully explained. These matters will be reviewed by the auditor during the course of his examination. Please feel free to attach a further explanation of any representation.

Your cooperation in this matter will be greatly appreciated.

Sincerely,

Daryl G. Purpera, CPA, CFE  
Louisiana Legislative Auditor

Enclosure

**LOUISIANA COMPLIANCE QUESTIONNAIRE**  
**(For Audit Engagements of Government Agencies)**

June 3, 2019

**Postlethwaite & Netterville, APAC**  
**8550 United Plaza Boulevard, Suite 1001**  
**Baton Rouge, LA 70809**

In connection with your audit of our financial statements as of *June 30, 2019* and for *July 1, 2018 through June 30, 2019* for the purpose of expressing an opinion as to the fair presentation of our financial statements in accordance with accounting principles generally accepted in the United States of America, to assess our system of internal control as a part of your audit, and to review our compliance with applicable laws and regulations, we confirm, to the best of our knowledge and belief, the following representations. These representations are based on the information available to us as of June 3, 2019.

**PART I.        AGENCY PROFILE**

1. Name and address of the organization.

*Louisiana State Employees' Retirement System*  
*P. O. Box 44213*  
*Baton Rouge, LA 70804-4213*

2. List the population of the municipality or parish based upon the last official United States Census or most recent official census (municipalities and police juries only). Include the source of the information.

*N/A*

3. List names, addresses, and telephone numbers of entity officials. Include elected/appointed members of the governing board, chief executive and fiscal officer, and legal counsel.

*See Attachment I*

4. Period of time covered by this questionnaire.

*July 1, 2018 through June 3, 2019*

5. The entity has been organized under the following provisions of the Louisiana Revised Statute(s) (R.S.) and, if applicable, local resolutions/ordinances.

*The Louisiana State Employees' Retirement System is an agency of the State of Louisiana, established under the provisions of Title 11 of the Louisiana Revised Statutes, as amended.*

6. Briefly describe the public services provided.

*The Louisiana State Employees' Retirement System is a cost-sharing multi-employer retirement system, which is organized for the purpose of providing retirement and other benefits for the employees of the State of Louisiana and its various departments and agencies and their beneficiaries. The System is supervised by a thirteen member Board of Trustees and is funded through employee and employer contributions and investment earnings. These services are provided through the administration of both a defined benefit and contribution plan.*

7. Expiration date of current elected/appointed officials' terms.

*See Attachment I*

## LEGAL COMPLIANCE

### **PART II. PUBLIC BID LAW**

8. The provisions of the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration, State Purchasing Office have been complied with.

A) All public works purchases exceeding \$154,450 have been publicly bid.

B) All material and supply purchases exceeding \$30,000 have been publicly bid.

Yes [ ] No [X]

*N/A – In accordance with Attorney General Opinion #93-676, LASERS is exempt from these procedures. See Louisiana State Employees' Retirement System, et al v. State of Louisiana through the Department of Justice, et al, 423 So. 2d 73 (LA. App. 1<sup>st</sup> Cir. 1982).*

### **PART III. CODE OF ETHICS LAW FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES**

9. It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes [X] No [ ]

10. It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes [X] No [ ]

### **PART IV. LAWS AFFECTING BUDGETING**

11. We have complied with the budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15) R.S. 39:33, or R.S. 39:1331-1342, as applicable:

#### A. Local Budget Act

1. We have adopted a budget for the general fund and all special revenue funds (R.S. 39:1305).

2. The chief executive officer, or equivalent, has prepared a proposed budget that included a budget message, a proposed budget for the general fund and each special revenue fund, and a budget adoption instrument that specified the chief executive's authority to make budgetary amendments without approval of the governing authority. Furthermore, the proposed expenditures did not exceed estimated funds to be available during the period (R.S. 39:1305).

3. The proposed budget was submitted to the governing authority and made available for public inspection at least 15 days prior to the beginning of the budget year (R.S. 39:1306).

4. To the extent that proposed expenditures were greater than \$500,000, we have made the budget available for public inspection and have advertised its availability in our official journal. The advertisement included the date, time, and place of the public hearing on the budget. Notice has also been published certifying that all actions required by the Local Government Budget Act have been completed (R.S. 39:1307).

5. If required, the proposed budget was made available for public inspection at the location required by R.S. 39:1308.

6. All action necessary to adopt and finalize the budget was completed prior to the date required by state law. The adopted budget contained the same information as that required for the proposed budget (R.S. 39:1309).

7. After adoption, a certified copy of the budget has been retained by the chief executive officer or equivalent officer (R.S. 39:1309).

8. To the extent that proposed expenditures were greater than \$500,000, the chief executive officer or equivalent notified the governing authority in writing during the year when actual receipts plus projected revenue collections for the year failed to meet budgeted revenues by five percent or more, or when actual expenditures plus projected expenditures to year end exceeded budgeted expenditures by five percent or

more (R.S. 39:1311).

9. The governing authority has amended its budget when notified, as provided by R.S. 39:1311. (Note, general and special revenue fund budgets should be amended, regardless of the amount of expenditures in the fund, when actual receipts plus projected revenue collections for the year fail to meet budgeted revenues by five percent or more; or when actual expenditures plus projected expenditures to year end exceed budgeted expenditures by five percent or more. State law exempts from the amendment requirements special revenue funds with anticipated expenditures of \$500,000 or less, and exempts special revenue funds whose revenues are expenditure-driven - primarily federal funds-from the requirement to amend revenues.)

N/A

Yes [ ] No [ ]

**B. State Budget Requirements**

1. The state agency has complied with the budgetary requirements of R.S. 39:33.

N/A

Yes [ ] No [ ]

*LASERS is subject to R.S. 39:81 and not R.S. 39:33. We submit to the Joint Committee on the Budget, not the Governor.*

**C. Licensing Boards**

1. The licensing board has complied with the budgetary requirements of R.S. 39:1331-1342.

N/A

Yes [ ] No [ ]

**PART V. ACCOUNTING, AUDITING, AND FINANCIAL REPORTING LAWS**

12. We have maintained our accounting records in such a manner as to provide evidence of legal compliance and the preparation of annual financial statements to comply with R.S. 24:513 and 515, and/or 33:463.

Yes [ X ] No [ ]

13. All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes [ X ] No [ ]

14. We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes [ X ] No [ ]

15. We have had our financial statements audited in a timely manner in accordance with R.S. 24:513.

Yes [ X ] No [ ]

16. We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

N/A

Yes [ ] No [ ]

17. We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

N/A

Yes [ ] No [ ]

18. We have remitted all fees, fines, and court costs collected on behalf of other entities, in compliance with applicable Louisiana Revised Statutes or other laws

N/A

Yes [ ] No [ ]

**PART VI. MEETINGS**

19. We have complied with the provisions of the Open Meetings Law, provided in R. S. 42:11 through 42:28.  
Yes ☒ No ☐

**PART VII. ASSET MANAGEMENT LAWS**

20. We have maintained records of our fixed assets and movable property records, as required by R.S. 24:515 and/or 39:321-332, as applicable.  
Yes ☒ No ☐

**PART VIII. FISCAL AGENCY AND CASH MANAGEMENT LAWS**

21. We have complied with the fiscal agency and cash management requirements of R.S. 39:1211-45 and 49:301-327, as applicable.

N/A Yes ☐ No ☐

**PART IX. DEBT RESTRICTION LAWS**

22. It is true we have not incurred any long-term indebtedness without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

N/A Yes ☐ No ☐

23. We have complied with the debt limitation requirements of state law (R.S. 39:562).

N/A Yes ☐ No ☐

24. We have complied with the reporting requirements relating to the Fiscal Review Committee of the State Bond Commission (R.S. 39:1410.62).

N/A Yes ☐ No ☐

**PART X. REVENUE AND EXPENDITURE RESTRICTION LAWS**

25. We have restricted the collections and expenditures of revenues to those amounts authorized by Louisiana statutes, tax propositions, and budget ordinances.

Yes ☒ No ☐

26. It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes ☒ No ☐

27. It is true that no property or things of value have been loaned, pledged, or granted to anyone in violation of Article VII, Section 14 of the 1974 Louisiana Constitution.

Yes ☒ No ☐

**PART XI. ISSUERS OF MUNICIPAL SECURITIES**

28. It is true that we have complied with the requirements of R.S. 39:1438.C.

N/A Yes ☐ No ☐

**PART XI. QUESTIONS FOR SPECIFIC GOVERNMENTAL UNITS**

**Questions 28-57 not applicable to LASERS**

Parish Governments

29. We have adopted a system of road administration that provides as follows:

- A. Approval of the governing authority of all expenditures, R.S. 48:755(A).
- B. Development of a capital improvement program on a selective basis, R.S. 48:755.
- C. Centralized purchasing of equipment and supplies, R.S. 48:755.
- D. Centralized accounting, R.S. 48:755.
- E. A construction program based on engineering plans and inspections, R.S. 48:755.
- F. Selective maintenance program, R.S. 48:755.
- G. Annual certification of compliance to the auditor, R.S. 48:758.

Yes ☐ No ☐

#### School Boards

30. We have complied with the general statutory, constitutional, and regulatory provisions of the Louisiana Department of Education, R.S. 17:51-401.

Yes [ ] No [ ]

31. We have complied with the regulatory circulars issued by the Louisiana Department of Education that govern the Minimum Foundation Program.

Yes [ ] No [ ]

32. We have, to the best of our knowledge, accurately compiled the performance measurement data contained in the following schedules and recognize that your agreed-upon procedures will be applied to such schedules and performance measurement data:

Parish school boards are required to report, as part of their annual financial statements, measures of performance. These performance indicators are found in the supplemental schedules:

- Schedule 1, General Fund Instructional and Support Expenditures and Certain Local Revenue Sources
- Schedule 2, Education Levels of Public School Staff
- Schedule 3, Number and Type of Public Schools
- Schedule 4, Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers
- Schedule 5, Public School Staff Data: Average Salaries
- Schedule 6, Class Size Characteristics
- Schedule 7, Louisiana Educational Assessment Program (LEAP)
- Schedule 8, Graduation Exit Examination (GEE) (Note: this schedule is no longer applicable.)
- Schedule 9, iLEAP Tests

Yes [ ] No [ ]

#### Tax Collectors

33. We have complied with the general statutory requirements of R.S. 47.

Yes [ ] No [ ]

#### Sheriffs

34. We have complied with the state supplemental pay regulations of R.S. 40:1667.7.

Yes [ ] No [ ]

35. We have complied with R.S. 13:5535 relating to the feeding and keeping of prisoners.

Yes [ ] No [ ]

#### District Attorneys

36. We have complied with the regulations of the DCFS that relate to the Title IV-D Program.

Yes [ ] No [ ]

#### Assessors

37. We have complied with the regulatory requirements found in R.S. Title 47.

Yes [ ] No [ ]

38. We have complied with the regulations of the Louisiana Tax Commission relating to the reassessment of property.

Yes [ ] No [ ]

#### Clerks of Court

39. We have complied with R.S. 13:751-917 and applicable sections of R.S. 11:1501-1562.

Yes [ ] No [ ]

#### Libraries

40. We have complied with the regulations of the Louisiana State Library.

Yes [ ] No [ ]

#### Municipalities

41. Minutes are taken at all meetings of the governing authority (R.S. 42:7.1).  
Yes [ ] No [ ]
42. Minutes, ordinances, resolutions, budgets, and other official proceedings of the municipalities are published in the official journal (R.S. 43:141-146 and A.G. 86-528).  
Yes [ ] No [ ]
43. All official action taken by the municipality is conducted at public meetings (R.S. 42:11 to 42:28).  
Yes [ ] No [ ]

#### Airports

44. We have submitted our applications for funding airport construction or development to the Department of Transportation and Development as required by R.S. 2:802.  
Yes [ ] No [ ]
45. We have adopted a system of administration that provides for approval by the department for any expenditures of funds appropriated from the Transportation Trust Fund, and no funds have been expended without department approval (R.S. 2:810).  
Yes [ ] No [ ]
46. All project funds have been expended on the project and for no other purpose (R.S. 2:810).  
Yes [ ] No [ ]
47. We have certified to the auditor, on an annual basis, that we have expended project funds in accordance with the standards established by law (R.S. 2:811).  
Yes [ ] No [ ]

#### Ports

48. We have submitted our applications for funding port construction or development to the Department of Transportation and Development as required by R.S. 34:3452.  
Yes [ ] No [ ]
49. We have adopted a system of administration that provides for approval by the department for any expenditures of funds made out of state and local matching funds, and no funds have been expended without department approval (R.S. 34:3460).  
Yes [ ] No [ ]
50. All project funds have been expended on the project and for no other purpose (R.S. 34:3460).  
Yes [ ] No [ ]
51. We have established a system of administration that provides for the development of a capital improvement program on a selective basis, centralized purchasing of equipment and supplies, centralized accounting, and the selective maintenance and construction of port facilities based upon engineering plans and inspections (R.S. 34:3460).  
Yes [ ] No [ ]
52. We have certified to the auditor, on an annual basis, that we have expended project funds in accordance with the standards established by law (R.S. 34:3461).  
Yes [ ] No [ ]

#### Sewerage Districts

53. We have complied with the statutory requirements of R.S. 33:3881-4159.10.  
Yes [ ] No [ ]

#### Waterworks Districts

54. We have complied with the statutory requirements of R.S. 33:3811-3837.  
Yes [ ] No [ ]

#### Utility Districts

55. We have complied with the statutory requirements of R.S. 33:4161-4546.21.  
Yes [ ] No [ ]

Drainage and Irrigation Districts

56. We have complied with the statutory requirements of R.S. 38:1601-1707 (Drainage Districts); R.S. 38:1751-1921 (Gravity Drainage Districts); R.S. 38:1991-2048 (Levee and Drainage Districts); or R.S. 38:2101-2123 (Irrigation Districts), as appropriate.

Yes [ ] No [ ]

Fire Protection Districts

57. We have complied with the statutory requirements of R.S. 40:1491-1509.

Yes [ ] No [ ]


Other Special Districts

58. We have complied with those specific statutory requirements of state law applicable to our district.

Yes [ ] No [ ]

The previous responses have been made to the best of our belief and knowledge. We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you and the Legislative Auditor any known noncompliance that may occur subsequent to the issuance of your report.

  
Cindy Rougeou, Executive Director

Date 6-5-19

  
Arthur P. Fillastre, Chief Financial Officer

Date 6/3/2019

  
Robert Beale, Chief Investment Officer

Date 6-5-2019

\_\_\_\_\_  
Shannon Templet, Board Chair

Date \_\_\_\_\_



### Attachment 1

<b>Name</b>	<b>Address/Email</b>	<b>Phone</b>	<b>Current Term</b>
Shannon Templet, <i>Board Chair</i>	Email: <a href="mailto:sstemplet0310@gmail.com">sstemplet0310@gmail.com</a>	225.342.2455	Expires 12/31/2019
Thomas Bickham, <i>Vice Chair</i>	Email: <a href="mailto:tbickham@corrections.state.la.us">tbickham@corrections.state.la.us</a>	225.342.6739	Expires 12/31/2019
Virginia Burton	Email: <a href="mailto:virginia.burton@cox.net">virginia.burton@cox.net</a>	225.753.5527	Expires 12/31/2019
Beverly Hodges	Email: <a href="mailto:Beverly.Hodges@la.gov">Beverly.Hodges@la.gov</a>	225.342.8844	Expires 12/31/2021
Judge William Kleinpeter	Email: <a href="mailto:william@wkleinpeter.com">william@wkleinpeter.com</a>	225.346.4702	Expires 12/31/2019
Janice Lansing	Email: <a href="mailto:Janice.Lansing@la.gov">Janice.Lansing@la.gov</a>	225.342.4698	Expires 12/31/2021
Barbara McManus	Email: <a href="mailto:bamcmanus10959@gmail.com">bamcmanus10959@gmail.com</a>	337.433.8910	Expires 12/31/2021
Lori Pierce	Email: <a href="mailto:loriandjimdonphy@gmail.com">loriandjimdonphy@gmail.com</a>	225.773.9575	Expires 12/31/2021
Lorry Trotter	Email: <a href="mailto:fntrout@lsu.edu">fntrout@lsu.edu</a>	225.953.3867	Expires 12/31/2019
Commissioner Jay Dardenne, <i>Division of Administration</i>	Contact: Barbara Goodson Email: <a href="mailto:Barbara.Goodson@la.gov">Barbara.Goodson@la.gov</a>	225.342.7101	Ex Officio Member
Senator Barrow Peacock, <i>Chairman of the Senate Retirement Committee</i>	Email: <a href="mailto:peacockb@legis.la.gov">peacockb@legis.la.gov</a>	318.741.7180	Ex Officio Member
Representative Kevin Pearson, <i>Chairman of the House Retirement Committee</i>	Email: <a href="mailto:pearsonk@legis.la.gov">pearsonk@legis.la.gov</a>	985.646.6487	Ex Officio Member
State Treasurer John Schroder	Contact: Amy Mathews Email: <a href="mailto:amathews@treasury.state.la.us">amathews@treasury.state.la.us</a>	225.342.1598	Ex Officio Member

<b>Other Officials</b>			
Cindy Rougeou	P. O. Box 44213 Baton Rouge, LA 70804	225.922.0604	Executive Director
Maris E. LeBlanc	P. O. Box 44213 Baton Rouge, LA 70804	225.922.0600	Deputy Director & Chief Operating Officer
Trey Boudreaux	P. O. Box 44213 Baton Rouge, LA 70804	225.922.0600	Assistant Director & Chief Administrative Officer
Arthur P. Fillastre	P. O. Box 44213 Baton Rouge, LA 70804	225.922.0600	Chief Financial Officer
Robert Beale	P. O. Box 44213 Baton Rouge, LA 70804	225.922.0600	Chief Investment Officer
Tina Grant	P. O. Box 44213 Baton Rouge, LA 70804	225.922.0600	Executive Counsel

## FYE 2020 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
01	Fiscal	Agency Contribution Reporting	<b>Project 1801 - report being finalized.</b>	Oct-Dec	3/14/2018	
02	Fiscal/IT	JD Edwards User Security Review	This will be a joint project between Audit, Fiscal, and IT. Due to the specialized nature of this project, a third party company may be utilized to co-source an audit of the security. In addition, an evaluation of automated tools available to manage and audit security will be performed. <b>Project 1802 - fieldwork being performed. Update: The initial audit by the third party vendor has been completed and LASERS is in the process of addressing the exceptions identified. Once the exceptions have been addressed, a follow up audit will be performed by the third party vendor.</b>	Jan-Mar	2/26/2018	
03	Member Services/Fiscal/IT	Optimus Project Implementation (Phase 3)	This is Phase 3 of the Imaging replacement project. Audit's involvement in this project will vary; however, some possible review areas include: Functionality upgrades/enhancements, evaluation of possible online storage of Optimus data and disaster recovery related changes, and electronic forms. <b>Project 1904 - Fieldwork being performed.</b>	Jul-Sep	7/6/2018	
04	Member Services/Fiscal/IT	Online Self-Service Security (Optimus Project Implementation (Phase 3) related)	This is project relate to Phase 3 of the Imaging replacement project. Audit's involvement in this project will be focused on the online self-service security. <b>Project 1908 - Fieldwork being performed.</b>	Jul-Sep	7/9/2018	
05	Fiscal	Rehire Retirees	<b>Project 1914 - fieldwork being performed.</b>	Jan-Mar	8/29/2018	

## FYE 2020 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
06	IT	Microsoft Office 365 Implementation Project	Microsoft's Office 365 product moves their applications (i.e., Outlook, Word, Excel, etc.) to a subscription based service (online only) model instead of the traditional on site model. IT is currently evaluating the options available to implement the Microsoft 365 version of Outlook at LASERS. If steps are taken to implement this application, then audit will participate in this project in a consulting capacity and review the components of the implementation plan and other key aspects of this project as they are developed. <b>Update: This item has been delayed until no earlier than 1st quarter of 2019. Project 1930 - fieldwork being performed.</b>	Jul-Sep	2/25/2019	
07	Member Services/Fiscal	Employer Agency Reviews	Testing of employer agencies is conducted throughout the fiscal year. As one employer agency review is completed another is started.	Jul-Jun		
08	Member Services/Fiscal	Employer Agency Queries	This project consists of a monthly evaluation of automated testing on employer agencies related to proper enrollment of members and rehired retirees and leave reporting for retirees.	Jul-Jun		
			This project consists of the development of new automated testing for employer agencies.	Jul-Jun		
09	Audit Services	Fraud Investigations		Jul-Jun		
10	Member Services/Fiscal/IT	Funding Actuarial File Review (FYE 2018)	This project includes the testing of the actuarial data files submitted to the System Actuary for completion of the funding actuarial valuation.	Jul-Sep		
11	Investments/Fiscal	Master Custodian Bank Review (BNY Mellon)		Jul - Sep		

## FYE 2020 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
12	Member Services/Fiscal/IT	GASB 68 Actuarial File Review (FYE 2018)	This project includes the following: - Testing of the actuarial data files submitted to the System Actuary for completion of the GASB 68 audit report. - Review of the GASB 68 audit report.	Aug-Oct		
13	Fiscal	External Financial Statement Audit Report and Funding Actuarial Valuation Report Review	This is an annual project that consists of a review of the external financial statement audit report and the funding actuarial valuation report. A cross comparison to the funding actuarial valuation report is also performed as part of this project.	Sep		
14	Audit Services	Mkinsight/Pentana Audit Upgrade and Enhancement	This project will be completing an upgrade of our audit management system.	Sep-Dec		
15	IT	Disaster Recovery Process Modernization	IT is taking the steps to modernize the technology and approach to disaster recovery at LASERS. As part of this initiative, the disaster recovery process is also being modernized. Audit will participate in this project in a consulting capacity and review the new process as it is being developed and implemented.	Sep-Nov		
16	Executive/Member Services/Fiscal/IT	Actuarial File Layout Update Project (FYE 2020)	This consulting project will consist of working with the necessary parties to evaluate proposed changes to the annual actuarial file layout and perform the necessary testing of those changes. This will be a multi-year project. Final decisions have not been made on the planned work on this project for the fiscal year, but the goal is to begin work on Phase 1.	Oct-Dec		
17	Audit Services	Audit Charter and Policy Compliance Review	This project will consist of the annual assessment of compliance and completion of the items outlined in the Audit Committee Charter, Audit Services Division Charter, and the Audit Resolution Policy and Procedures.	Oct-Dec		

## FYE 2020 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
18	Member Services	Benefit Calculation Review		Dec-Feb		
19	IT	IT Security Management Review	The area of focus for this review is Active Directory, Group Policy Management, and Network Logical Security. IT and Audit plan to partner with a third party firm to complete the technical aspects of this project. The process components of this area will be reviewed by audit.	Jan-Mar		
20	Audit Services	Peer Review of Louisiana Tech Internal Audit Function	The audit director has been requested to participate on the team that will perform a peer review of the Louisiana Tech internal audit function.	Jan-Mar		
21	Investments/Fiscal	Investment manager review		Jan-Mar		
22	Member Services/Fiscal/IT	SOLARIS User Security Update and Review	This will be a consulting and assurance type project. Member Services will be initiating a project to evaluate and update the user security roles in SOLARIS. Audit will provide feedback and recommendations in this area as the suggested updates are being developed and implemented. This project will also include an evaluation of all non-Member Service user security roles in SOLARIS to ensure proper configuration.	Jan-Mar		
23	Audit Services	Internal Quality Assurance Review	A full internal quality assurance review is completed in the fiscal year prior to an external quality assurance review. The next external quality assurance review is scheduled for FYE 2021.	Mar-May		
24	Executive	Enterprise Risk Management (ERM) Implementation	This is a consulting project where Audit Services is working with the Chief Risk Officer to evaluate the various components of ERM that are in the process of being implemented.	Jul-Jun		

## FYE 2020 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
25	All Divisions	Continuous Auditing of Various Processes	Continuous Auditing Queries performed in the following areas: <ul style="list-style-type: none"> <li>- Accounting Processes (SOLARIS)</li> <li>- Accurint Search Activity</li> <li>- Benefits</li> <li>- Death</li> <li>- Disability</li> <li>- Membership</li> <li>- Refunds</li> <li>- Service Purchases</li> <li>- Transfers</li> </ul>			
			This is the project for the research of the exceptions identified during this testing.	Jul-Jun		
			This project consists of the development of new continuous auditing tests.	Jul-Jun		
			Review of IRS Form 1099-R issued by LASERS.	Jan		
26	Audit Services	Audit Services Follow Up Activities	Review of Required Minimum Distributions issued by LASERS.	Oct-Dec		
			This project consists of follow up on open items from previous projects conducted by the audit division. A larger than normal allocation has been assigned to this area for follow up related to Project 1604 IT Security Management Review and Project 1801 Agency Contribution Reporting Review.	Jul-Jun		
		<b>ADMINISTRATIVE WORK</b>				

## FYE 2020 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
27	Audit Services	Administrative work--including audit committee preparation, preparing audit division budget, updates of the charter, updates of the audit services division procedure manual, audit plan development, staff performance evaluations, travel, etc.			N/A	
		<b><u>UNBUDGETED PROJECTS</u></b>				
28	Audit Services	These projects will consist of those not planned at the start of the fiscal year.			N/A	
		<b><u>PERCENTAGE OF HOURS ALLOCATION</u></b>				
		82.91%	Budgeted Projects			
		2.46%	Follow up Activities			
		5.97%	Unbudgeted Projects			
		8.66%	Administrative Time			
		<b><u>PERFORMANCE MEASURES</u></b>				
		Audit Committee Satisfaction Survey	Feedback will be used to identify improvements.			
		External Quality Assessment (Peer) Review	Performed once every five years and should receive a "generally complies" rating which is the highest offered.			
		Training hours per auditor	Each auditor must obtain 40 hrs of continuing education each fiscal year.			
		<b><u>STAFFING RESOURCES</u></b>				
		<b><u>Name and Position</u></b>	<b><u>Certifications</u></b>	<b><u>Audit Experience (Approx.)</u></b>		
		Ryan Babin, Audit Director	Certified Public Accountant (CPA), Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA)	16 years		



## FYE 2020 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
		Reece Babin, Staff Auditor		2 years		
		Nicole Xue, Staff Auditor		1 year		
		Paul Tran, Staff Auditor		1 year		

## Multi-Year Audit Plan

<u>Audit / Project</u>	<u>Division(s)</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>Comments</u>
Investment Manager Review	Investments/Fiscal	X	X	X	X	X	At least one review performed each fiscal year.
Actuarial File Testing (Funding and GASB 68)	Member Services/Fiscal/IT	X	X	X	X	X	Annual project.
External Financial Statement Audit Report and Actuarial Funding Valuation Report Review	Fiscal	X	X	X	X	X	Annual project.
Benefit Calculation Review	Member Services	X	X	X	X	X	Annual project.
Audit Charter and Policy Compliance Review	Audit Services	X	X	X	X	X	Annual project.
Employer Agency Compliance Reviews	Member Services/Fiscal	X	X	X	X	X	Several projects performed annually.
Fraud Investigations	Audit Services	X	X	X	X	X	Annual project.
Excess Benefit Arrangement (IRC 415(b))	Fiscal	X					
Service Purchases, Repay Refunds, and Transfers (In and Out)	Member Services	X					
Investment Accounting Operational Review	Fiscal	X					This project will cover areas not reviewed during Project 1619 Investment Accounting Review.
IT Security Management Review	IT	X					The scheduled areas to be covered during this project include: Internet Security and Control and Email.
Annuitant Verifications (International and Over Age 95)	Member Services	X					Performed every three years. Last review completed during FYE 2018.
Ethics Program Review	Executive	X					At least once every five years. Last review completed during FYE 2016.
External Quality Assurance Review	Audit Services	X					At least once every five years. Last review completed during FYE 2016.
Actuarial File Layout Update Project (FYE 2021)	Executive/Member Services/Fiscal/IT	X					

## Multi-Year Audit Plan

<b>Audit / Project</b>	<b>Division(s)</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>Comments</b>
Property Control Review	Fiscal/Executive	X					
Refunds	Fiscal		X				
Investment Consultant	Investments		X				At least once every five years. Last review completed during FYE 2017.
Records Retention	Executive		X				
Survivor Non-Calculation Processing	Member Services		X				
Travel Expenditure and Compliance Review	Fiscal		X				
Customer Service	Member Services		X				This will be a follow-up engagement to Project 1508 to ensure a review of the items that were not covered during this project are assessed.
Agency Governance Review	Executive		X				At least once every five years.
Review of Audit Committee Charter, Audit Services Division Charter, and Audit Resolution Policy & Procedures	Audit Services		X				Performed every three years. Last review completed during FYE 2019.
Business Continuity Plan	Executive		X				At least once every five years. Last review completed during FYE 2017.
DROP/IBO processes	Member Services/Fiscal		X				
Internal Portfolio Review	Investments/Fiscal			X			At least once every 3-5 years. Last completed during FYE 2019.
Experience Study	Member Services/Fiscal/IT				X		This project will consist of testing the experience study data files before being submitted to the System Actuary.
Internal Quality Assurance Review	Audit Services					X	A full internal quality assurance review is completed in the fiscal year prior to an external quality assurance review. The next external quality assurance review is scheduled for FYE 2021 and then again in FYE 2026.
Custodian Bank	Investments/Fiscal					X	At least once every five years. Review planned for FYE 2020.





8401 United Plaza Blvd., Baton Rouge, LA 70809 | Mail: P.O. Box 44213, Baton Rouge, LA 70804-4213  
Toll-free 1.800.256.3000 | Local 225.922.0600 | [www.lasersonline.org](http://www.lasersonline.org)

## Internal Memorandum

**To:** LASERS Audit Committee  
**From:** Ryan Babin, Audit Services Director  
**CC:** Cindy Rougeou, Executive Director  
**Date:** April 29, 2019  
**Subject:** Project 1929 Review of Audit Committee Charter, Audit Service Division Charter, and Audit Resolution Policy & Procedures

The Audit Services Division performed a review of the Audit Committee Charter, Audit Services Division Charter, and the Audit Resolution Policy and Procedures to ensure those remain relevant and appropriate.

The proposed revisions to the Audit Services Division Charter (see Appendix A) will be presented and approved by the audit committee and board at the June 2019 meetings. There are no proposed revisions to the Audit Committee Charter or the Audit Resolution Policy and Procedures.

### BOARD OF TRUSTEES:

Shannon Templet, Board Chair  
Thomas Bickham, Vice Chair  
Virginia Burton  
Commissioner Jay Dardenne

Beverly Hodges  
Judge William Kleinpeter  
Janice Lansing  
Barbara McManus

Sen. Barrow Peacock  
Rep. Kevin Pearson  
Lori Pierce  
Hon. John Schroder  
Lorry Simmons Trotter

Cindy Rougeou, Executive Director

**LASERS** Benefits Louisiana.

## **Appendix A**

## Audit Services Division Charter

### A. PURPOSE

1. The Audit Services Division is a team committed to providing professional, independent and objective assurance and consulting services to LASERS.
2. The division's scope of responsibility is to assist LASERS in accomplishing its strategic and operational objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the LASERS risk management, control, and governance process.
3. The division's primary mission is to provide an independent, objective evaluation of all agency operations and provide value added consulting services.
4. The objectives of consulting services conducted are to provide:
  - a. Assessments and advice to management for improving processes that will advance the goals and objectives of LASERS.
  - b. Assessments and advice on the front-end of projects so that risks are identified and internal controls are designed at the beginning of a project.
  - c. Education and training on risks, internal controls, and the audit process.

### B. ORGANIZATIONAL STATUS

1. The organizational status and support given to audit services by the board of trustees and executive management are major determinants of the scope and value of the internal audit function to LASERS. In order to establish and preserve the independence of the internal audit function, the division reports functionally to the board through the audit committee and administratively to the executive director. The audit director reports directly and freely to the chair of the audit committee on LASERS audit policy, observations, guidance issues and other matters as so mandated. The audit director is free to make the audit committee aware of any areas of disagreement between the audit director and executive director as to items included on the audit plan.
2. The audit committee, in consultation with the executive director, will

recommend to the board of trustees the appointment and removal of the audit director of the Audit Services Division.

3. The internal auditors have neither authority nor operational responsibility for any of the procedures or activities of LASERS. This independence promotes essential impartial and unbiased judgments, and assures appropriate consideration and effective action on observations and recommendations. Specifically, the division or its staff shall not design, install or operate any program or system, or engage in any other activity that could reasonably be construed to compromise its independence and objectivity. Furthermore, the Audit Services Division's objectivity is not adversely affected by: recommending standards of controls to be applied in developing systems and procedures, evaluating existing or planned financial and operating systems and related procedures, or making recommendations for modifications and improvements to strengthen controls and/or enhance operational effectiveness. The audit director should discuss any potential issues regarding impairment of independence and/or conflicts of interest and the appropriate mitigations with the audit committee, as necessary. The Audit Services Division should notify the audit committee when an actual or perceived conflict of interest arises that would impair their objectivity or independence.
4. As a representative of the audit committee and to accomplish audit objectives, the division is authorized to have unrestricted access to all LASERS records, files, documents, accounts, physical properties, and personnel during the conduct of any assurance or consulting activity. The Audit Services Division has authority to review all areas related to operational activities. Where the need is indicated, special arrangements will be made for the examination of confidential information. Auditors will exercise due diligence in the safeguarding and use of these resources.
5. Contracts with third party providers shall contain the organization's standard audit language enabling the LASERS internal auditors and other auditors and specialists to have access to relevant records and information. Any exceptions to this requirement shall be specifically approved by the board of trustees.

#### **C. RELATIONSHIP TO RISK MANAGEMENT AND INTERNAL CONTROL PROGRAMS**

1. The board has overall responsibility for ensuring that risks are managed. In practice, the board delegates to management the operation and implementation of the risk management and internal control system. The



Audit Services Division's role is to provide an independent and objective assurance on the effectiveness of the risk management and internal control system.

#### **D. STANDARDS AND ETHICS**

1. The Audit Services Division, at a minimum, shall abide by:
  - a. The Louisiana Code of Governmental Ethics
  - b. LASERS Ethics Policy
  - c. The Institute of Internal Auditors (IIA) mandatory guidance which includes the *International Standards for the Professional Practice of Internal Auditing*, *Code of Ethics*, and *Definition of Internal Auditing*
2. The IIA's International Professional Practices Framework should be used as guidance for the standard operating procedures of the Audit Services Division.

#### **E. SCOPE OF ACTIVITIES**

1. Specific responsibilities include the following:
  - a. Establish policies for conducting its activities and direct its technical and administrative functions according to the policies and direction provided by the audit committee.
  - b. Assure that the resources of the Audit Services Division are efficiently and effectively used. This includes selecting, training, developing and retaining a competent internal audit staff that collectively have the abilities, knowledge, skills, experience, expertise and professional certifications necessary to accomplish the mission, objectives and scope of this charter. Provide opportunity and support for staff to obtain professional training, professional certifications, and to further their education.
  - c. The Audit Services Division will conduct an annual enterprise risk assessment with the goal of formulating an audit plan. Information gathered during the enterprise risk assessment may be shared with management.
  - d. Develop a flexible annual audit plan using a risk-based methodology and input from the division directors, executive management, and audit committee.
  - e. Implement the annual audit plan, as approved by the audit committee,

including, any plan amendments, special tasks or projects requested by executive management and the audit committee.

- f. Prepare an operating budget that is complementary to the implementation of the audit plan.
- g. Perform comprehensive reviews that encompass the examination and evaluation of the adequacy and effectiveness of internal controls and the quality of performance. These reviews may include:
  - i. Reviewing and assessing the management controls utilized by LASERS to address business and operating risks.
  - ii. Reviewing operations to ascertain whether results are consistent with established objectives and goals and are being carried out as planned.
  - iii. Evaluating compliance with policies, plans, procedures, laws and regulations, which could have a significant impact on operations.
  - iv. Appraising the economical and efficient use of resources.
  - v. Reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
  - vi. Reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report information.
- h. Evaluate the system of governance, risk management, and controls during each engagement, as applicable.
- i. Assist in the investigation of suspected fraudulent activities involving the organization, according to LASERS fraud policy, and notify the audit committee and executive management, of the results, as appropriate.
- j. Conduct routine reviews of employer reporting agencies and investment management firms as outlined on the approved audit plan.
- k. Present to management the results of reviews conducted. The Audit Services Division will provide recommendations and evaluate any plan(s) or action(s) taken to correct the observation(s). If not considered resolved, see that further discussions are held to achieve resolution in accordance with the approved Audit Resolution Policy and Procedures.
- l. Conduct periodic follow-up reviews to evaluate the adequacy of management's corrective actions.
- m. Coordinate with the external auditor engaged by the Louisiana

Legislative Auditor to avoid unnecessary duplication of effort between the external auditor and the Audit Services Division. Audit services will also review any external auditor findings, follow-up on corrective action taken and provide assistance.

- n. Participate as an advisor in the planning, design, development, and implementation phases of manual and automated systems to determine whether:
  - i. Adequate controls are incorporated in the system.
  - ii. Adequate risk management techniques have been addressed.
  - iii. Thorough systems testing is performed at appropriate stages.
  - iv. Systems documentation is maintained, complete, and accurate.
  - v. The intended purpose and objectives of the system implementation or modification have been met.
- o. Conduct periodic audits of data processing and make post-installation evaluations of major data processing systems to determine whether these systems meet their intended purposes and objectives.
- p. Respond to any specific requests for special reviews by the board of trustees, audit committee, executive director and from other staff, subject to the approval of the audit committee.
- q. Obtain specialized services from outside the organization when the nature of the engagement requires specialized services.
- r. Oversee the work of all contract auditors hired by LASERS.
- s. Provide education to the board of trustees and staff on risks, internal controls, and processes and practices of the Audit Services Division.

## **F. REPORTING**

- 1. The audit director, in the discharge of audit's duties shall be accountable to the audit committee for the following:
  - a. Report the results of engagements performed to the audit committee, the executive director, and appropriate division directors at the audit committee meeting occurring nearest to the completion of the engagement. However, observations shall be brought to the attention of appropriate division directors during the engagement. In the case of a material observation, the audit director would notify the audit committee and executive director immediately.

- b. Prepare materials for the audit committee meetings.
- c. Submit at the June meeting of each year to the audit committee for adoption, a formal audit plan that is developed in line with the strategic plan and the risk assessment process. The audit plan should include an audit work schedule. Furthermore, the audit director should determine the nature, timing, and extent of follow-up audits in developing the audit plan.
- d. Present proposed changes to the approved audit plan as needed. Report at each audit committee meeting on the status of engagements outlined in the audit plan.
- e. Present, at least semi-annually, a report on the status of open observations and on the risks that management has decided to accept.
- f. The audit director will confirm annually to the audit committee that all of the responsibilities outlined in the Audit Services Division Charter have been carried out.
- g. Maintain a professional audit staff with sufficient knowledge, skills, experience, and expertise in the subject matter that is being audited. Therefore, the audit director will include as part of the reports to the audit committee an annual report on internal audit personnel, including their qualifications, certifications and development.
- h. The audit director will confirm annually the organizational independence of the internal audit function.

**Commented [NX1]:** Revised based on update to IIA Standard 1110.

## G. QUALITY ASSURANCE

1. The audit director will establish and maintain a quality assurance program to evaluate the operations of the audit division. A quality assurance program includes training, supervision, internal and external assessments. The purpose of this program is to provide reasonable assurance that audit work conforms to the *International Standards for the Professional Practice of Internal Auditing*.
2. The audit services division will complete an internal assessment no sooner than two years before a peer review. The internal assessment report will be provided to the executive director and audit committee upon completion.
- 2.3. The audit director will obtain a peer review by other internal auditors as required by professional standards, no less frequently than once every five years. The peer review report will be provided to the executive director and

**Commented [NX2]:** Revised based on update to IIA Standard 1320.

audit committee upon completion.

**Commented [NX3]:** Revised based on update to IIA Standard 1320.

4. The audit director will confirm annually the results of the ongoing monitoring of the quality assurance program.

**Commented [NX4]:** Revised based on update to IIA Standard 1320.

3.5. The audit committee shall review the activities of the Audit Services Division annually to assure the independence and objectivity of internal auditing.

## H. MEETINGS

The audit director, or designee, shall attend all audit committee meetings. The audit director may also meet with the chair of the audit committee, as needed.

## I. POLICY REVIEW

The audit committee will review this charter at least once every three (3) years to ensure that it remains relevant and appropriate.

## J. HISTORY

This charter was adopted on January 27, 2006 and recent revisions approved on June 24<sup>7</sup>, 2016<sup>9</sup>.



**To: LASERS Audit Committee**  
**From: Ryan Babin**  
**Subject: Customer Service Evaluation Summary**

---

## **INTERNAL REVIEWS**

### **1923 Benefit Calculation Review**

The survey was completed by two individuals and consisted of all positive responses.

- Additional comments included:
  - In response to “Was the auditor(s) available to discuss and respond to any questions/issues that arose during the engagement.”
    - “Nicole was available by email and in person.”
  - In response to “Were you satisfied with the independence and objectivity displayed by the internal auditor(s) during this engagement.”
    - “Very professional and easy to talk to.”
  - In response to “Were you satisfied with the overall professionalism and conduct of the internal auditor(s).”
    - “A 100%. Very pleasant and professional at all times.”
  - In response to “Did the internal auditor(s) work well with your division’s staff”
    - “She was very accommodating and gracious.”
  - In response to “Was there a value-added benefit to your division as a result of this engagement”
    - “Any time gaps can be identified and/or affirmation that your process has true quality controls; it is a positive overall business team effort. We appreciate that Audit spends the effort in reviewing this particular area annually. It’s vital that we learn about our weaknesses and was able to make some changes to prevent future errors similar to the ones found.”
  - In response to “Was there anything about the engagement you especially liked.”
    - “It was quick and the auditor was easy to work with.”

#### **BOARD OF TRUSTEES:**

Shannon Templet, Board Chair  
Thomas Bickham, Vice Chair  
Virginia Burton  
Commissioner Jay Dardenne

Beverly Hodges  
Judge William Kleinpeter  
Janice Lansing  
Barbara McManus

Sen. Barrow Peacock  
Rep. Kevin Pearson  
Lori Pierce  
Hon. John Schroder  
Lorry Simmons Trotter

Cindy Rougeou, Executive Director

- In response to “What could be done in the future to improve our processes.”
  - “Looking forward to making documented SOLARIS improvements, which would change the nature of the audit or at least add to the effort.”
  - “I had a very pleasant experience and would not have any suggestions for changes in the future. Great job!”

## **EXTERNAL REVIEWS**

### **1925 Board of Commissioner Port of New Orleans**

The survey had no responses.



## EXECUTIVE SUMMARY OF AUDIT REPORTS

### **1923 Benefit Calculation Review**

This was a planned engagement on the fiscal year end (FYE) 2019 Audit Plan. The fieldwork for this engagement was completed on March 13, 2019.

LASERS Member Services Division calculates retirement benefits in accordance with Title 11 of the Louisiana Revised Statutes. Preliminary retirement benefit calculations are performed when a retirement application is received by using membership data that is posted to member records. Final retirement benefit calculations are performed once all agency contributions for the member have been received and posted to the member's records.

The formula used to determine the maximum monthly base retirement benefit is: service credit times final average compensation times retirement plan accrual rate. If any component of this formula is incorrect, the monthly benefit amount will be in error. Member Services conducts an in-depth review of the member's record when performing the preliminary calculation, final calculation, and the final approval phases of the retirement calculation process. Additionally, the same individual does not perform a successive step in the retirement calculation process. For example, the individual that performs the preliminary calculation is not able to perform the final calculation.

During this review, the following observations were noted and are detailed below:

1. One instance of a benefit calculation error identified.
2. One error identified during a quality assurance (QA) review not corrected.

### **OBSERVATION #1**

A sample of benefit calculations finalized in 2018 were randomly selected for independent recalculation by Audit Services. Exception results from analytic queries were also reviewed and independent recalculations were performed, where necessary. Lastly, calculations that required a recalculation as identified during the post-final calculation check performed by the Member Services quality assurance specialist were reviewed by Audit Services.

Of the 114 calculations tested by Audit Services, there was one benefit calculation error identified. The initial retroactive benefit payment made to one retiree was in error. The termination date was used to calculate the initial retro payment instead of the retirement date. This resulted in a one-time benefit overpayment of \$68.11.

#### **BOARD OF TRUSTEES:**

Shannon Templet, Board Chair  
Thomas Bickham, Vice Chair  
Virginia Burton  
Commissioner Jay Dardenne

Beverly Hodges  
Judge William Kleinpeter  
Janice Lansing  
Barbara McManus

Sen. Barrow Peacock  
Rep. Kevin Pearson  
Lori Pierce  
Hon. John Schroder  
Lorry Simmons Trotter

Cindy Rougeou, Executive Director

Member Services has taken the necessary action to correct the record. The retroactive payment was corrected and the total overpayment has been collected.

#### **RECOMMENDATION (CLOSED)**

Member Services should evaluate the benefit calculation process based on the issue noted in the observation and determine which areas should be strengthened to minimize calculation errors.

#### **DIVISION RESPONSE**

Member Services agrees with this recommendation. The Processing Supervisor provided additional training and explanation to the analysts who processed this file. Member Services will continue to enhance their desk procedures and other job aids used by staff. Since Member Services already has a verification process in place and this not a common error, no formal process changes are recommended at this time. The corrective action has already been taken for this observation.

#### **OBSERVATION #2**

Member Services has developed a QA review process for retirement calculations which include a random 10 percent review of benefit calculations finalized each month, a random 10 percent review of all work completed by Member Services analysts, and a 100 percent review of all specialty plan calculations and calculations that were completed using a workaround.

According to Member Services, if an error is found by the QA specialist during their review, then they provide details of the error to Member Services management for correction. The error should be corrected within 10 days, if possible. Furthermore, the QA specialist is responsible for verifying that all corrections are completed. During the project, it was observed that one error identified by the QA specialist in July 2018 was not corrected as of February 2019. The net result of this error identified \$728.89 in underpayments to be disbursed to the member. Member Services has corrected the error noted above.

#### **RECOMMENDATION (CLOSED)**

Member Services should evaluate the quality assurance review process and make the appropriate changes to ensure that errors identified by the QA specialist are corrected in a timely and accurate manner.

#### **DIVISION RESPONSE**

Member Services agrees with this recommendation. Effective April 2019, Member Services created a document that is imported into a member's file after a QA check is performed. If an error is found, a workflow is initiated in Optimus and routed to the Member Services Supervisor workbasket. The appropriate supervisor is responsible for ensuring the issue is corrected. If the supervisor is out of the office or overlooks the item, the manager can easily see that there is an outstanding issue that requires attention. Once the error is resolved, the work item is closed. The corrective action has already been taken for this observation.

### **1924 Louisiana State University Medical Center (External Review)**

This was a planned engagement on the fiscal year end (FYE) 2019 Audit Plan. The fieldwork for this engagement was completed on May 10, 2019. LSUHSC-NO employs approximately 469 LASERS employees.

During the review of LSUHSC-NO, there was an observation noted relating to ineligible earnings that were reported to LASERS which is detailed below.

### **OBSERVATION**

During this review, it was determined that ineligible earnings were reported to LASERS for one individual. This individual was employed in a position at LSUHSC-NO that was not eligible for LASERS; however, a portion of wages earned in that position were coded as regular student wages and incorrectly reported to LASERS. This occurred because the individual transferred from an ineligible position to a LASERS eligible position in the middle of a pay period and the portion of earnings associated with the ineligible position was submitted to LASERS. The agency confirmed that ineligible wages in the amount of \$57.12 was incorrectly reported to LASERS.

After discovering the issue with the regular student wages, other earnings codes classified as LASERS eligible were identified where the code appears to be associated with positions ineligible for LASERS. The agency plans to conduct a review of the earnings codes in their system to address any other errors in retirement eligibility classification. The reporting of ineligible earnings to LASERS can impact the calculation of service credit and final average compensation.

### **RECOMMENDATION**

The agency should identify and correct any earnings codes in their system that are not properly classified for retirement eligibility purposes. Furthermore, any employees affected by any misclassification should be corrected. The agency should work with LASERS Fiscal staff to take the necessary steps to properly correct the records of for any individuals impacted. Target completion date is December 31, 2019.

### **DIVISION RESPONSE**

The agency has provided the following action plan:

- Review all wage types and update their eligibility in LSUHSC-NO's payroll system where necessary.
- Identify any employees who have earnings that were improperly sent to LASERS.
- Take the appropriate actions to have the incorrect earnings and contributions removed from SOLARIS.
- Request a refund of the contributions that were submitted to LASERS in error.
- Refund any employees that had contributions improperly withheld.
- LSUHSC-NO's Accounting Services will run a report prior to each payroll run to ensure that the deductions from earnings that are not LASERS eligible are not included in the contribution amounts.

## **1925 Board of Commissioners Port of New Orleans (Port NOLA) (External Review)**

This was a planned engagement on the fiscal year end (FYE) 2019 Audit Plan. The fieldwork for this engagement was completed on March 25, 2019. Port NOLA employs approximately 252 LASERS members. Overall, Port NOLA has effective procedures in place with regard to handling of retirement related processes for their LASERS members. No reportable agency issues were identified during this review.



**NOTICE AND AGENDA  
Investment Committee Meeting  
Thursday, June 27, 2019  
1:15pm**

The Investment Committee will meet in the fourth floor conference room of the Retirement Systems Building, 8401 United Plaza Boulevard, Baton Rouge, LA.

**Please silence your cell phone before meeting begins**

**I. CALL TO ORDER**

**II. ROLL CALL**

**III. PUBLIC COMMENT**

**IV. REGULAR BUSINESS**

1. Approval of the minutes of the May 16, 2019, meeting of the Investment Committee  
**(Action Item)**

*Beverly Hodges, Chair*

**V. NEW BUSINESS**

1. BNY Mellon Annual Custodian Review  
*William Claxton, Director/Public Fund Segment Manager*  
*Jerri Jones, Relationship Manager*

2. Monthly Performance Review  
*Bobby Beale, CFA, CAIA – Chief Investment Officer*

3. Annual Consultant Review  
*Rhett Humphreys, Partner – NEPC, LLC*

**VI. OTHER BUSINESS**

**VII. ADJOURNMENT**

**There are no managers on the Blackout List.**

**NOTE: If special accommodations are needed please contact this office prior to meeting.**



**Louisiana State Employees' Retirement System  
Investment Committee Meeting  
May 16, 2019**

The Investment Committee of the Louisiana State Employees' Retirement System met on Thursday, May 16, 2019, in the fourth floor Board Room of the Retirement Systems building, 8401 United Plaza Boulevard, Baton Rouge, Louisiana.

Ms. Beverly Hodges, Committee Chair, called the meeting to order at 1:02 p.m. Roll call was conducted by Ms. Beth Labello, recording secretary.

\*\*\*\*\*

**ROLL CALL**

Members present: Mr. Thomas Bickham; Ms. Virginia Burton; Ms. Beverly Hodges; Judge William Kleinpeter; Mr. James Mack, Designee – Louisiana State Treasurer; Mr. Rick McGimsey, Designee – Commissioner of Administration; Ms. Barbara McManus; \*Ms. Lorry Trotter; Ms. Shannon Templet; and Ms. Lori Pierce

Members absent: Ms. Janice Lansing; Senator Barrow Peacock; and Representative Kevin Pearson

Staff present: Ms. Cindy Rougeou, Executive Director; Ms. Maris LeBlanc, Deputy Director & Chief Operating Officer; Mr. Bobby Beale, Chief Investment Officer; Ms. Beth Labello, recording secretary; Investment Staff: Ms. Laney Sanders, Mr. Darren Fournier, Ms. Celeste Funderburk, Mr. Jacques Brousseau; Mr. Reeves Pearce; and Mr. Sam Chastain

Also Present: Mr. Tim Fitzgerald, NEPC; Ms. Melissa Mendenhall, NEPC; Ms. Nicole Edmonson and Mr. Lowell Good, Louisiana Legislative Auditor's Office

\*\*\*\*\*

**PUBLIC COMMENT**

Ms. Rougeou introduced Mr. Lowell Good, the new Legislative Actuary with the Louisiana Legislative Auditor's Office. She also introduced Ms. Nicole Edmonson, also from the Louisiana Legislative Auditor's Office.

## **REGULAR BUSINESS**

The committee considered the minutes of the April 25, 2019, Investment Committee meeting. **Judge Kleinpeter moved, seconded by Mr. Bickham, to approve the minutes of the April 25, 2019, Investment Committee meeting. With no further discussion, and no objections, the motion carried.**

## **NEW BUSINESS**

### Private Market Portfolio Review

Mr. Andrew Sheiner, Managing Partner, appeared before the committee to discuss Altas Partners Holdings II.

### Discussion of Private Market Investment

Ms. Sanders gave an overview of Altas Partners and discussed its potential addition within the larger private markets portfolio. Ms. Sanders recommended, and Ms. Mendenhall agreed, that a \$100 million commitment be made to Altas Partners Holdings II. **Judge Kleinpeter moved, seconded by Mr. Bickham, to commit \$100 million to Altas Partners Holdings II. With no further discussion, and no objections, the motion carried.**

\*Ms. Trotter joined the meeting at 2:00 p.m.

### Annual Optional Retirement Plan/Self-Directed DROP Review

Mr. Tim Fitzgerald, NEPC, reviewed the DROP and ORP Plans. Changes to the investment policy statement were proposed for the DROP and ORP Plans. These changes would bring the policy in line with current best practices. **Ms. McManus moved, seconded by Judge Kleinpeter, to approve the changes to the investment policy statement for the LASERS Self-Directed Deferred Retirement Options Plan and Optional Retirement Plan, as presented. With no further discussion, and no objections, the motion carried.**

Ms. Marybeth Daubenspeck, Vice President - Government Markets, Empower gave a presentation outlining the services Empower Retirement provides for the Self-Directed DROP Plan and Optional Retirement Plan.

### 1<sup>st</sup> Quarter 2019 Performance Review

Mr. Beale reviewed performance for the first quarter 2019, and then moved on to April 2019 performance. He stated that as of April 30, 2019, the return was 3.3% Fiscal Year-to-Date.

\*\*\*\*\*



### **OTHER BUSINESS**

With no other business brought before the committee, the meeting adjourned at 2:40 p.m.



# LASERS INVESTMENT COMMITTEE

## PROPOSED 2019 AGENDA ITEMS

---

### JANUARY 23 & 24

Trustee Workshop  
Monthly/YE 2018 Performance Review  
Trustee Education  
Actuarial Science  
Laws, Rules and Regulations  
Investment  
Management Committee/Regular Board Meeting

### FEBRUARY 21

4<sup>th</sup> Quarter 2018 Performance Review  
**Investment Guidelines Discussion and Recommendation**

### MARCH 21

Monthly Performance Review

### APRIL 25 (*Legislative Session convenes 4/8*)

Monthly Performance Review  
**Emerging Markets Portfolio Reviews/Contract Discussion**

### MAY 16

1st Quarter 2019 Performance Review  
[Annual Optional Retirement Plan/Self-Directed DROP Review](#)

### JUNE 27 (*Legislative Session adjourns 6/8*)

Monthly Performance Review  
[Annual Custodian Review](#)  
[Annual Consultant Review](#)

### JULY 25

Fiscal Year End Performance Review  
[Asset Allocation Review](#)

### AUGUST 22

2<sup>nd</sup> Quarter 2019 Performance Review  
**Investment Grade Fixed Income Portfolio Reviews/Contract Discussion**

### SEPTEMBER 26

Monthly Performance Review

### OCTOBER 24

Monthly Performance Review  
Internal Funds Portfolio Review  
Annual Trading Report  
Annual Proxy Report

### NOVEMBER 21

3<sup>rd</sup> Quarter 2019 Performance Review

### DECEMBER 12

Monthly Performance Review  
Investment Division Annual Report

\*All agenda items are subject to change

**BOLD items require a quorum**



**NOTICE AND AGENDA**  
**Management Committee Meeting**  
**Thursday, June 27, 2019**  
***Immediately following Investment Committee***

The Management Committee will meet in the fourth floor conference room of the Retirement Systems Building, 8401 United Plaza Boulevard, Baton Rouge, Louisiana.

**Please silence your cell phone before meeting begins.**

**I. CALL TO ORDER**

**II. ROLL CALL**

**III. PUBLIC COMMENT** (allowed upon request before action items)

**IV. REGULAR BUSINESS**

1. Approval of the Minutes of the May 16, 2019, Management Committee Meeting (**Action Item**)

*Barbara McManus, Management Committee Chair*

2. Executive Counsel's Report

*Steve Stark, Deputy General Counsel*

3. **Executive Session**

- a. Review of the June 2019 Disability Retirement Report (**Action Item**)

*Carlos Jones, Retirement Benefits Supervisor*

**V. NEW BUSINESS**

1. 2019 Legislative Session Final Report

*Maris LeBlanc, Deputy Director & Chief Operating Officer*

2. Fiduciary Duty Presentation (**Educational**)

*Jenifer Schaye, General Counsel, Louisiana Legislative Auditor's Office*

3. Chief Administrative Officer's Comments

- a. Trustee Education Report
  - b. Monthly Operating Budget Report
  - c. Monthly Pension Administrative Report

*Trey Boudreaux, Chief Administrative Officer*

4. Deputy Director and Chief Operating Officer's Comments  
*Maris LeBlanc, Deputy Director & Chief Operating Officer*

5. Executive Director's Comments  
*Cindy Rougeou, Executive Director*

**VI. OTHER BUSINESS**

**VII. ADJOURNMENT**

**NOTE:** If special accommodations are needed, please contact this office prior to meeting.

**Louisiana State Employees' Retirement System  
Management Committee Meeting  
May 16, 2019**

The Management Committee of the Louisiana State Employees' Retirement System met on Thursday, May 16, 2019 in the fourth floor conference room of the Retirement Systems Building located at 8401 United Plaza Boulevard, Baton Rouge, Louisiana.

Ms. Barbara McManus, Chair, called the meeting to order at 2:54 p.m. Roll was called by Ms. Beth Labello, recording secretary.

\*\*\*\*\*

**Members Present:** \*Mr. Thomas Bickham, Ms. Virginia Burton, Mr. James Mack (designee of the Treasurer), Ms. Beverly Hodges, Judge William Kleinpeter, Mr. Rick McGimsey (designee of the Commissioner), Ms. Barbara McManus, Ms. Lori Pierce, Ms. Shannon Templet, Ms. Lorry Trotter

**Members Absent:** Ms. Janice Lansing, Senator Barrow Peacock, Representative Kevin Pearson

**Staff Present:** Ms. Cindy Rougeou, Executive Director; Ms. Maris LeBlanc, Deputy Director and Chief Operating Officer; Mr. Trey Boudreaux, Chief Administrative Officer; Mr. Steve Stark, Deputy General Counsel; Mr. Carlos Jones, Retirement Benefits Supervisor; Mr. Jonathan Drago, Retirement Benefits Assistant Administrator; Mr. Greg Byrd, IT Tech Support Manager; Mr. Artie Fillastre, Chief Fiscal Officer; Ms. Tonja Normand, Public Information Director; Mr. Ryan Babin, Audit Director; Ms. Amanda Celestine, Executive Management Officer; Ms. Beth Labello, recording secretary

**Also Present:** Mr. Lowell Good, Louisiana Legislative Auditor's Office

\*\*\*\*\*

A quorum was announced present and the meeting opened for business.

**Public Comment**

Ms. LeBlanc introduced Greg Byrd and Jonathan Drago to the Committee. These LASERS employees were representing Dan Bowden, IT Director, and Tricia Gibbons, Retirement Benefits Administrator.

Ms. LeBlanc also advised the committee that the agenda had been revised to include an item on reinstating a member's retirement benefit.

### **Regular Business**

Ms. McManus called for approval of the April 25, 2019 Management Committee minutes. **Judge Kleinpeter moved, seconded by Ms. Hodges, to approve the minutes. With no objection or discussion, the motion carried.**

Ms. McManus announced there were no disability denials this month.

**Judge Kleinpeter moved, seconded by Ms. Hodges, to approve the May 2019 Disability Report. With no objection or discussion, the motion carried.**

In the Executive Counsel's report, Mr. Stark stated there were no new appeals or lawsuits.

### **New Business**

Mr. Carlos Jones reviewed the list of alternate physicians to be added to the State Medical Disability Board. **Ms. Hodges moved, seconded by Judge Kleinpeter, to recommend that the Board approve the list of physicians submitted as alternate physicians to the State Medical Disability Board. With no objection or discussion, the motion carried.**

Mr. Fillastre discussed reinstating a member's disability benefits. **Ms. Burton moved, seconded by Ms. Hodges to reinstate the member's disability benefits as discussed. With no objection or discussion, the motion carried.**

\*Mr. Bickham joined the meeting at 2:59 p.m.

Mr. Boudreaux reviewed the Chief Administrative Officer's comments.

Ms. LeBlanc reviewed the Deputy Director and Chief Operating Officer's comments.

Ms. Rougeou reviewed the Executive Director's comments. She stated a motion is required to approve travel to attend the NASRA Conference.

**Judge Kleinpeter moved, seconded by Ms. Hodges, to approve travel for any trustee interested in attending the NASRA Conference in Williamsburg, VA, August 3-6, 2019. With no objection or discussion, the motion carried.**

### **Other Business**

There was no further business to discuss.

### **Adjournment**

The meeting adjourned at 3:09 p.m.



**Final Bill List as of 6/17/19**  
**2019 Regular Session of the Louisiana Legislature**

<b>Bill #</b>	<b>Author</b>	<b>Description</b>	<b>Position</b>	<b>Status</b>
<b>HB 28</b>	Ivey	Hybrid Plan	Oppose	<b>Failed</b>
<b>HB 29</b>	R. Johnson	Removes insurance premium increase for HAZ Plan members who transfer service and retire with unreduced benefit, when the member reaches the age required for regular plan retirement eligibility	Neutral	<b>Act 289</b> Effective 6/11/19 for purposes of calculating amounts of premiums; otherwise 7/1/19
<b>HB 392</b>	Henry	Supplemental appropriation \$9.5M to IUAL	Support	<b>Passed</b>
<b>HCR 20</b>	Jones, et al	Memorializes Congress to consider repealing WEP/GPO	Support	<b>Passed</b>
<b>SB 9</b>	Peterson	Excludes Regional Transit Authority future management class employees from LASERS membership	Neutral	<b>Act 264</b> Effective 6/30/19
<b>SB 14</b>	Peacock	Term limits for retirement system boards; LASERS already has limits	Neutral	<b>Failed</b>
<b>SB 15</b>	Long, et al	Changes definition for Department of Agriculture & Forestry firefighters eligible to join HAZ Plan	Neutral	<b>Act 42</b> Effective 6/30/19
<b>SCR 34</b>	Mizell	Memorializes Congress to consider repealing WEP/GPO	Support	<b>Passed</b>
<b>SR 266</b>	Colomb	Requests study of the disposition of retirement benefits when a beneficiary is convicted of murdering the system member or retiree. Input from the four state systems is requested.		<b>Adopted</b>



## June 2019 Management Committee Meeting Chief Administrative Officer's Comments

### **Fiscal Division**

- LASERS books will close for FYE 2018/2019 on July 15th. Please remit all travel forms to Beth prior to Friday, July 12th for expenses that occurred between July 1, 2018 and June 30, 2019.
- Postlethwaite & Netterville will begin their audit of LASERS financial statements on June 17th with interim fieldwork. Final fieldwork is scheduled to begin August 5th.
- Fiscal is recruiting for an Investment Accountant to replace George Yarbrough, who was detailed into Shawei Chen's vacant Accountant Manager 1 position.

### **Information Technology Division**

- The Optimus Project (Phase 3) is nearing completion and will wrap up sometime this summer.
- The Office 365 project continues to make good progress.
- Disaster Recovery preparedness and the ability to more rapidly recover from an event has progressed significantly. The official annual DR test will be conducted in June.
- New Option Factors (effective date 7/1/19) have been loaded in Solaris. These were updated to be based on mortality tables adopted by the Board in January 2019.
- There were no notable or unusual Data Security incidents for May 2019. There were, however, 1,682,480 attempts to breach our security protocols in May 2019.
- The May Cybersecurity Newsletter discussed what LASERS employees need to know about Backups and their role in protecting LASERS data.
- Work on a detailed Data Security Incident Response Plan is ongoing.
- IT is actively searching for an IT Programmer/Analyst I. Applicants are being reviewed now.
- Two IT employees have chosen to retire and we will be filling those positions soon.
- The IT Service Desk reports an on-time delivery of IT services of 99.38% of SLA for May 2019.
- LASERS Website top three search words or phrases for May 2019 were 1. Calculator, 2. Drop, 3. Retirement Calculator.



**Louisiana State Employees' Retirement System**  
**2018-2019 Trustee Training Report\***  
**Total Education Hours as of 6/19/19**

	Investments (8 Hours Required)	Actuarial Science (4 Hours Required)	Fiduciary Duty and Ethics (2 Hours Required)	Laws, Rules and Regulations (2 Hours Required)	TOTAL
Trustee	# of Hours	# of Hours	# of Hours	# of Hours	
Adomako, Afranie <sup>1</sup>	0	0	0	0	0
Bickham, Thomas	7.5	2.25	0	1	10.75
Broussard, John <sup>2</sup>	5.5	7.5	0	0	13
Burton, Virginia	12	3.25	1	2	18.25
Goodson, Barbara <sup>1</sup>	11.75	3.25	2	2	19
Schroder, John	0	0	0	0	0
Hodges, Beverly	13.5	4.25	2	3	22.75
Kleinpeter, William	13.5	4.25	2	3	22.75
Lansing, Janice	13.5	3.75	2	3	22.25
Mack, James <sup>2</sup>	0	0	0	0	0
Mathews, Amy <sup>2</sup>	2	3.25	2	1	8.25
McGimsey, Rick <sup>1</sup>	7	1	0	1	9
McManus, Barbara	13.5	3.25	3	3	22.75
Peacock, Barrow	0	0	0	0	0
Pearson, Kevin	0	0	0	0	0
Pierce, Lori	10.75	3.75	0	1	15.5
Templet, Shannon	13.5	4.25	2	3	22.75
Trotter, Lorry	9	2.25	1	1	13.25

<sup>1</sup> Designee of the Commissioner of Administration

\* Reporting Period is September 1 to August 31

<sup>2</sup> Designee of the Treasurer





8401 United Plaza Blvd. • Baton Rouge, LA 70809

LOUISIANA STATE EMPLOYEES'  
RETIREMENT SYSTEM

Mail: P.O. Box 44213 • Baton Rouge, LA 70804-4213

Phone: (toll-free) 1.800.256.3000 • (local) 225.922.0600

## Fiscal Division

### OPERATING BUDGET REPORT

May 31, 2019

(Unaudited)

Category	2017-2018 Actual	2018-2019 Budget	Monthly Expenses	2018-2019 YTD Actual	Remaining Balance	2018-19 % of Budget	2017-18 % of Actual
Personnel	\$ 14,325,192	\$ 15,477,700	\$ 1,124,954	\$ 13,028,739	\$ 2,448,961	84%	83%
Travel Expenses	145,567	182,500	30,833	174,190	8,310	95%	69%
Operating Services	2,683,499	3,098,100	95,099	2,611,675	486,425	84%	78%
Professional Services	753,264	754,000	81,791	449,150	304,850	60%	48%
Acquisitions	219,754	203,000	5,663	105,649	97,351	52%	51%
<b>TOTAL</b>	<b>18,127,276</b>	<b>19,715,300</b>	<b>1,338,340</b>	<b>16,369,403</b>	<b>3,345,897</b>	<b>83%</b>	<b>80%</b>
Investment Fees	32,210,782	33,500,000	2,772,123	29,857,772	3,642,228	89%	89%
<b>GRAND TOTAL</b>	<b>\$ 50,338,058</b>	<b>\$ 53,215,300</b>	<b>\$ 4,110,463</b>	<b>\$ 46,227,175</b>	<b>\$ 6,988,125</b>	<b>87%</b>	<b>86%</b>

### CAPITAL OUTLAY BUDGET REPORT

May 31, 2019

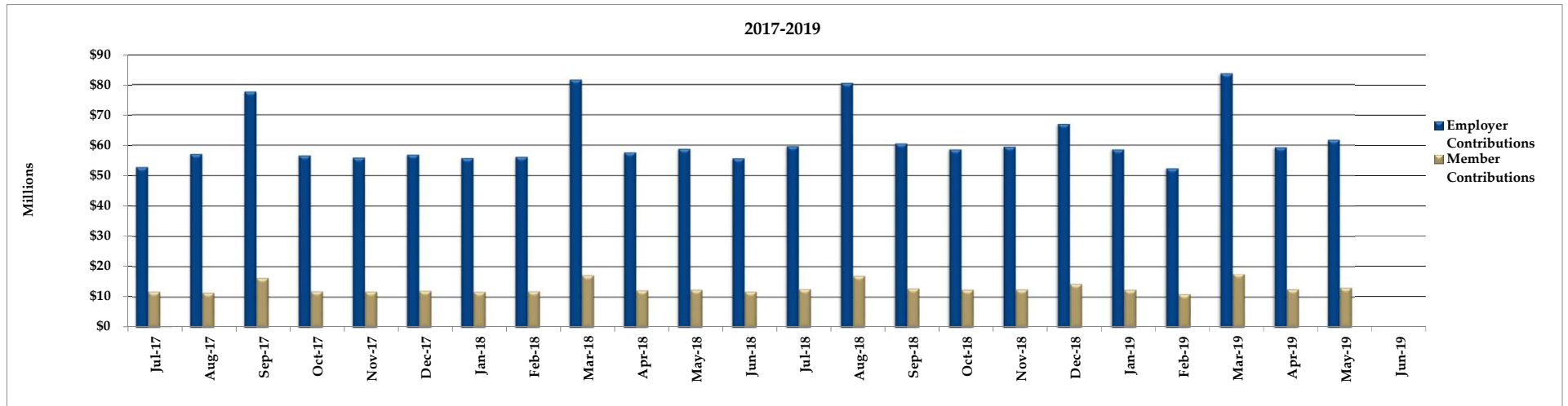
(Unaudited)

Category	Total Project Budget	2014-2018 LTD Actual	2018-2019 YTD Actual	Total Project Expenses	Remaining Balance	% of Budget Used
Operating Services	\$ 108,440	\$ -	\$ 108,144	\$ 108,144	\$ 296	100%
Professional Services	4,711,368	3,299,004	\$ 826,197	4,125,201	586,167	88%
Acquisitions	725,281	658,196	12,494	670,690	54,591	92%
<b>GRAND TOTAL</b>	<b>\$ 5,545,089</b>	<b>\$ 3,957,200</b>	<b>\$ 946,835</b>	<b>\$ 4,904,035</b>	<b>\$ 641,054</b>	<b>88%</b>

**Pension Contributions**  
Fiscal Years 2017-2018 and 2018-2019 thru May 31, 2019

FYE 2017-2018					FYE 2018-2019				
Month	Members	Employer Contributions	Member Contributions	Total	Month	Members	Employer Contributions	Member Contributions	Total
Jul-17	39,272	\$52,850,938	\$11,752,131	\$64,603,069	Jul-18	38,838	\$59,697,518	\$12,584,945	\$72,282,463
Aug-17	38,479	\$57,190,147	\$11,426,825	\$68,616,972	Aug-18	38,777	\$80,467,128	\$16,937,413	\$97,404,541
Sep-17	38,946	\$77,622,720	\$16,238,239	\$93,860,959	Sep-18	39,358	\$60,612,431	\$12,804,449	\$73,416,880
Oct-17	38,655	\$56,672,372	\$11,901,937	\$68,574,309	Oct-18	39,691	\$58,649,070	\$12,403,095	\$71,052,165
Nov-17	38,734	\$55,978,245	\$11,770,098	\$67,748,343	Nov-18	39,176	\$59,545,792	\$12,522,208	\$72,068,000
Dec-17	39,090	\$56,941,004	\$12,027,748	\$68,968,752	Dec-18	39,149	\$66,995,478	\$14,303,812	\$81,299,290
Jan-18	39,012	\$55,806,337	\$11,681,222	\$67,487,559	Jan-19	39,591	\$58,663,671	\$12,387,895	\$71,051,566
Feb-18	39,046	\$56,199,349	\$11,885,584	\$68,084,933	Feb-19	39,442	\$52,447,079	\$10,955,798	\$63,402,877
Mar-18	38,946	\$81,539,128	\$17,150,186	\$98,689,314	Mar-19	39,754	\$83,591,435	\$17,621,815	\$101,213,250
Apr-18	38,946	\$57,675,276	\$12,179,597	\$69,854,873	Apr-19	39,524	\$59,350,208	\$12,549,448	\$71,899,656
May-18	38,779	\$58,853,339	\$12,404,061	\$71,257,400	May-19	39,524 *	\$61,794,183	\$13,052,550	\$74,846,733
Jun-18	39,293	\$55,744,687	\$11,772,080	\$67,516,767	Jun-19				

NOTE: Contributions based on estimates (May 2019 based on April 2019).

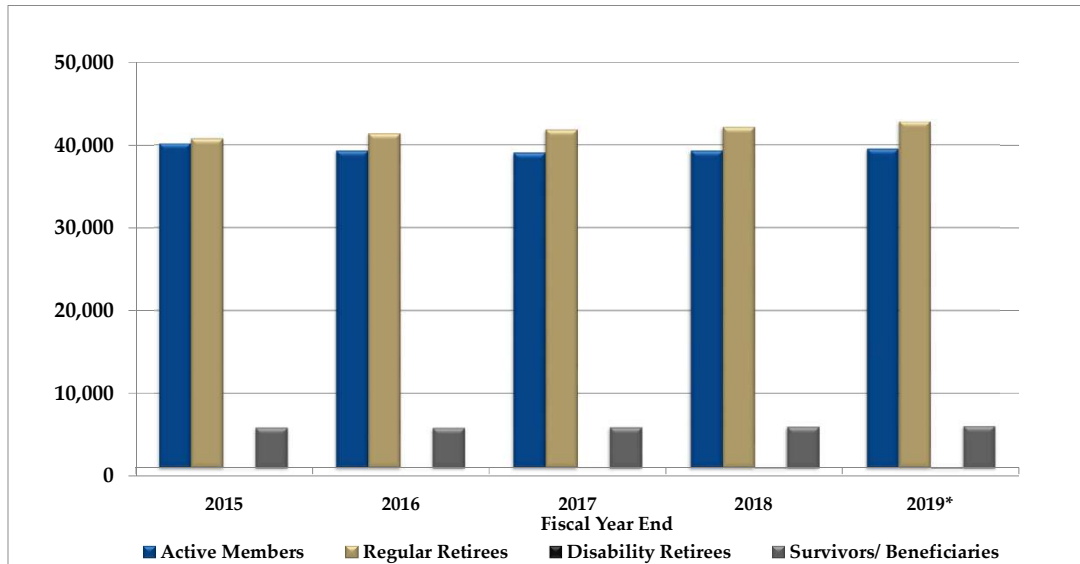




**LASERS Membership**  
For Five Years as of May 31, 2019

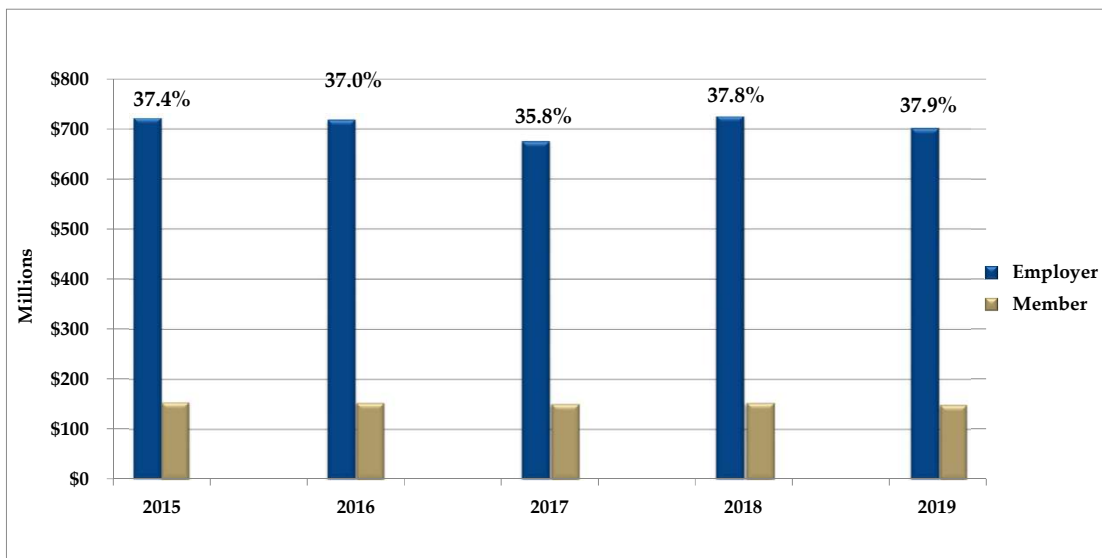
Fiscal Year	Active Members	Regular Retirees	Disability Retirees	Survivors/ Beneficiaries	Total Members**
2015	40,194	40,755	1,054	5,834	87,837
2016	39,284	41,356	1,043	5,802	87,485
2017	39,055	41,818	989	5,872	87,734
2018	39,293	42,136	930	5,940	88,299
2019*	39,524	42,821	910	6,022	89,277

Note: \*Counts for FY2018 - FY2019 are an approx. not based on actuarial data. \*\*Total Members does not include DROP, Terminated Vested/Non-Vested



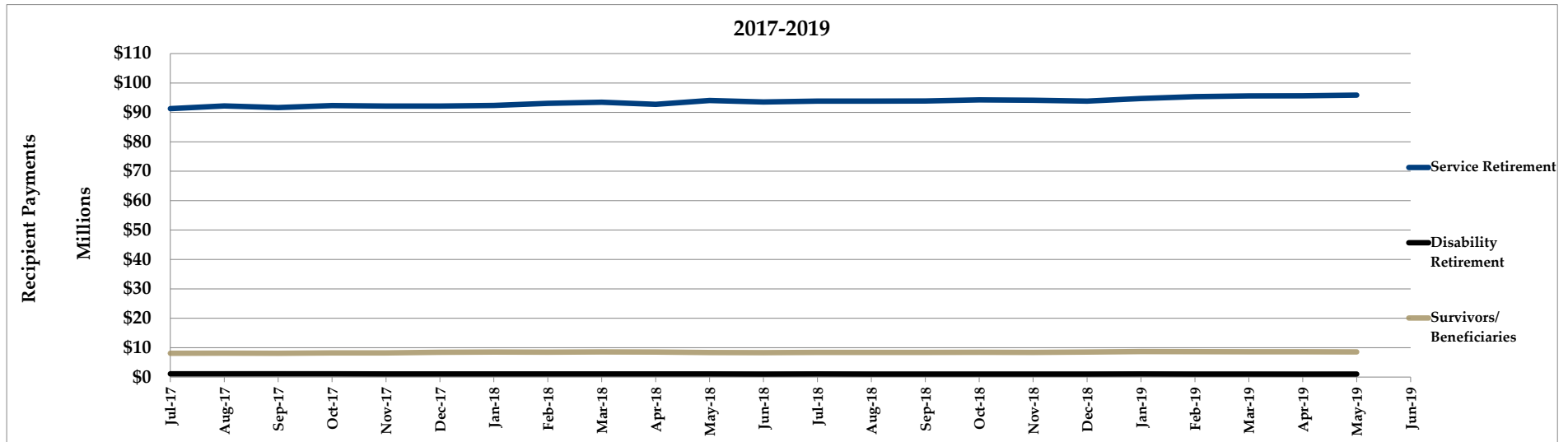
**Pension Contributions**  
For Five Years as of May 31, 2019

	2015	2016	2017	2018	2019
<b>Employer</b>	\$722,137,361	\$718,606,512	\$675,583,750	\$725,802,871	\$701,813,993
<b>Member</b>	\$153,281,097	\$152,233,771	\$149,931,242	\$152,189,709	\$148,123,428
<b>Total</b>	\$875,418,458	\$870,840,283	\$825,514,992	\$877,992,580	\$849,937,421



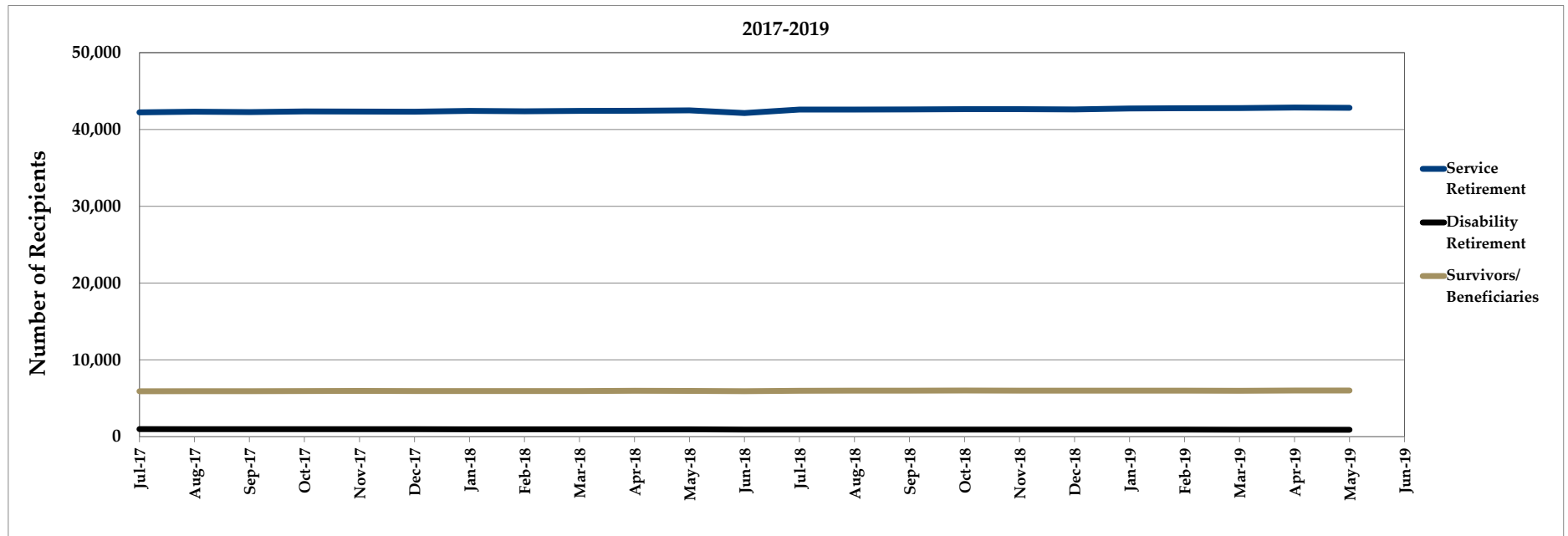
**Service/Disability/Survivor/Beneficiary Payments**  
**Fiscal Years 2017-2018 and 2018-2019 through May 31, 2019**

FYE 2017-2018					FYE 2018-2019				
Month	Service Retirement	Disability Retirement	Survivors/Beneficiaries	Total	Month	Service Retirement	Disability Retirement	Survivors/Beneficiaries	Total
Jul-17	\$91,279,555	\$1,099,162	\$8,097,997	\$100,476,714	Jul-18	\$93,817,919	\$1,047,654	\$8,368,838	\$103,234,411
Aug-17	\$92,191,387	\$1,105,153	\$8,138,594	\$101,435,134	Aug-18	\$93,856,315	\$1,036,266	\$8,383,105	\$103,275,686
Sep-17	\$91,653,386	\$1,111,394	\$8,087,224	\$100,852,004	Sep-18	\$93,868,347	\$1,026,732	\$8,380,266	\$103,275,345
Oct-17	\$92,307,564	\$1,089,647	\$8,207,002	\$101,604,213	Oct-18	\$94,238,338	\$1,031,994	\$8,408,210	\$103,678,542
Nov-17	\$92,169,967	\$1,076,356	\$8,205,960	\$101,452,283	Nov-18	\$94,150,057	\$1,029,211	\$8,370,250	\$103,549,518
Dec-17	\$92,163,290	\$1,062,002	\$8,420,028	\$101,645,320	Dec-18	\$93,831,806	\$1,018,525	\$8,520,606	\$103,370,937
Jan-18	\$92,346,953	\$1,057,364	\$8,492,514	\$101,896,831	Jan-19	\$94,702,261	\$1,067,652	\$8,671,143	\$104,441,056
Feb-18	\$93,083,148	\$1,065,107	\$8,475,843	\$102,624,098	Feb-19	\$95,334,582	\$1,022,272	\$8,634,112	\$104,990,966
Mar-18	\$93,475,062	\$1,060,694	\$8,537,737	\$103,073,493	Mar-19	\$95,619,631	\$1,004,948	\$8,592,105	\$105,216,684
Apr-18	\$92,755,409	\$1,068,470	\$8,502,715	\$102,326,594	Apr-19	\$95,649,025	\$1,002,678	\$8,606,800	\$105,258,503
May-18	\$94,065,370	\$1,076,036	\$8,340,012	\$103,481,418	May-19	\$95,876,270	\$1,020,943	\$8,548,704	\$105,445,917
Jun-18	\$93,550,687	\$1,026,686	\$8,314,847	\$102,892,220	Jun-19				



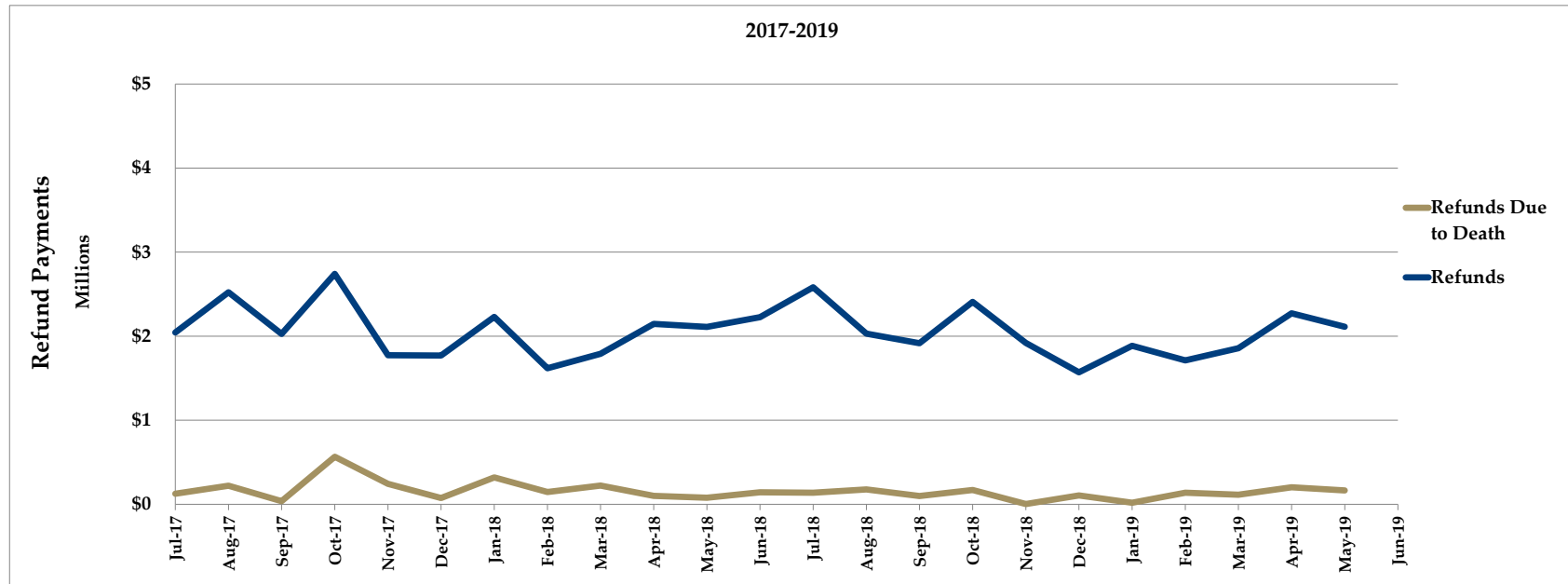
**Service/Disability/Survivor/Beneficiary Recipients  
Fiscal Years 2017-2018 and 2018-2019 through May 31, 2019**

FYE 2017-2018					FYE 2018-2019				
Month	Service Retirement	Disability Retirement	Survivors/Beneficiaries	Total	Month	Service Retirement	Disability Retirement	Survivors/Beneficiaries	Total
Jul-17	42,220	996	5,924	49,140	Jul-18	42,586	941	5,985	49,512
Aug-17	42,309	993	5,930	49,232	Aug-18	42,585	943	5,995	49,523
Sep-17	42,256	992	5,927	49,175	Sep-18	42,609	935	5,997	49,541
Oct-17	42,343	984	5,958	49,285	Oct-18	42,642	941	6,013	49,596
Nov-17	42,338	980	5,960	49,278	Nov-18	42,640	937	6,001	49,578
Dec-17	42,316	982	5,952	49,250	Dec-18	42,612	936	6,004	49,552
Jan-18	42,419	972	5,958	49,349	Jan-19	42,736	927	5,998	49,661
Feb-18	42,368	972	5,958	49,298	Feb-19	42,770	927	5,998	49,695
Mar-18	42,412	971	5,957	49,340	Mar-19	42,783	917	5,992	49,692
Apr-18	42,432	964	5,991	49,387	Apr-19	42,854	912	6,015	49,781
May-18	42,487	963	5,974	49,424	May-19	42,821	910	6,022	49,753
Jun-18	42,136	930	5,940	49,006	Jun-19				



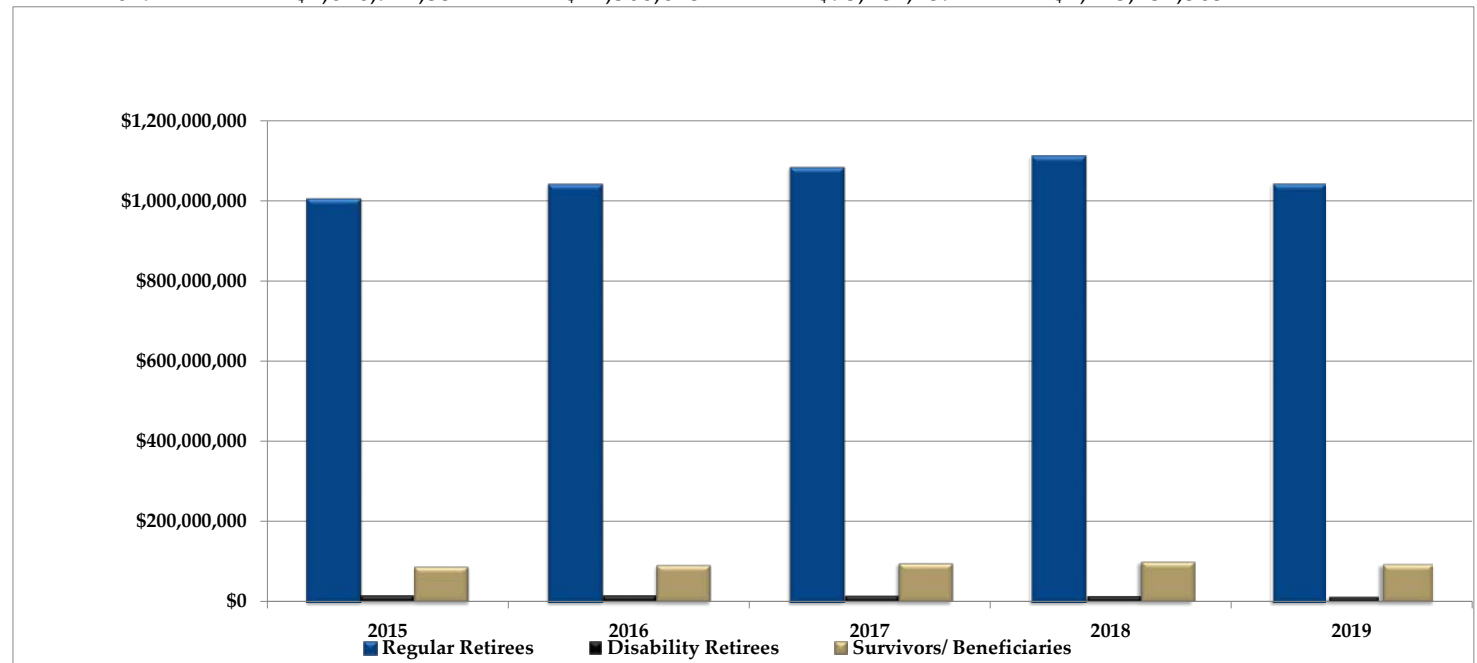
**Refund Payments**  
Fiscal Years 2017-2018 and 2018-2019 through May 31, 2019

FYE 2017-2018 Refunds Due to				FYE 2018-2019 Refunds Due to			
Month	Refunds	Death	Total	Month	Refunds	Death	Total
Jul-17	\$2,043,984	\$125,498	\$2,169,482	Jul-18	\$2,581,102	\$137,294	\$2,718,396
Aug-17	\$2,522,497	\$220,322	\$2,742,819	Aug-18	\$2,031,015	\$176,107	\$2,207,122
Sep-17	\$2,026,246	\$37,901	\$2,064,147	Sep-18	\$1,916,834	\$98,733	\$2,015,567
Oct-17	\$2,741,399	\$565,739	\$3,307,138	Oct-18	\$2,409,001	\$169,761	\$2,578,762
Nov-17	\$1,773,712	\$242,881	\$2,016,593	Nov-18	\$1,920,568	\$3,330	\$1,923,898
Dec-17	\$1,769,280	\$74,981	\$1,844,261	Dec-18	\$1,570,374	\$106,023	\$1,676,397
Jan-18	\$2,228,790	\$319,348	\$2,548,138	Jan-19	\$1,885,826	\$18,227	\$1,904,053
Feb-18	\$1,618,624	\$146,936	\$1,765,560	Feb-19	\$1,712,708	\$137,754	\$1,850,462
Mar-18	\$1,790,284	\$222,413	\$2,012,697	Mar-19	\$1,856,241	\$114,140	\$1,970,381
Apr-18	\$2,146,241	\$101,018	\$2,247,259	Apr-19	\$2,272,103	\$202,644	\$2,474,747
May-18	\$2,111,088	\$78,387	\$2,189,475	May-19	\$2,111,480	\$165,630	\$2,277,110
Jun-18	\$2,226,468	\$143,184	\$2,369,652	Jun-19			



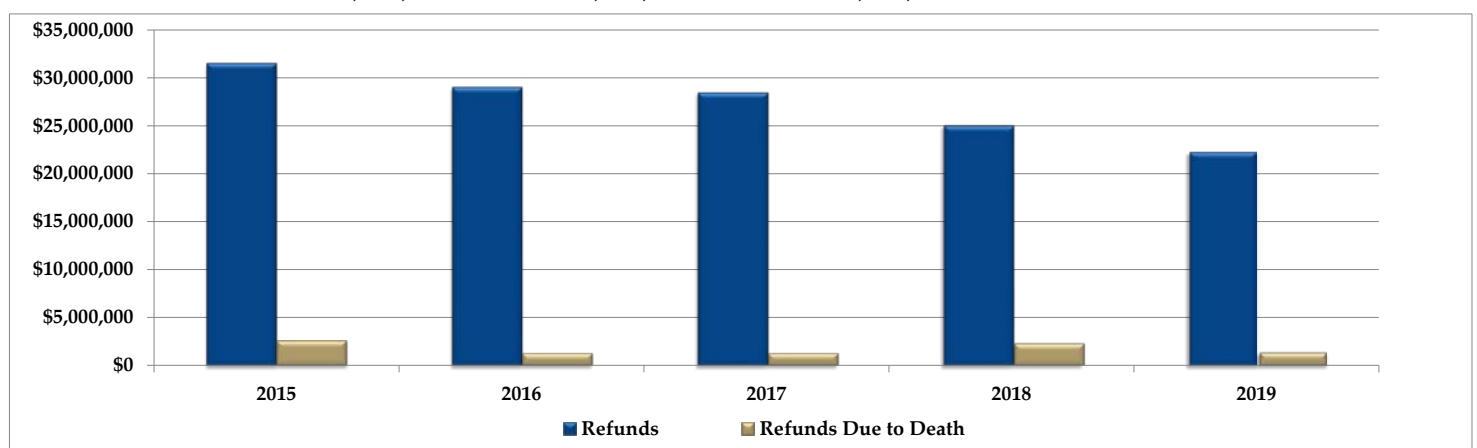
**Benefit Payments for 5 years**  
**For Five Years as of May 31, 2019**

Fiscal Year	Regular Retirees	Disability Retirees	Survivors/ Beneficiaries	Total Payments
2015	\$1,004,232,296	\$14,537,716	\$87,434,136	\$1,106,204,148
2016	\$1,040,584,180	\$14,578,820	\$91,330,722	\$1,146,493,722
2017	\$1,082,137,367	\$13,651,348	\$95,582,244	\$1,191,370,959
2018	\$1,111,041,778	\$12,898,071	\$99,820,473	\$1,223,760,322
2019	\$1,040,944,551	\$11,308,875	\$93,484,139	\$1,145,737,565



**Refund Payments for 5 years**  
**For Five Years as of May 31, 2019**

Fiscal Year	Refunds	Refunds Due to Death	Total Payments
2015	\$31,533,896	\$2,548,005	\$34,081,901
2016	\$29,026,584	\$1,270,829	\$30,297,413
2017	\$28,443,202	\$1,266,083	\$29,709,285
2018	\$25,031,640	\$2,245,581	\$27,277,221
2019	\$22,267,251	\$1,329,643	\$23,596,895



**DROP and ORP Report**  
**As of May 31, 2019**

<b>DROP</b>	<b>Current Month</b>		<b>Quarter Ending 03/31/2019</b>		<b>Quarter Ending 12/31/2018</b>
	<b>Count</b>	<b>Balance</b>	<b>Count</b>	<b>Balance</b>	<b>Count</b>
					<b>Balance</b>
<b>Traditional (At LASERS)</b>					
Accruing HARP	4	\$357,086	5	\$519,123	5
Working After DROP	109	\$22,169,503	111	\$22,462,088	116
Retired After DROP	2,798	\$357,787,922	2,815	\$360,940,151	2,859
Retired-IBO	163	\$20,925,262	163	\$20,950,694	164
<b>Total Traditional</b>	<b>3,155</b>	<b>\$401,239,773</b>	<b>3,155</b>	<b>\$404,872,056</b>	<b>3,144</b>
<b>Self-Directed</b>					
Accruing (At LASERS)	1,329	\$63,825,041	1,344	\$66,056,265	1,332
Working After DROP, Retired & IBO (Empower)	7,310	\$575,175,157	7,307	\$573,639,506	7,305
<b>Total Self-Directed</b>	<b>8,639</b>	<b>\$639,000,198</b>	<b>8,651</b>	<b>\$639,695,771</b>	<b>8,637</b>
<b>TOTALS</b>	<b>11,794</b>	<b>\$1,040,239,971</b>	<b>11,806</b>	<b>\$1,044,567,827</b>	<b>11,781</b>
					<b>\$1,017,929,826</b>
<b>ORP</b>					
Working & Inactive (Empower)	47	\$5,242,941	48	\$5,322,511	48
					<b>\$5,068,297</b>



**Board of Trustees**  
**Benefit Payees Added During Period**  
**05/01/2019 - 05/31/2019**

**Regular**

Under Age 55 at Retirement	12
Age 55-59 at Retirement	21
Age 60+ at Retirement	72
Total	105
Minimum Benefit	\$327
Maximum Benefit	\$9,345
Minimum Age	39
Maximum Age	76
Minimum Years Service	5
Maximum Years Service	40
Average Age	61
Average Service	22
Average Gross Benefit	\$2,416

**Disability**

Total	6
Minimum Benefit	\$727
Maximum Benefit	\$2,575
Minimum Age	45
Maximum Age	56
Minimum Years Service	4
Maximum Years Service	16
Average Age	53
Average Service	12
Average Gross Benefit	\$1,403

**Survivor**

Total	3
Minimum Benefit	\$1,619
Maximum Benefit	\$4,596
Minimum Age	54
Maximum Age	80
Minimum Years Service	14
Maximum Years Service	29
Average Age	63
Average Service	20
Average Gross Benefit	\$2,795

**Beneficiary**

Total	41
Minimum Benefit	\$79
Maximum Benefit	\$3,278
Minimum Age	48
Maximum Age	69
Minimum Years Service	10
Maximum Years Service	38
Average Age	60
Average Service	23
Average Gross Benefit	\$1,265

**Drop Accruals**

Total	43
Average Age	56
Average Service	26
Average Gross Benefit	\$3,147





## June 2019 Management Committee Meeting Deputy Director & Chief Operating Officer's Comments

### Deputy Director

- Board members are required to have one hour of education on Preventing Sexual Harassment. This training will count towards the two hour requirement of education on Laws, Rules, and Regulations. Please send Beth Labello, [blabello@lasersonline.org](mailto:blabello@lasersonline.org), a copy of your certificate of training if you have already taken the course. For those who have not taken the course, Beth will send an email with a link to a private video on the LASERS YouTube channel. Once you have watched it, please complete the certificate of completion and return it to her.

### Public Information Division

- 2019 Board of Trustees Election – Nominations opened March 1 and close July 9. To date, no nominations have been received.
- Legislative Session – Final outcome of retirement legislation has been posted to the LASERS website.
- LASERS Identity & Style Guide – has been updated to include new templates and AP style guidelines.
- Website Improvements/Additions:
  - WEP/GPO page added to address commonly asked questions. Provides an overview of how the offsets can impact Social Security benefits for public employees and includes resources such as publication links, videos, etc.
  - Agency Liaison Memoranda page revised to allow users to view by year or topic.
- Current PID Stats:

○ Website Pageviews:	61,052
○ Website Users:	17,679
○ Facebook Followers:	1,936
○ Twitter Followers:	632
○ YouTube Subscribers:	464
○ Paperless Beam Subs:	4,548
○ MINT Email Subscribers:	4,862
○ Member Connection Subs:	59,123

## **Member Services Division**

- The 2019 LASERS Retiree Workshop will be hosted on Wednesday, July 24th from 9:00 am to noon in the LASERS Board Room. The event will also be available as a webinar through GoToMeeting with assistance from PID. LASERS Executive Division and Member Services will present updates and information to the attendees. Additional partners attending and providing information include EMPOWER Retirement, SHIP, the Office of Group Benefits, and RSEA.
- Recent comments from members:
  - *The receptionists both are very charming, friendly, helpful, courteous and lovely. They are excellent."*
  - *"Wendy [Demouy] seemed to have an almost perfect personalized presentation of information. This helped me make better decision as to the 'when' question. Thanks Wendy!"*
  - *"Mr. [David] Lefebvre was very patient with me in spite of all the questions that I had."*

## June 2019 Management Committee Meeting Executive Director's Comments

### **Division Directors Spotlight: Artie Fillastre**

- Artie Fillastre has been with LASERS for twenty years.
- He has served as our Chief Financial Officer for the past twelve.
- During his tenure at LASERS, Artie has been one of our internal auditors as well as director of our Project Management Division.
- Artie has a Bachelor's Degree in Real Estate Finance and a Master's Degree in Finance from LSU.
- Outside of work he enjoys CrossFit, running, biking, cooking, gardening, and entertaining friends and family.
- He participates in local CrossFit competitions and races.
- Also, he is an avid LSU football fan hosting tailgate parties before home games and periodically attending away games when time allows.
- During the spring, he entertains friends, family, and co-workers with his annual St. Patrick's Day Parade Party.

### **Empower**

- An issue has arisen with respect to managed accounts involving members with both a Deferred Comp account and a DROP account.
- We will discuss this more fully with the Board at the June meeting.

### **NASRA**

- I would like to remind everyone that the NASRA conference begins the evening of Saturday, August 3<sup>rd</sup>, and ends with the closing reception on Tuesday, August 6<sup>th</sup>.
- Some of you may have received conference brochures in the mail. For those of you who did not, and would like to see the program schedule, copies are available of the brochure.
- Please let Beth know if you would like to attend.

## **LAPERS**

- LAPERS will begin Sunday, September 15<sup>th</sup>, and end Tuesday, September 17<sup>th</sup> with the closing reception.
- A sign-up sheet is available. Please let Beth know if you would like to attend.
- We will need someone to make a motion to allow board members wishing to attend the conference permission to do so.

## **Independence Day Holiday**

- The office will be closed on July 4<sup>th</sup> in observance of Independence Day.

**NOTICE AND AGENDA**  
**Board Meeting**  
**Thursday, June 27, 2019**  
***Immediately following Management Committee***

The Board of Trustees will meet in the fourth floor Board Room of the Retirement Systems Building, 8401 United Plaza Boulevard, Baton Rouge, Louisiana.

**I. CALL TO ORDER**

**II. ROLL CALL**

**III. PUBLIC COMMENT** (allowed upon request before action items)

**IV. REGULAR BUSINESS**

1. Approval of the Minutes of the May 16, 2019 Board Meeting **(Action Item)**  
*Shannon Templet, Board Chair*
2. Report and Recommendations of the Audit Committee **(Action Item)**  
*Virginia Burton, Audit Committee Chair*
3. Report and Recommendations of the Investment Committee **(Action Item)**  
*Beverly Hodges, Investment Committee Chair*
4. Report and Recommendations of the Management Committee **(Action Item)**  
*Barbara McManus, Management Committee Chair*
5. Acknowledgement of Receipt of Administrative Errors Report/Documentation **(Action Item)**  
*Steve Stark, Deputy General Counsel*

**V. NEW BUSINESS**

1. LASERS New Employees  
*Cindy Rougeou, Executive Director*
2. LASERS Outstanding Employees  
*Cindy Rougeou, Executive Director*

**VI. OTHER BUSINESS**

**VII. ADJOURNMENT**

**NOTE:** If special accommodations are needed, please contact this office prior to meeting.

**Louisiana State Employees' Retirement System  
Regular Board Meeting  
May 16, 2019**

The Board of Trustees of the Louisiana State Employees' Retirement System met on Thursday, May 16, 2019 in the fourth floor Board Room of the Retirement Systems Building located at 8401 United Plaza Boulevard, Baton Rouge, Louisiana.

Ms. Shannon Templet, Chair, called the meeting to order at 3:11 p.m. Roll call was conducted by Ms. Beth Labello, recording secretary.

\*\*\*\*\*

**Members Present:** Mr. Thomas Bickham, Ms. Virginia Burton, Mr. James Mack (designee of the Treasurer), Mr. Rick McGimsey (designee of the Commissioner), Ms. Beverly Hodges, Judge William Kleinpeter, Ms. Barbara McManus, Ms. Lori Pierce, Ms. Shannon Templet, and Ms. Lorry Trotter

**Members Absent:** Ms. Janice Lansing, Senator Barrow Peacock and Representative Kevin Pearson

**Staff Present:** Ms. Cindy Rougeou, Executive Director; Ms. Maris LeBlanc, Deputy Director and Chief Operating Officer; Mr. Trey Boudreaux, Chief Administrative Officer; Mr. Steve Stark, Deputy General Counsel; Mr. Bobby Beale, Chief Investment Officer; Mr. Jonathan Drago, Retirement Benefits Assistant Administrator; Mr. Greg Byrd, IT Tech Support Manager; Mr. Artie Fillastre, Chief Fiscal Officer; Ms. Tonja Normand, Public Information Director; Mr. Ryan Babin, Audit Director; Ms. Mallory Sharp, Public Information Officer; Ms. Amanda McClinton, Retirement Benefits Supervisor; Christopher Crouchet, Retirement Benefits Analyst; Danielle Henning, Retirement Benefits Analyst; Rachel Harvey, Public Information Officer; Ms. Amanda Celestine, Executive Management Officer; and Ms. Beth Labello, recording secretary.

**Also Present:** Mr. Lowell Good, Louisiana Legislative Auditor's Office

\*\*\*\*\*

A quorum was declared present and the meeting opened for business. Ms. Templet called for public comment. No public comments were made.

### **Regular Business**

Ms. Templet called for approval of the minutes of the April 25, 2019 Board Meeting. **Judge Kleinpeter moved, seconded by Ms. Pierce, to approve the minutes. With no objection or discussion, the motion passed.**

Ms. Hodges reported the Investment Committee met on Thursday, May 16, 2019 and had the following items to report:

**Ms. Hodges moved, seconded by Mr. Bickham, to commit \$100 million to Altas Partners Holdings II. With no objection or discussion, the motion passed.**

**Ms. Hodges moved, seconded by Judge Kleinpeter, to approve the changes to the investment policy statement for the LASERS Self-Directed Deferred Retirement Options Plan and Optional Retirement plan, as presented. With no objection or discussion, the motion passed.**

Judge Kleinpeter reported that the Legislative Committee met on Thursday, May 16, 2019 and had the following item to report:

**Judge Kleinpeter moved, seconded by Mr. Bickham, to support House Bill 392. With no objection or discussion, the motion passed.**

Ms. McManus reported that the Management Committee met on Thursday, May 16, 2019 and had the following items to report:

**Ms. McManus moved, seconded by Mr. Bickham, to approve the May 2019 Retirement Disability Report. With no objection or discussion, the motion passed.**

**Ms. McManus moved, seconded by Judge Kleinpeter, to approve the list of physicians submitted as alternate physicians to the State Medical Disability Board. With no objection or discussion, the motion passed.**

**Ms. McManus moved, seconded by Judge Kleinpeter, to reinstate the disability benefit for the described member. With no objection or discussion, the motion passed.**

**Ms. McManus moved, seconded by Judge Kleinpeter, to authorize travel for any trustee interested in attending the NASRA Conference in Williamsburg, VA on August 3-6, 2019. With no objection or discussion, the motion passed.**

**Ms. Hodges moved, seconded by Ms. McManus, to acknowledge receipt of the administrative errors report and documentation. With no objection or discussion, the motion carried.**

### **New Business**

Ms. Rougeou introduced Danielle Henning, Christopher Crouchet, and Rachel Harvey as LASERS new employees.



**Adjournment**

With no other business to discuss, the meeting adjourned at 3:18 p.m.

A handwritten signature in black ink, appearing to read 'C. Rougeou', with a stylized flourish at the end.

---

Cindy Rougeou, Executive Director



## Administrative Error Report

June 27, 2019

---

Member's Name:	Monita Reed
Agency:	Department of Education
Reason for Administrative Error:	Reemployed Retiree Application Not Submitted Changed from Option 3 to Option 1A

---

Member's Name:	Jane Vaughan
Agency:	Secretary of State's Office
Reason for Administrative Error:	Reemployed Retiree Application Not Submitted Changed from Option 3 to Option 1A

---

Member's Name:	Jim Pratt
Agency:	Department of Veterans Affairs
Reason for Administrative Error:	Reemployed Retiree Application Not Submitted Changed from Option 3 to Option 1A

---




Louisiana State Employees'  
Retirement System

8401 United Plaza Blvd., Baton Rouge, LA 70809 | Mail: P.O. Box 44213, Baton Rouge, LA 70804-4213  
Toll-free 1.800.256.3000 | Local 225.922.0600 | [www.lasersonline.org](http://www.lasersonline.org)

Date: June 3, 2019

To: Cindy Rougeou  
Maris LeBlanc  
Tina V. Grant

From: Artie Fillastre 

Subject: Administrative Error – Reemployed Retiree Application Not Submitted

Member Name: Monita Reed

SSN: XXX-XX-0433

This request for administrative error is for an employee with the Agency # 00067 – Louisiana Department of Education. The member retired and returned to work in July of 2018. At that time, no Re-employment of Retiree form was completed. In May of 2019, when the error was determined, the retiree was considered a rehired retiree under the provisions of Option 3 by default as defined by statute.

The agency has requested that the member be allowed to select a rehired retiree option since the member neglected to complete the reemployment form due to agency error. The retiree has now submitted the Re-employment of Retiree form and has selected Option 1A.

I recommend that this request be approved.

Recommendation of Executive Counsel

  
Tina V. Grant

☒ Agree ☐ Disagree  
6-4-19  
date

Recommendation of Deputy Director

  
Maris LeBlanc

☒ Agree ☐ Disagree  
6/4/2019  
date

Recommendation of Executive Director

  
Cindy Rougeou

☒ Agree ☐ Disagree  
6-4-19  
date

**BOARD OF TRUSTEES:**

Shannon Templet, Board Chair  
Thomas Bickham, Vice Chair  
Virginia Burton  
Commissioner Jay Dardenne

Beverly Hodges  
Judge William Kleinpeter  
Janice Lansing  
Barbara McManus

Sen. Barrow Peacock  
Rep. Kevin Pearson  
Lori Pierce  
Hon. John Schroder  
Lorry Simmons Trotter

Cindy Rougeou, Executive Director

**LASERS** Benefits Louisiana.



# LOUISIANA DEPARTMENT OF EDUCATION

May 3, 2019

Re: Monita Reed, xxx-xx-0433  
Louisiana Department of Education

LASERS  
P.O. Box 44213  
Baton Rouge, LA 70804

To Whom It May Concern:

The above employee Monita Reed was rehired on July 17, 2018 with the Louisiana Department of Education as a Part-time WAE, this is a Non-Permanent Appointment and is not eligible to State benefits, leave earning and paid holidays.

This is an administrative error within our office, because we did not submit the paperwork timely.

Thanks,

Aarika Dorsey  
HR Director

**Louisiana Believes**

POST OFFICE BOX 94064 | BATON ROUGE, LA 70804-9064 | 1.877.453.2721 | WWW.LOUISIANASCHOOLS.NET



Louisiana State Employees'  
Retirement System

8401 United Plaza Blvd., Baton Rouge, LA 70809 | Mail: P.O. Box 44213, Baton Rouge, LA 70804-4213

Toll-free 1.800.256.3000 | Local 225.922.0600 | www.lasersonline.org

Date: June 3, 2019

To: Cindy Rougeou  
Maris LeBlanc  
Tina V. Grant

From: Artie Fillastre 

Subject: Administrative Error – Reemployed Retiree Application Not Submitted

Member Name: Jane Vaughn

SSN: XXX-XX-5465

This request for administrative error is for an employee with the Agency # 00532 – Secretary of State. The member retired and returned to work in August of 2018. At that time, no Re-employment of Retiree form was completed. In April of 2019, when the error was determined, the retiree was considered a rehired retiree under the provisions of Option 3 by default as defined by statute.

The agency has requested that the member be allowed to select a rehired retiree option since the member neglected to complete the reemployment form due to agency error. The retiree has now submitted the Re-employment of Retiree form and has selected Option 1A.

I recommend that this request be approved.

Recommendation of Executive Counsel

  
Tina V. Grant

☒ Agree ☐ Disagree

6-4-19  
date

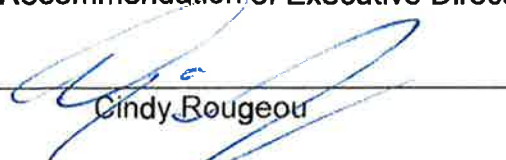
Recommendation of Deputy Director

  
Maris LeBlanc

☒ Agree ☐ Disagree

6/4/2019  
date

Recommendation of Executive Director

  
Cindy Rougeou

☒ Agree ☐ Disagree

6-4-19  
date

#### BOARD OF TRUSTEES:

Shannon Templet, Board Chair  
Thomas Bickham, Vice Chair  
Virginia Burton  
Commissioner Jay Dardenne

Beverly Hodges  
Judge William Kleinpeter  
Janice Lansing  
Barbara McManus

Sen. Barrow Peacock  
Rep. Kevin Pearson  
Lori Pierce  
Hon. John Schroder  
Lorry Simmons Trotter

Cindy Rougeou, Executive Director

**LASERS** Benefits Louisiana.

SECRETARY OF STATE  
STATE OF LOUISIANA

R. KYLE ARDOIN  
SECRETARY OF STATE

P.O. Box 94125  
BATON ROUGE, LA 70804-9125  
225.922.2880



May 10, 2019

LA State Employees' Retirement System  
P.O. Box 44213  
Baton Rouge LA 70804-4213

Re: Administrative Error  
Jane Vaughn (xxx-xx-5465)

Attn: Amanda Kimble

Dear Ms. Kimble:

Jane Vaughan was hired as a rehired retiree effective 05/06/13 through 04/13/16 with our agency (Agency #532). Form 10-2, "Re-employment of Retiree" was completed and sent to Lasers at the time she was rehired, however Form 10-02C was never sent by our agency to LASERS when she termed employment in April of 2016.

On 08/5/16, Ms. Vaughan was rehired, and continues to work part-time with our agency. Form 10-02, which indicates Option 1 was not sent to LASERS, upon Ms. Vaughn being rehired. Per our email correspondence dated 4/29/19, you instructed me to submit the two forms in question, which I have enclosed. I am requesting consideration and approval of this Administrative Error so that her retirement benefits are not negatively affected.

Should you have any questions or require additional information, please contact me at 225-922-1421 or [janet.benson@sos.la.gov](mailto:janet.benson@sos.la.gov)

Sincerely,

A handwritten signature in black ink, appearing to read "Janet Benson", written over a horizontal line.

Janet Benson  
Human Resources Specialist  
LA Secretary of State Kyle Ardoin  
PO Box 94125, Baton Rouge, LA 70804-9125  
Phone: 225-922-1421 FAX: 225-925-6034



Louisiana State Employees'  
Retirement System

8401 United Plaza Blvd., Baton Rouge, LA 70809 | Mail: P.O. Box 44213, Baton Rouge, LA 70804-4213  
Toll-free 1.800.256.3000 | Local 225.922.0600 | www.lasersonline.org

Date: June 3, 2019

To: Cindy Rougeou  
Maris LeBlanc  
Tina V. Grant

From: Artie Fillastre 

Subject: Administrative Error – Reemployed Retiree Application Not Submitted

Member Name: Jim Pratt

SSN: XXX-XX-5480

This request for administrative error is for an employee with the Agency # 00540 – Louisiana Department of Veteran Affairs. The member retired and returned to work in October of 2018. At that time, no Re-employment of Retiree form was completed. In February of 2019, when the error was determined, the retiree was considered a rehired retiree under the provisions of Option 3 by default as defined by statute.

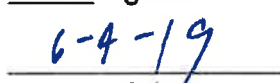
The agency has requested that the member be allowed to select a rehired retiree option since the member neglected to complete the reemployment form due to agency error. The retiree has now submitted the Re-employment of Retiree form and has selected Option 1A.

I recommend that this request be approved.

Recommendation of Executive Counsel

  
Tina V. Grant


☒ Agree ☐ Disagree

  
6-4-19  
date

Recommendation of Deputy Director

  
Maris LeBlanc

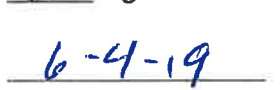
☒ Agree ☐ Disagree

  
6/4/2019  
date

Recommendation of Executive Director

  
Cindy Rougeou

☒ Agree ☐ Disagree

  
6-4-19  
date

**BOARD OF TRUSTEES:**

Shannon Templet, Board Chair  
Thomas Bickham, Vice Chair  
Virginia Burton  
Commissioner Jay Dardenne

Beverly Hodges  
Judge William Kleinpeter  
Janice Lansing  
Barbara McManus

Sen. Barrow Peacock  
Rep. Kevin Pearson  
Lori Pierce  
Hon. John Schroder  
Lorry Simmons Trotter

Cindy Rougeou, Executive Director

**LASERS** Benefits Louisiana.



# State of Louisiana

John Bell Edwards  
GOVERNOR



JOEY STRICKLAND  
SECRETARY

## Louisiana Department of Veterans Affairs

February 25, 2019

MEMO: Administrative Error Letter  
TO: LASERS  
FROM: LDVA  
RE: Jim Pratt

Jim Pratt, a LASERS retiree, was rehired by the Louisiana Department of Veterans Affairs on 10/1/2018 as a horticultural attendant at the Northwest Louisiana Veterans Cemetery. He separated on 11/30/2018.

The LASERS form 10-2or for 10-02C were not submitted for this re-hire retiree as an administrative error by LDVA HR Manager.

  
Theresa Teeke  
LDVA HR





## 2019 Committee Assignments

**Shannon Templet, Board Chair**

**Management Committee**

Barbara McManus, Chair  
Thomas Bickham  
Virginia Burton  
\*Barbara Goodson/Richard McGimsey  
Afranie Adomako  
Beverly Hodges  
William Kleinpeter  
Janice Lansing  
\*\*Amy Mathews/John Broussard  
Senator Barrow Peacock  
Representative J. Kevin Pearson  
Lori Pierce  
Shannon Templet  
Lorry Trotter

**Investment Committee**

Beverly Hodges, Chair  
Thomas Bickham  
Virginia Burton  
\*Barbara Goodson/Rick McGimsey  
Afranie Adomako  
William Kleinpeter  
Janice Lansing  
\*\*Amy Mathews/John Broussard  
Barbara McManus  
Senator Barrow Peacock  
Representative J. Kevin Pearson  
Lori Pierce  
Shannon Templet  
Lorry Trotter

\*Designee – Commissioner - D of A

**Thomas Bickham, Vice Chair**

**Legislative Committee**

William Kleinpeter, Chair  
Thomas Bickham  
Virginia Burton  
\*Barbara Goodson/Richard McGimsey  
Afranie Adomako  
Beverly Hodges  
Janice Lansing  
\*\*Amy Mathews/John Broussard  
Barbara McManus  
Senator Barrow Peacock  
Representative J. Kevin Pearson  
Lori Pierce  
Shannon Templet  
Lorry Trotter

**Audit Committee**

Virginia Burton, Chair  
Thomas Bickham  
Beverly Hodges  
William Kleinpeter  
Janice Lansing

\*\*Designee – Treasurer Schroder