

# LASERS Benefits Louisiana.

Louisiana State Employees'  
Retirement System



## Board Book



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**NOTICE AND AGENDA**  
***Audit Committee Meeting***  
***Thursday, September 24, 2020***  
***1:00 p.m.***

The Audit Committee will meet in the fourth floor Board 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 June 26, 2020, meeting of the Audit Committee **(Action Item)**  
*Barbara McManus, Chair*
2. FYE 2021 Audit Projects Status Update  
*Ryan Babin, Audit Director*

**V. NEW BUSINESS**

1. External Audit Report for FYE 2020 **(Action Item)**  
*Bonnie Marcantel, Postlethwaite & Netterville*
2. Building Fund Audit Report for FYE 2020  
*Ryan Babin, Audit Director*
3. Audit Staff Continuing Education Report for FYE 2020  
*Ryan Babin, Audit Director*
4. Semi-Annual Review of Open Items Report  
*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  
June 26, 2020**

The Audit Committee of the Louisiana State Employees' Retirement System met on Friday, June 26, 2020 in the fourth floor Board Room of the Retirement Systems Building located at 8401 United Plaza Boulevard, Baton Rouge, Louisiana.

Ms. Barbara McManus, Committee Chair, called the meeting to order at 9:30 a.m. Roll was called by Ms. Beth Labello, recording secretary.

\*\*\*\*\*

**Members Present:** Ms. Virginia Burton, Judge William Kleinpeter, Ms. Janice Lansing\*, and Ms. Barbara McManus

**Staff Present:** Ms. Cindy Rougeou, Executive Director; Mr. Trey Boudreaux, Chief of Staff; Ms. Tina Grant, Executive Counsel; Ryan Babin, Audit Director; Mr. Mark Diaz, Public Information Officer; Ms. Mallory Sharp, Public Information Officer; Mr. Brent Fitch, IT Tech Support Supervisor; Mr. Barney Miller, IT Tech Support Specialist; and Ms. Beth Labello, recording secretary

**Also Present:** Mr. Thomas Bickham, Mr. John Broussard (designee of the Treasurer) (*arrived at 10:19 a.m.*), Mr. Charles Castille, Ms. Beverly Hodges, Mr. Rick McGimsey (designee of the Commissioner), Ms. Shannon Templet, and Ms. Bonnie Marcantel, Postlethwaite & Netterville

\*\*\*\*\*

A quorum was announced present.

**Public Comment**

Ms. McManus called for public comment, which was available through email due to the COVID-19 limitation on public access. No public comments were made.

\*Ms. Lansing arrived at 9:32 a.m.

**Regular Business**

Ms. McManus called for approval of the minutes of the December 12, 2019 Audit Committee Meeting. **Judge Kleinpeter moved, seconded by Ms. Burton, to approve the minutes. With no objection or discussion, the motion carried.**

Mr. Babin reviewed the fiscal year ending 2020 audit projects status report. He outlined a few projects that will be delayed. **Judge Kleinpeter moved, seconded by Ms. Burton, to**

**approve the FYE 2020 audit plan changes as presented. With no objection or discussion, the motion carried.**

### **New Business**

Ms. Bonnie Marcantel with Postlethwaite & Netterville gave a presentation on the 2020 Pre-Audit Communications to the Audit Committee.

Mr. Babin reviewed the Louisiana Compliance Questionnaire. **Ms. Burton moved, seconded by Ms. Lansing, to recommend the Board approve the Louisiana Compliance Questionnaire, as presented. With no objection or discussion, the motion carried.**

Mr. Babin reviewed the fiscal year 2021 Audit Plan, including an overview of the multi-year plan. **Judge Kleinpeter moved, seconded by Ms. Lansing, to recommend the Board approve the 2021 Audit Plan, as presented. With no objection or discussion, the motion carried.**

Mr. Babin reviewed the Semi-Annual Review of Open Items Report.

Mr. Babin distributed the Audit Committee Fundamentals Manual to the Committee and briefly reviewed its contents.

Mr. Babin reviewed the customer service evaluation survey results.

Mr. Babin reviewed the executive summary of audit reports.

Mr. Babin had nothing to report in his comments to the Committee.

Ms. Rougeou had nothing to report in her comments to the Committee.

### **Other Business**

No other business was discussed.

### **Adjournment**

The meeting adjourned at 10:30 a.m.

## FYE 2021 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
01	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 finalized.</b>	N/A	2/26/2018	
02	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. Phase 3/MyLASERS is currently scheduled for completion the first half of FYE 2021.</b>	N/A	7/6/2018	
03	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. The online self-service security portion of MyLASERS is currently scheduled for completion the first half of FYE 2021.</b>	N/A	7/9/2018	
04	Investments/Fiscal	Investment manager review	<b>2021 Apollo Global Management - fieldwork being performed. Due to the COVID-19 pandemic, the site visit portion of this review has been delayed to 2021. The performance of the site visit will be re-evaluated the 1st quarter of 2021.</b>	N/A	1/29/2020	

## FYE 2021 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
05	Executive/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. <b>Project 2009 - COMPLETED.</b>	Sep-Nov	8/20/2019	6/23/2020
06	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
		2103 Department of Education	<b>Completed.</b>	N/A	7/1/2020	7/16/2020
		2104 Louisiana State University	<b>Fieldwork being performed.</b>	N/A	7/3/2020	
		2105 Division of Administration	<b>Completed.</b>	N/A	7/7/2020	8/19/2020
		2107 Orleans Parish Criminal District Court	<b>Fieldwork being performed.</b>	N/A	7/22/2020	
07	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	7/1/2020	
			This project consists of the development of new automated testing for employer agencies.	Jul-Jun	7/1/2020	
08	Audit Services	Fraud Investigations		Jul-Jun	7/1/2020	
09	Executive/IT	Incident Response Plan Review	LASERS will be performing various testing scenarios/exercises to assist with further developing and improving the Incident Response Plan. Audit Services will be involved in these testing scenarios/exercises.	Jul-Sep		

## FYE 2021 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
10	Investments/Fiscal	Service Organization Control (SOC) Report Review for Investment Vendors	This is an annual project where Investments and Audit Services perform a review of the SOC reports for LASERS external investment managers and custodian bank, BNY Mellon. SOC for Service Organizations reports are designed to help service organizations that provide services to other entities, build trust and confidence in the service performed and controls related to the services through a report by an independent CPA.	Jul-Sep		
11	Audit Services	Investment Manager Review Project Templates Update	This project will consist of reviewing and revamping the due diligence questionnaires and testing template documents used during the investment manager reviews performed by Audit Services. This will allow us to be more effective and efficient when performing these reviews. <b>Project 2106 - fieldwork being performed.</b>	Jul-Sep	7/7/2020	
12	Member Services/Fiscal/IT	GASB 68 Actuarial File Review	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.  This will cover the most recent previous fiscal year.	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. <b>Project 2108 - report being drafted.</b>	Sep	9/8/2020	
14	Executive	Ethics Program Review		Oct-Dec		7

## FYE 2021 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
15	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		
16	Audit Services	Mkinsight/Pentana Audit Upgrade and Enhancement	This project will be completing an upgrade of our audit management system.	Oct-Dec		
17	Fiscal/Executive/IT	Property Control Review		Jan-Mar		
18	Member Services	Benefit Calculation Review		Jan-Mar		
19	Investments/Fiscal	Investment manager review		Jan-Mar		
20	Member Services/Fiscal/IT	Employer Self-Service Security	LASERS has a project planned to upgrade the security framework and features with the online portal used by employer agencies. Audit Services will be involved in this project.	Jan-Mar		
21	Executive/Member Services/Fiscal/IT	Actuarial File Layout Update Project (FYE 2021)	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. <b>Update: The initial analysis of the scope and effort of Phase 1 is being performed by IT and, upon completion, a anticipated start of Phase 1 will be established.</b>	Jan-Mar		
22	Audit Services	External Quality Assessment (Peer) Review of Audit Services Division		Feb-May		

## FYE 2021 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
23	IT	IT Security Management Review	The area of focus for this review is Active Directory. 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.	Apr-Jun		
24	Executive	Enterprise Risk Management (ERM) Implementation	This is a consulting project where Audit Services is working with the Chief Risk Officer (CRO) to evaluate the various components of ERM that are in the process of being implemented. Work on this project is performed as requested by the CRO.	Jul-Jun		
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	7/1/2020	
			This project consists of the development of new continuous auditing tests.	Jul-Jun	7/1/2020	
			This project includes the testing of the actuarial data files submitted to the System Actuary for completion of the funding actuarial valuation. This will cover the most recent previous fiscal year. <b>Project 2101D - report being drafted.</b>	Jul-Sep	7/1/2020	

## FYE 2021 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
			Review of IRS Form 1099-R issued by LASERS.	Dec-Jan		
			Review of Required Minimum Distributions issued by LASERS.	Dec-Jan		
26	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, Project 1801 Agency Contribution Reporting Review, 1914 Rehired Retiree Review, and Project 2023 Internal Quality Assurance Review.	Jul-Jun		
		<b><u>ADMINISTRATIVE WORK</u></b>				
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>				
27	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>				

## FYE 2021 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
		84.03%	Budgeted Projects			
		2.13%	Follow up Activities			
		5.08%	Unbudgeted Projects			
		8.75%	Administrative Time			
		<b>PERFORMANCE MEASURES</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>STAFFING RESOURCES</b>				
		<b><u>Name and Position</u></b>	<b><u>Certifications</u></b>	<b><u>LASERS Audit Experience (Approx.)</u></b>		
		Ryan Babin, Audit Director	Certified Public Accountant (CPA), Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA)	17 years		
		Hollie Cowell, Staff Auditor	CPA, CIA, CISA	10 years		
		Reece Babin, Staff Auditor	CISA	3 years		
		Nicole Xue, Staff Auditor		2 years		
		Laura Sena, Staff Auditor	CPA, CIA	1 year		



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**RETIREMENT SYSTEMS' BUILDING  
MANAGEMENT PARTNERSHIP**

**Financial Statements with Supplementary Information**

**June 30, 2020**

**(With Independent Auditors' Report Thereon)**

# RETIREMENT SYSTEMS' BUILDING MANAGEMENT PARTNERSHIP

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Stephen M. Griffin, CPA  
Robert J. Furman, CPA

Jessica S. Benjamin, Director

—  
Members  
American Institute of  
Certified Public Accountants  
Society of LA CPA's

### Independent Auditors' Report

Retirement Systems' Building Management Partnership  
Baton Rouge, Louisiana

We have audited the accompanying financial statements of Retirement Systems' Building Management Partnership (the Partnership), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Partnership's basic financial statements as listed in the table of contents.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Partnership as of June 30, 2020, and the respective changes in its net position and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 and 4 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Reporting Required by Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated August 25, 2020, on our consideration of the Partnership's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

***Griffin & Furman, LLC***

August 25, 2020

# RETIREMENT SYSTEMS' BUILDING MANAGEMENT PARTNERSHIP

## Management's Discussion and Analysis

### For the Year Ended June 30, 2020

The following is management's discussion and analysis of the financial performance of the Retirement Systems' Building Management Partnership. It is presented as a narrative overview and analysis for the purpose of assisting the reader with interpreting key elements of the financial statements, including notes to the financial statements.

#### Financial Highlights

- Net position decreased \$261,760 for the year ended June 30, 2020 to \$3,498,039.
- Revenue over expenses in the current fiscal year decreased by \$4,999 to \$552,721.
- Operating expenses decreased \$5,206 from 2019 to \$1,061,525.
- There were \$814,481 in distributions of capital assets to the partners during the current fiscal year.

#### Overview of the Financial Statements

The explanation of the financial statements is as follows:

Balance Sheet – This statement present the assets, liabilities, and net position as of June 30, 2020.

Statement of Revenue and Expenses – This statement presents the results of the Partnership's operations during the year ended June 30, 2020. It discloses the net revenues over expenses.

Statement of Changes in Net Position – This statement presents the changes that occurred during the year in the Partnership's net position.

Statement of Cash Flows – This statement reflects the cash inflows and outflows that have a direct impact on the cash account for each year presented.

Notes to Financial Statements – The notes provide additional information that is essential to understand the data presented in the financial statements

#### Retirement Systems' Building Management Partnership Financial Analysis

The Partnership was created for the purpose of managing and maintaining the immovable property, owned by partners located at 8401 United Plaza Boulevard, Baton Rouge, Louisiana. Rental revenue is used to pay the Partnership expenses and build up equity to meet unforeseen needs and planned upgrades to the building and grounds. Revenue over expenses for the year ended June 30, 2020 amounted to \$552,721, a decrease of \$4,999 compared to \$557,720 for the year ended June 30, 2019. Expenses were \$1,061,525 for the year ended June 30, 2020 as compared to \$1,066,731 for the year ended June 30, 2019, a decrease of \$5,206 or 0.5%.

# RETIREMENT SYSTEMS' BUILDING MANAGEMENT PARTNERSHIP

## Management's Discussion and Analysis

For the Year Ended June 30, 2020

### Condensed Balance Sheets as of June 30:

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Total assets	\$ <u>3,525,131</u>	<u>3,824,366</u>	<u>(299,235)</u>
Current liabilities	27,092	64,567	(37,475)
Net position	<u>3,498,039</u>	<u>3,759,799</u>	<u>(261,760)</u>
Total liabilities and net position	\$ <u>3,525,131</u>	<u>3,824,366</u>	<u>(299,235)</u>

Net position decreased \$261,760 from 2019 to 2020. The decrease in unrestricted net position is primarily due to large capitalizable projects incurred in the current year that were recorded as distributions to partners.

### Condensed statements of revenues and expenses for the years ended June 30:

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Operating revenues	\$ 1,614,246	1,624,451	(10,205)
Operating expenses	<u>1,061,525</u>	<u>1,066,731</u>	<u>(5,206)</u>
Revenues over expenses	552,721	557,720	(4,999)
Distributions	<u>(814,481)</u>	<u>(449,165)</u>	<u>(365,316)</u>
Change in unrestricted net position	\$ <u>(261,760)</u>	<u>108,555</u>	<u>(360,317)</u>

Revenue over expenses in the 2020 fiscal year decreased \$4,999 or 0.9% from 2018.

### Capital Improvements

The Partnership does not own any property. The partners own all the immovable and moveable property. Improvements or additions to the property are financed through the Partnership and are treated as distributions to the partners.

### Requests for Information

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Retirement System's Building Management Partnership, 8401 United Plaza Boulevard, Third Floor, Baton Rouge, Louisiana, 70809.

# RETIREMENT SYSTEMS' BUILDING MANAGEMENT PARTNERSHIP

## Balance Sheet

June 30, 2020

### Assets

Current assets:

Cash and cash equivalents	\$ 550,875
Total current assets	<u>550,875</u>

Other assets:

Cash designated for long-term purposes	2,963,836
Prepaid expenses	<u>10,420</u>

\$ 3,525,131

### Liabilities and Net Position

Current liabilities:

Accounts payable	\$ 27,092
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Unrestricted net position:

Teachers' Retirement System of Louisiana (50% interest)	\$ 1,749,020
Louisiana State Employees' Retirement System (50% interest)	<u>1,749,019</u>

Total unrestricted net position 3,498,039

\$ 3,525,131

See accompanying notes to financial statements.

# RETIREMENT SYSTEMS' BUILDING MANAGEMENT PARTNERSHIP

## Statement of Revenues and Expenses

For the Year Ended June 30, 2020

Revenues:			
Rent - related party	\$	1,530,540	
Interest income		58,656	
Other income		25,050	
Total revenues			1,614,246
Expenses:			
Repairs and maintenance		474,365	
Utilities		319,976	
Payroll expense		159,180	
Management fee		38,796	
Other expenses		69,208	
Total expenses			1,061,525
Revenues over expenses		\$	552,721

See accompanying notes to financial statements.

# RETIREMENT SYSTEMS' BUILDING MANAGEMENT PARTNERSHIP

## Statement of Changes in Net Position

For the Year Ended June 30, 2020

	Teachers' Retirement System of Louisiana	Louisiana State Employees' Retirement System	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Balance, June 30, 2019	\$ 1,879,899	1,879,900	3,759,799
Add:			
Revenues over expenses	276,361	276,360	552,721
Deduct:			
Distributions	<u>(407,240)</u>	<u>(407,241)</u>	<u>(814,481)</u>
Balance, June 30, 2020	\$ <u><u>1,749,020</u></u>	<u><u>1,749,019</u></u>	<u><u>3,498,039</u></u>

See accompanying notes to financial statements.

# RETIREMENT SYSTEMS' BUILDING MANAGEMENT PARTNERSHIP

## Statement of Cash Flows

For the Year Ended June 30, 2020

### Cashflows from operating activities:

Rents received	\$	1,530,540
Interest received		58,656
Other fees and revenue		25,050
Cash paid to suppliers		<u>(1,109,420)</u>

Net cash provided by operating activities	504,826
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### Cashflows from investing activities:

Transfers from cash designated for long-term purposes	652,712
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### Cashflows from financing activities:

Distributions to partners	<u>(814,481)</u>
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Net increase in cash and cash equivalents	343,057
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Cash - beginning of year	<u>207,818</u>
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Cash - end of year	<u><u>\$ 550,875</u></u>
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### Reconciliation of revenues over expenses to net cash provided by operating activities:

Revenues over expenses	\$	552,721
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### Adjustments to reconcile operating loss to net cash used by operating activities:

#### Changes in assets and liabilities:

Increase in prepaid expenses	\$	(10,420)
Decrease in accounts payable		<u>(37,475)</u>

Total adjustments	<u>(47,895)</u>
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Net cash provided by operating activities	<u><u>\$ 504,826</u></u>
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See accompanying notes to financial statements.

# RETIREMENT SYSTEMS' BUILDING MANAGEMENT PARTNERSHIP

## Notes to Financial Statements

June 30, 2020

### (1) Summary of Significant Accounting Policies

#### (a) Business Operation of Partnership

The Partnership between Teachers' Retirement System of Louisiana and the Louisiana State Employees' Retirement System was formed July 1, 1992.

The Partnership was created for the purpose of managing and maintaining the office building owned by the partners located at 8401 United Plaza Boulevard, Baton Rouge, Louisiana. Rental income is used to pay the expenses of the Partnership and any excess revenue may be distributed to the partners.

Under *Governmental Accounting Standards Board* Statement No. 61, "The Financial Reporting Entity," the definition of the reporting entity is based primarily on the notion of financial accountability. In determining financial accountability for legally separate organizations, the Partnership considered whether its officials appoint a voting majority of an organization's governing body and whether they are able to impose their will on that organization or if there is a potential for the organization to provide specific financial burdens to, or to impose specific financial burdens on the Partnership. The Partnership determined there are no organizations that are fiscally dependent on it and there are no component units of the Partnership.

#### (b) Basis of Accounting

The Partnership has prepared its financial statements in accordance with accounting principles generally accepted in the United States of America. The financial statements are prepared using the accrual basis of accounting, under which expenses are recorded when liabilities are incurred and revenues are recorded in the accounting period they are earned and become measureable. The Partnership accrues expenses associated with environmental remediation obligations when such expenses are probable and reasonably estimable. Accruals for estimated expenses from environmental remediation obligations generally are recognized no later than completion of the remedial feasibility study. Such accruals are adjusted as further information develops or circumstances change. Costs of future expenditures for environmental remediation obligations are not discounted to their present value.

#### (c) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, deferred inflows, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

#### (d) Cash and Cash Equivalents

For purposes of the statements of cash flows, the Partnership considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

# RETIREMENT SYSTEMS' BUILDING MANAGEMENT PARTNERSHIP

## Notes to Financial Statements

June 30, 2020

### (2) Unrestricted Designations

Unrestricted designations represent funds that the management and managing partners of the Retirement Systems' Building Management Partnership have designated to provide a reserve for maintenance emergencies and building improvements. Total unrestricted designations, presented as "cash designated for long-term purposes" on the balance sheet, was \$2,963,836 at June 30, 2020.

### (3) Cash and Cash Equivalents

Under state law, the Partnership may deposit funds in demand deposit, interest bearing demand deposit, money market, or time deposit accounts with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. The Partnership had cash and cash equivalents (book balances), including cash designated for long-term purposes, totaling \$3,514,711 at June 30, 2020.

These deposits are stated at cost, which approximates market value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance and/or the pledge or securities. The market value of the pledged securities plus the federal deposit insurance (FDIC) must at all times equal the amount on deposit with the fiscal agent. These securities are held by the pledging financial institution's trust department or agent, in the Partnership's name.

At June 30, 2020, the Partnership had \$3,288,634 in deposits (collected bank balances) of which \$250,000 was covered by Federal Deposit Insurance Corporation. The remainder was collateralized by securities held by the custodial bank in the Partnerships name, in the amount of \$3,354,936.

### (4) Related Party Transactions

The partners agree on the amount of rent to be paid annually. The total amount of rent paid for the year ended June 30, 2020 was \$1,530,540. Teachers' Retirement System of Louisiana paid \$830,369 and Louisiana State Employees' Retirement System paid \$700,171 for the year ended June 30, 2020.

### (5) Management Fee

The Partnership has a management agreement for \$3,233 per month in effect through June 30, 2020. However, either party may cancel this management agreement for any reason effective thirty days after receipt of written cancellation notice. The total amount of management fees paid for the year ended June 30, 2020 was \$38,796. The Partnership reimburses the manager for all payroll and security guard costs based on approvals of the partners.

### (6) Subsequent Events

The Partnership evaluated all subsequent events through the date of the audit report, the date the financial statements were available to be issued. As a result, the Partnership noted no subsequent events that required adjustment to, or disclosure in, these financial statements.



Stephen M. Griffin, CPA  
Robert J. Furman, CPA

Jessica S. Benjamin, Director

—  
Members

American Institute of  
Certified Public Accountants  
Society of LA CPA's

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING  
STANDARDS*

Retirement Systems' Building Management Partnership  
Baton Rouge, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Retirement Systems' Building Management Partnership (the Partnership), as of and for the year then ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Partnership's basic financial statements and have issued our report thereon dated August 25, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Partnership's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for their purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, we do not express an opinion on the effectiveness of the Partnership's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Partnership's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***Griffin & Furman, LLC***

August 25, 2020

# **RETIREMENT SYSTEMS' BUILDING MANAGEMENT PARTNERSHIP**

## **Schedule of Findings and Management Corrective Action Plan**

**June 30, 2020**

### Summary of Audit Results:

1. Type of Report Issued – Unqualified
2. Internal Control Over Financial Reporting
  - a. Significant Deficiencies – No
  - b. Material Weaknesses - No
3. Compliance and Other Matters – No
4. Management Letter - No

# **RETIREMENT SYSTEMS' BUILDING MANAGEMENT PARTNERSHIP**

## **Status of Prior Year Findings**

**June 30, 2020**

Not applicable

## *Continuing Professional Education (CPE) hours for Audit Staff*

<i>Auditor</i>	<i>Fiscal Year End</i>	<i>Date</i>	<i>Description</i>	<i>CPE Hours</i>
Hollie Cowell	2020	4/27/2020	Galvanize Basics of Analytics	16
		5/1/2020	Louisiana Ethics Training	1
		5/28/2020	Governance, Risk, Control, and Ethics (IIA)	4
		6/9/2020	Target These 5 Areas if COVID-19 Wasn't on Your Risk Radar (Workiva)	1
		6/18/2020	COVID-19 Impacts on Fraud, Management Review Control Execution and SOC Reports (Protiviti)	1
		6/23/2020	How to Detect and Recover Financial Leakage (Galvanize)	1
		6/25/2020	Using Process Mapping to Adapt to Operational Change (Protiviti)	1
		Total Hours for Fiscal Year		
Laura Sena	2020	9/12/2019	PREP Workshop (LASERS)	6.5
		10/7/2019	Galvanize Basics of Analytics	16
		10/15/2019	Enhancing Internal Audit Effectiveness through the Core Principles (IIA)	1
		11/14/2019	CPTP LASERS Agency Training	6.5
		2/18/2020	IT Change Management (IIA)	1

<i>Auditor</i>	<i>Fiscal Year End</i>	<i>Date</i>	<i>Description</i>	<i>CPE Hours</i>
		3/17/2020	A Plan for Regulatory Change (IIA)	1
		3/26/2020	Galvanize Intermediate Analytics	10
		4/7/2020	Environmental, Social, and Corporate Governance (ESG) and its Growing Importance to Corporate Boards (IIA)	1
		4/16/2020	Louisiana Ethics Training	1
		5/7/2020	Utilizing Technology to Advance Internal Audit and Stay Relevant in a New Risk Environment (IIA)	1
		5/11/2020	Focusing on the Risk Assessment Process in a Dynamic Environment (Protiviti)	1
		5/12/2020	Rising Risks, Remote Teams and Real-time Testing (Protiviti)	1
		5/18/2020	Drive Efficiency and Build Resilience with Intelligent Automation (Protiviti)	1
		5/20/2020	How to Advance Risk Oversight (Ernst & Young)	1.5
		6/2/2020	Have Audits Changed Forever (Grant Thornton)	1
		6/16/2020	Ransom Attacks: What Happens Next? (IIA)	1
			<b>Total Hours for Fiscal Year</b>	<b>51.5</b>

Nicole Xue

2020

		7/26/2019	Galvanize Advanced Analytics	18
		10/15/2019	Louisiana Ethics Training	1
		10/28/2019	APPFA Professional Development Conference	20
		1/22/2020	Trustee Workshop (LASERS)	5
			<b>Total Hours for Fiscal Year</b>	<b>44</b>

<i>Auditor</i>	<i>Fiscal Year End</i>	<i>Date</i>	<i>Description</i>	<i>CPE Hours</i>
Reece Babin				
	2020			
		10/15/2019	Louisiana Ethics Training	1
		1/22/2020	Trustee Workshop (LASERS)	5
		3/13/2020	Accurint Training	1
		3/16/2020	Third-Party Risk Management: Best Practices for an Effective and Efficient Program (ISACA)	1
		3/16/2020	Introduction to Risk Management (ISACA)	1
		3/16/2020	Braving the Wilderness of Cybersecurity (ISACA)	1
		3/16/2020	Improve Security, Privacy, and Compliance (ISACA)	1
		3/16/2020	The Hero of a Successful Digital Transformation is GRC (ISACA)	1
		3/17/2020	How Audit Can Provide Oversight for Vendor Onboarding (ISACA)	1
		3/18/2020	Managing 3rd Party Risk with COBIT (ISACA)	1
		3/19/2020	Meeting the Board's Security, Audit and Compliance Demands (ISACA)	1
		3/20/2020	Nine Steps to Achieve and Maintain IT Audit Readiness (ISACA)	1
		3/20/2020	IT Security – End User Practical Guidance (ISACA)	1
		3/23/2020	Robotic Process Automation (RPA) and Audit (ISACA)	2
		3/23/2020	A Holistic Approach to Cybersecurity Program Management (ISACA)	1
		3/24/2020	Threat Hunting - A Practical Demonstration (ISACA)	2

<i>Auditor</i>	<i>Fiscal Year End</i>	<i>Date</i>	<i>Description</i>	<i>CPE Hours</i>
		3/26/2020	Managing the Insider Threat - Why Visibility Is Critical (ISACA)	1
		3/26/2020	COBIT 2019: Highly Relevant for Auditors (ISACA)	1
		3/27/2020	Transform Your Organization Through Robotic Process Automation (ISACA)	1
		3/27/2020	CPTP Critical Thinking	0.5
		3/27/2020	CPTP Strategic Thinking	1
		3/27/2020	How to Investigate Insider Threats 10x Faster (ISACA)	1
		3/30/2020	Domain Name System (DNS) as a Security Architecture for Digital Transformations (ISACA)	1
		3/30/2020	Cybersecurity Management for the Next-Gen CISO (ISACA)	1
		3/30/2020	Discovering and Developing New Apps (Skills) (ISACA)	1
		3/30/2020	It's a Compliance World - New Standards for Global Privacy Requirements and Regulations (ISACA)	1
		3/30/2020	Agentless Endpoint Detection and Response for Unmanaged and Internet of Things Devices (ISACA)	1
		3/31/2020	Identity Verification (ISACA)	1
		4/7/2020	Who's In Your Cloud - How Privileged Access Controls are Leaving You Exposed (ISACA)	1
		4/7/2020	State of the Cloud and Threats (ISACA)	1
		4/8/2020	Encrypted Things - Network Detection & Response (ISACA)	1
		4/8/2020	Top Questions Asked (and Answered) About California Consumer Privacy Act (ISACA)	1
		4/9/2020	Unbury Yourself from the Deluge of Data with Next Generation Information Protection (ISACA)	1

Auditor	Fiscal Year End	Date	Description	CPE Hours
Ryan Babin	2020	4/16/2020	Louisiana Ethics Training	1
		4/21/2020	Louisiana Ethics Training	1
		4/21/2020	Stopping Ransomware and Advanced Malware Threats: The Current Scope of These Threats and Tools to Shut Them Down (ISACA)	1
		Total Hours for Fiscal Year		
Ryan Babin	2020	8/5/2019	CPTP Delegating Effectively	1
		9/17/2019	Agile Auditing (IIA)	1
		10/7/2019	LSU CIA Alumni Training	8
		10/15/2019	Enhancing Internal Audit Effectiveness through the Core Principles (IIA)	1
		10/15/2019	Louisiana Ethics Training	1
		11/12/2019	Blockchain Technology: What Internal Auditors Should Know (IIA)	1
		12/2/2019	Inside the Fraudster's Mind (ACFE)	8
		12/17/2019	A Guide to Understanding, Aligning, and Optimizing Risk (IIA)	1
		1/22/2020	Trustee Workshop (LASERS)	2
		4/1/2020	Galvanize Basics of Analytics	16
		6/11/2020	Focused Agile Audit Planning Using Analytics (AuditNet)	1
		6/16/2020	Ransomware Attacks: What Happens Next (IIA)	1
		Total Hours for Fiscal Year		



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Engagement #  
and Title

Item # Priority Observation

Recommendation/Audit Comments

1316	Required Minimum Distribution Review	01C	1 - High	<p>In one instance a member that terminated in October 2012 who met the requirements for an RMD, did not receive a distribution since Empower Retirement did not receive the termination date until January 2013. An ancillary procedure to run the RMD process after the calendar year end (but prior to the deferral deadline of April 1st for first year RMD recipients) would identify individuals that are due an RMD, but were not identified initially due to timing.</p>	<p>Member Services should work with Empower Retirement to ensure that an ancillary RMD process is developed. Member Services agrees with the recommendation and responded that Empower Retirement will be notified of the importance of establishing an ancillary process to catch late retirees.</p> <p>September 2014 Update: Fiscal suggests moving the target completion date to June 30, 2015 as this process just recently transitioned to them and they need time to work through it themselves work with Empower Retirement. Member Services replied to Fiscal in early September stating that they have not sent anything to Empower Retirement as they were waiting on confirmation from tax counsel on beneficiary related calculations.</p> <p>March 2016 Update (Fiscal): We have not had time to obtain information from Empower Retirement due to new projects in the responsible area (Affordable Care Act compliance, JDE upgrade, etc.). Fiscal will contact Empower Retirement to obtain data issued by them and any logic documents they can provide to assist in the performance of testing. From there, Fiscal will see what additional changes should be made on their part. We will communicate our findings and conduct testing on their 2016 RMDs. Recommend new target completion date of February 28, 2017.</p> <p>February 2017 Update (Fiscal): At this point, Fiscal has not verified that Empower has an ancillary process in place to run the RMD process after the</p>
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*New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified. This report will be presented semi-annually to the Audit Committee.*

calendar year end but before April 1st. However, after the final review of the data referenced in Project 1316 Required Minimum Distribution Review - Observation 1, Recommendation 1 (Item #117), Fiscal will work with Empower to see if they have a process in place to run RMDs after the year end. If not, then Fiscal will set up meetings/calls, as needed, to have them put the process in place for 2017. Request new completion date of April 30, 2018 to allow for process changes and to verify data up to April 1, 2018.

**August 2018 Update (Fiscal):**

Based upon our testing, it appears that Empower does not update their RMD recipient listing after they run the report that is sent to us in August each year for verification. An email was sent to Empower to confirm this, but no response has been received. We will continue to work with them requesting that they perform an ancillary process in early March of each year to catch anyone that terminated late in the previous year who should've received an RMD. For LASERS, we will run a report (Benefit Payees Added during period) the 1st few days of March for the periods of 8/1/PY thru 2/28/CY and filter for retirement dates in the PY that were processed after the Empower RMD report was generated. A letter will be sent to anyone that was missed and we will request Empower to issue the RMD before the April deadline. For 2017, 3 were missed however 1 took a large withdrawal prior to the April deadline. Attached is a spreadsheet showing the research/confirmation done for 2017. Fiscal feels we will have to continue performing our own validation in early March each year. Request an updated target completion date of May 31, 2019, to allow us to verify Empower's process works correctly for 2018.

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August 2019 Update (Fiscal):

After meeting with Empower in December 2018 to discuss the various concerns LASERS had with the RMD process, it was decided that LASERS would switch to Empower's "Full Service" RMD processing, which was approved in late March 2019. This will eliminate the manual verification done on Excel spreadsheets emailed to us from Empower. This will take effect for the 2019 RMD process. Based on information received, LASERS will need to continue the verification of RMDs for members who are 70 1/2 and have a retirement date in the prior year, yet the date was not submitted to Empower until the current year. Fiscal will need to update procedures for performing this verification utilizing the reports available in the processing center under the new full service plan. Due to this change in process we recommend a new target completion date of July 31, 2020.

September 2020 Update (Fiscal):

Fiscal is utilizing the reports from Empower's "Full Service" RMD process to verify that Empower is issuing RMD's to member's that meet RMD requirements. Procedures for the process are being drafted and will be complete by December 31, 2020.

Engagement #

and Title

Item # Priority

Observation

Recommendation/Audit Comments

1604	IT Security Management Review	13	2 - Medium	<p>A LASERS employee can access their email on their mobile device in two ways. One way is to utilize the LASERS webmail website which requires them to log into their account the same way they would if they were at home using their computer. This can be tedious for users who frequently check their email. To solve this problem, LASERS IT implemented the AirWatch software that securely makes their LASERS email readily available on their mobile device. To utilize AirWatch, the user must be approved and also consent to allowing IT to utilize AirWatch to set controls on their device.</p> <p>According to IT procedure, the AirWatch application is configured to require a device to have a passcode in order to connect to their LASERS email. This is an important control because without a passcode, if a device is lost or stolen, someone outside of LASERS would have instant access to LASERS information. To ensure security rules are enforced, IT uses the AirWatch management console to establish and monitor the security access and device controls for all approved users.</p> <p>During this review, it was identified that the device passcode requirement was not enforced for 20 of the 26 devices enrolled in AirWatch. The lack of passcode</p>	<p>IT should develop and implement a review and monitoring process to ensure all users and devices connected to LASERS via AirWatch are in compliance with the IT controls and requirements.</p> <p>Immediate Remediation Action Plan (COMPLETED) All AirWatch controls of requiring a passcode have been corrected. Email controls and the control to disallow "jailbroken" phones to connect to LASERS email has been verified. There were no exceptions noted. The term "jailbroken" refers to a process of removing software restrictions placed on the device by either the manufacturer or carrier/seller. Default restrictions are placed on devices by manufacturer and carriers to secure the core code and file system of the device against malicious activity. Breaking these default restrictions is called "Jail Breaking" a device and can allow malicious and unsecure code or apps to run on the device.</p> <p>Further Remediation Planned IT plans to perform the following additional corrective action to address this item:</p> <ul style="list-style-type: none"><li>•A standard IT policy for governance of mobile devices on the LASERS network along with applicable supporting procedures will be developed that will address, at a minimum, the following:<ul style="list-style-type: none"><li>o When mobile devices are allowed on the LASERS network.</li><li>o Required safeguards for LASERS data on mobile devices.</li><li>o Allowable exceptions.</li><li>o Exception process including documentation and approval process.</li><li>o Validation of process.</li><li>o Notification structure for failure to follow policy.</li></ul></li><li>•A standard procedure for management of mobile devices will be developed to include, at a minimum, the following:</li></ul>
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***Engagement #  
and Title***

***Item # Priority***

***Observation***

***Recommendation/Audit Comments***

enforcement does not mean that these devices did not in fact have a passcode, but simply the IT control to require a passcode was not enabled for all devices. It should be noted that during this review IT updated the AirWatch control to now require all devices to have a passcode.

- o Pre-upgrade assessment of impact to LASERS environment.
- o Post-upgrade functionality regression testing which includes a post-upgrade report delivered to the IT Tech Support manager.
- o Notification to the IT Security Administrator of any changes made to the mobile device management system to ensure that all security policies with the system remain in effect.

September 2017 Update (IT):

The immediate problem with AirWatch was resolved. The development of the process is pending. Please adjust the completion date to June 2018 to account for any issues with product implementation.

September 2018 Update (IT):

Currently being reviewed. Request change of target date to March 31, 2019.

April 2019 Update (IT):

The IT process is currently in review and should be internally finalized within the month. Please update the completion to June 30, 2019.

September 2019 Update (IT):

The process is in draft. A review of the process is planned in the 4th quarter of 2019. An update will be provided by December 31, 2019.

January 2020 Update (IT):

The process is in draft but staff have not had the opportunity to complete the work necessary to finalize this process. An update to be provided by June 30, 2020.

August 2020 Update (IT):

LASERS IT has reassessed this item. The current system AirWatch is configured to enforce all current controls. However, with the move to Microsoft 365 email, the integrated solution,

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**Engagement #  
and Title**

**Item # Priority Observation**

**Recommendation/Audit Comments**

1604 IT Security Management Review	14 2 - Medium	<p>The roles and responsibilities of overseeing LASERS IT security is currently divided between multiple employees at LASERS. This separation of duties is inherently riskier than having a centralized person to oversee the various security roles and processes. A decentralized security oversight increases the risk that the application of security policies and procedures will be inconsistent, thus increasing the difficulty of ensuring the security and protection of LASERS systems and information.</p> <p>The security oversight could be centralized to one individual who would oversee the team and ensure that all policies are standardized, implemented, and adhered to; however, they may not necessarily perform all of the task they are overseeing. This person would have a holistic view of the IT security risks facing LASERS and be able to identify technologies and implement processes to help minimize those risks. This person would have an understanding of how this change would affect the overall IT security environment which is governed by the LASERS IT policy.</p>	<p>Microsoft InTune, provides more granular controls for managing many of the Microsoft 365 products. LASERS IT is currently configuring and planning a pilot of this new system to potentially replace AirWatch. At this time, the start and duration of the pilot is unknown as the project is in early testing. Any documentation for the controls will be managed in the Microsoft 365 system, similar to group policies. For the AirWatch solution, this item can be considered closed. Further updates on the InTune solution will be provided by June 30, 2021.</p> <p>IT should evaluate the current security oversight management function and determine which IT staff manages each role, their responsibilities, and their authority. An analysis of this would help determine the necessary changes needed to increase the effectiveness of the IT security management oversight function</p> <p>IT plans to review the existing management structure and various IT security roles and responsibilities and changes will be recommended, as needed, to increase the overall effectiveness of IT security management and oversight.</p> <p>August 2017 Update (IT): At this time, all focus has been directed toward writing and maintaining policies for governance of IT (with a focus on security). After these activities are complete and the open items closed out, this item will be addressed. Depending on the length of time to address the remaining topics, this date is only an estimate. Request change of target date to June 30, 2018.</p> <p>September 2018 Update (IT): Further review of this item is being considered and a recommended next course of action will be made by the end of calendar year 2018.</p> <p>February 2019 Update (IT): The annual process review did not take place in December, as planned, due to operational and Optimus Phase 3 project</p>
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*New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified. This report will be presented semi-annually to the Audit Committee.*

requirements. We are currently evaluating the needs of IT and what the division can effectively accomplish on a regular basis. More analysis is needed with potential IT structure changes and/or request for positions to fill this need. Requesting a change of date to June 30, 2019.

**August 2019 Update (IT):**

The role of the security administrator has been moved to report to the IT Deputy Director. With this change, a change in scope will occur. Previously the focus has been centered on networking products. The focus now is the holistic security of LASERS. But this change will take time to implement as staff are limited and the current security administrator has too many responsibilities for an organization this size. Step one is to pull the role out of day-to-day network support activities. This is targeted at the end of the year (December 31, 2019). Next the role will be integrated with security dealing with all application services starting with the changes for MyLASERS. Further out the role will be integrated in the other key application systems (Solaris, JDE, and Optimus). The current goals for this fiscal year are as follows: Multi-Factor Authentication (MFA) for all external systems (if available), draft an Incident Response Plan (IRP), develop a regular security debriefing, and define processes for a limited Service Organization Control (SOC) review. These changes will take the remainder of this fiscal year. Please set the target for December 31, 2019, for another update.

**January 2020 Update (IT):**

The process is continuing with the security administrator taking on a more holistic approach to IT. The first step in this will be a this role taking on the project manager duties for the CBI review of MyLASERS. Other than this, there has been no formal definition of process surrounding the duties of security oversight at this time. This process will continue to evolve as this role evolves. An update to be provided by June 30, 2020.

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September 2020 Update (IT):

The process is continuing with the security administrator taking on a more holistic approach to IT. This will be an ongoing process that takes years to implement and is never actually complete. About a year ago the security administrator reporting structure was moved to the IT Deputy director which provides the role the holistic view/authority over all of IT for security related topics. With this change in reporting, the role has now taken on some direct involvement in applications (which accounts for two thirds of IT). Unfortunately with this change, many duties of the security role are unable to be completed due to the need for additional staffing resources. With the retirement of an IT staff member, that position has been reallocated for a junior security role. IT is in the process of filling that position. It is unknown at this time if the reduction in one area to fill this new security need will have a negative impact on IT services, but security was deemed a critical need.

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# Member Services Division (Open Items)

Status Date 7/7/2020

Engagement #  
and Title

Item # Priority Observation

Recommendation/Audit Comments

0649	Benefit Calculations Audit - Regular	01E	2 - Medium	Remaining Employee contributions for seven retirees were either not paid or an incorrect was paid to the beneficiaries upon the retiree's death.	<p>The seven records identified have been corrected. In addition, Member Services should develop a query of SOLARIS to identify beneficiaries of deceased Maximum and Option 1 retirees who did not receive a benefit after the retiree's death. The results of the query should be researched to determine if there are residual employee contributions that are due to the beneficiary. The Quality Assurance position has been assigned this and is in the process of being completed. Help desk ticket #62541 has been entered to perform this query. Member Services staff is researching the results of this query. Of the 31 individuals identified: nine are scheduled to be sent to unclaimed property, four are in the process of being completed, and the remainder have been finalized. An estimated target completion date of December 31, 2012 has been set for this item. There are seven accounts that remain open and require further review.</p> <p>July 2020 Update (Member Services): Updated the spreadsheet and ready to send to Fiscal to post in Unclaimed Property. This is usually done once a year in October, but we can send this list now.</p>
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*New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified. This report will be presented semi-annually to the Audit Committee.*

Engagement #  
and Title

Item # Priority Observation

Recommendation/Audit Comments

1801	Agency Contribution Reporting	05	2 - Medium	<p>A retro is created when an agency submits earnings and/or contributions in a different month than they are due for, which may require the amount(s) to be allocated to the correct month(s). For example, if an employee was not originally enrolled in LASERS, but should have been, the agency will submit a lump sum of earnings and contributions that need to be spread back to the appropriate months they were earned in.</p> <p>Fiscal performs a monthly process to identify retros for LASERS members whose employer agencies are on the LaGov payroll system and Member Services processes all other retros. This monthly process performed by Fiscal consists of obtaining the Retirement Research Report from LaGov and executing a batch process in SOLARIS to analyze the LaGov report data. The batch process ends with two spreadsheets that must be manually reviewed. Information on these two spreadsheets is as follows:</p> <ul style="list-style-type: none"> <li>•The regular retro spreadsheet contains the items that SOLARIS has determined to be a retro. This spreadsheet is manually reviewed to ensure the data appears accurate.</li> <li>•The “error” spreadsheet contains information that SOLARIS was unable to conclude on. The information on this spreadsheet is compared to information in the LaGov system. When determined to be a valid retro, these entries are manually changed and moved to the regular retro spreadsheet.</li> </ul>	<p>Fiscal should perform a thorough review of the LaGov retro process and work with IT to implement a new process that corrects the issues listed above, as well as, any other deficiencies identified. This may include working with the Louisiana Office of State Uniform Payroll (OSUP) to better use the current report or to receive a new report that contains the necessary information to properly process these retros.</p> <p>In the interim, Fiscal should implement controls and procedures that effectively address the items noted in the observation to ensure LaGov retros are processed accurately.</p> <p>Response: TFS item 24465 was entered several years ago to review/improve the retro process. Initially, Fiscal plans to work with Member Services to determine if the existing process can be streamlined due to possible overlapping efforts as well as identify situations where retro processing could be irrelevant. In the interim, Fiscal is modifying the existing retro process to have the spreadsheet completed by staff and reviewed and uploaded into SOLARIS by the supervisor. The interim portion of this recommendation has a target completion date of June 30, 2020. As for the other components of this recommendation, the estimated completion date will be determined by the IT Governance Committee based on the agencies priorities.</p> <p>Auditor Comment: Audit Services will review the interim solution by June 30, 2020. As for the long term related changes noted in the recommendation and response, a project to revamp</p>
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*New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified. This report will be presented semi-annually to the Audit Committee.*

After the manual review is complete, the regular retro spreadsheet is then loaded into SOLARIS production and the changes are applied to the appropriate account history records.

During this review, it was determined that this manual process allows for errors. Those errors included, but are not limited to, items that were transferred to the regular retro spreadsheet incorrectly and items that were manually calculated incorrectly. Also, the updated regular retro spreadsheet is not reviewed by a Fiscal staff member that did not perform the updates, prior to being loaded into SOLARIS production for processing.

According to Fiscal, these SOLARIS related weaknesses are known issues; therefore, the process relies on compensating controls (i.e. staff experience and proficiency).

Overall, the process to identify and complete LaGov retros should be improved to ensure that all retros are properly processed. It is important that retros are identified and processed because this can impact a member's service credit and/or their final average compensation, which impacts their retirement benefit amount.

SOLARIS ACR has been approved by the IT Governance Committee. The current IT Governance Committee project plan has resources already assigned out for at least the next 12 months. Therefore, the start date and scope for Phase 1 of this project has not been finalized and will be revisited by December 31, 2020. Audit Services will obtain a status update by then.

September 2020 Update (Fiscal):

The existing retro process was modified a year ago to have the spreadsheet completed by staff and reviewed and uploaded into SOLARIS by the supervisor. TFS item 24465 is still active and will be prioritized by the IT Governance Committee as part of the ACR Re-write project.

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# Third Party (Open Items)

Status Date

9/14/2020

Engagement #

and Title

Item # Observation

Recommendation/Audit Comments

2005 Custodian  
Bank Review

01 Dividend and interest income payments received on foreign investments are subject to a non-resident withholding tax imposed by the foreign government tax authority where the security was issued. However, if there are bilateral taxation agreements between the source country and the residence country, a portion of the withholding tax can be reclaimed. For specific types of investors, some treaties allow a favorable rate of withholding that is less than the statutory rate at the time of the income payment (also called Relief at Source), while other treaties may require the investor manually file a post-payable tax reclaim with the source country's taxation authority.

With the periodic changes in tax legislation and the corresponding requirements for each country along with limited operational resources, LASERS has decided to use a third party to assist with reclaiming taxes on foreign investments, where available. LASERS has contracted with BNY Mellon to be the primary provider of withholding tax relief and recovery services. In general, per guidance published by BNY Mellon, some key elements of this service include:

- Tax Documentation - required tax documentation is tracked via BNY Mellon's

BNY Mellon should perform the following, at a minimum, to address the items noted in the observation:

- Evaluate and revise appropriate checklists or procedures to minimize documentation filing errors.
- Review tax documentation related reporting procedures and process and make the necessary changes to ensure all required documentation and changes to tax regulations are reported to LASERS in an accurately and timely manner.

BNY Mellon agrees with this recommendation. The following outlines the planned and completed corrective action:

- Immediate corrections to the process: Internal controls supporting the reporting for clients impacted for 2020 COR solicitation have been enhanced and will protect against manual review/manipulation prior to the preparation of the 8802 applications. The master list will also be used to prepare a password protected SharePoint tracking file for the receipt of COR's from the IRS.
- Experienced Staff person assigned: Amy Momeyer has been assigned to the LASERS relationship as a dedicated Tax Client Contact. Main responsibilities include maintaining frequent and regular communication as it pertains to Tax Documentation and outstanding reclaim activity.
- Reclaim Clean up (CMS (Legacy System) reclaims added to NEXEN)
- Current Reporting enhancements: Tax Dashboard provides visual reporting to provide a more user-friendly reporting tool.
- SLD/SLA proposed: Currently working collaboratively with LASERS to update previous overall Service Level Description as well as implement a Service Level Agreement specific to

*New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified. This report will be presented semi-annually to the Audit Committee.*

documentation management system, which serves as a central monitoring mechanism for all client required tax documents.

- Tax Reclaim Recovery - the timeframe for collection of tax reclaims varies per source country; there is no average collection period (also called the average refund delay (ARD)).
- Reporting - BNY Mellon provides reports to assist with tax reclaims and is continuing to develop those. These are available to be sent via email or by accessing their online portal.

The foundation of this service rests on the processing of all necessary and required documentation with the source country tax authorities. Further details on BNY Mellon's tax relief and recovery service can be found in Appendix A

During this review, there were two areas of improvement identified regarding the tax documentation portion of this process. The details are as follows:

a.BNY Mellon annually submits a request to the Internal Revenue Service (IRS) for a Certification of Residency (COR) in the United States on behalf of LASERS. This certification is required in order to reclaim taxes in certain foreign countries. According to BNY Mellon, in October 2018, they performed an extensive analysis of what clients required the COR documentation and, while working on this analysis, the tax specialist accidentally

BNY Mellon Tax Services.

- Going forward: Monthly Global Documentation/Tax meeting to review pending tax reclaims and documentation with Service Director and Dedicated Tax contact to ensure accurate and timely flow of required documentation. BNY Mellon has provided further detail around further enhancements to Tax Services through their 2020 Roadmap.

September 2020 Update (BNY Mellon and LASERS Investments):

The updates for the items outlined in the response is as follows:

- Immediate corrections to the process: Internal controls supporting the reporting for clients impacted for 2020 COR solicitation have been enhanced and will protect against manual review/manipulation prior to the preparation of the 8802 applications. The master list will also be used to prepare a password protected SharePoint tracking file for the receipt of COR's from the IRS.

Update (August 2020): BNY Mellon confirmed this has been completed. (CLOSED)

- Experienced Staff person assigned: Amy Momeyer has been assigned to the LASERS relationship as a dedicated Tax Client Contact. Main responsibilities include maintaining frequent and regular communication as it pertains to Tax Documentation and outstanding reclaim activity.

Update (August 2020): BNY Mellon and LASERS Investments confirmed this has been completed. (CLOSED)

*New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified. This report will be presented semi-annually to the Audit Committee.*

removed LASERS from the list of in-scope clients. This caused the 2019 COR related documentation to not be requested from LASERS. Therefore, the COR was not received from the IRS, which caused some Relief at Source taxes not to be reclaimed. BNY Mellon agreed to reimburse LASERS for the transactions impacted by this error and the reimbursements have been completed. It should be noted that this COR incident was discovered by the Investments Division at the end of June 2019 which was shortly before the start of the custodian bank review by Audit Services. BNY Mellon worked with the IRS to expedite the receipt of the COR which was received on July 26, 2019. Furthermore, BNY Mellon and LASERS have been working together to establish safeguards to better ensure that this type of issue does not occur in the future.

b.BNY Mellon tracks required tax documentation via their Documentation Management System (DOORS) and generates a monthly report from this System to help clients identify any missing and invalid tax documentation. According to BNY Mellon, the DOORS monthly report became available for clients in April 2019; however, LASERS Investments Division received their initial report in December 2019. When exploring the initial DOORS report, LASERS found that the expansive list included duplicative, outdated, and unclear information. Since

•Reclaim Clean up (CMS (Legacy System) reclaims added to NEXEN).

Update (August 2020):

-BNY Mellon Tax Services has confirmed that LASERS is scheduled to transfer any remaining reclaim activity on CMS (Legacy Platform) to GSP (Current Platform) effective September 2020. The exact date is to be confirmed. (OPEN)  
-BNY Mellon and LASERS Investments has confirmed that CMS reclaim activity is currently available through reclaim reporting within NEXEN. (CLOSED)

•Current Reporting enhancements: Tax Dashboard provides visual reporting to provide a more user-friendly reporting tool.

Update (August 2020): BNY Mellon and LASERS Investments confirmed this has been completed and is active within the NEXEN online portal. (CLOSED)

•SLD/SLA proposed: Currently working collaboratively with LASERS to update previous overall Service Level Description as well as implement a Service Level Agreement specific to BNY Mellon Tax Services.

Update (August 2020):

-BNY Mellon and LASERS Investments has confirmed that the SLA related to tax services is in place and effective as of February 27, 2020. (CLOSED)  
-BNY Mellon and LASERS Investments has confirmed that the SLD is currently under review for additional edits around mention of the tax services SLA as well as our monthly discussion and various other points. (OPEN)

*New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified. This report will be presented semi-annually to the Audit Committee.*

LASERS uses this report to assist with monitoring documentation related to the tax reclaims process, it is essential that this report contain accurate, reliable, and useful information. The incorrect or untimely communication of required tax documentation may result in delayed or uncollectible tax reclaims. It should be noted that BNY Mellon is continuing to work on improving the DOORS report. Furthermore, BNY Mellon plans to continue working on the development of a tax document strategic workflow that will provide continual status on documents which will provide more accurate reporting for missing documentation. In the meantime, BNY Mellon offers manual updates to existing reporting and monthly meetings to confirm documentation status.

•Going forward: Monthly Global Documentation/Tax meeting to review pending tax reclaims and documentation with Service Director and Dedicated Tax contact to ensure accurate and timely flow of required documentation. BNY Mellon has provided further detail around further enhancements to Tax Services through their 2020 Roadmap.

Update (August 2020):

-BNY Mellon and LASERS Investments has confirmed these meetings are taking place on a monthly basis with Celeste Funderburk, Amy Momeyer, Jeri Seils, and Christopher Carroll. Meetings are currently scheduled for the 4th Tuesday of every month. (CLOSED)

-BNY Mellon and LASERS Investments has confirmed that BNY Mellon has also provided an additional tax services overview along with demonstration and navigation of our tax dashboard capability, as well as our 2020 tax services roadmap. (CLOSED)

-BNY Mellon will be looking to provide an update as to the tax services 2020 roadmap in the September/October 2020 timeframe. (OPEN)



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

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## **INTERNAL REVIEWS**

### **2018 Benefit Calculation Review**

The survey was completed by one individual and consisted of all positive responses. Additional comments included:

- In response to “Was there anything about the engagement you especially like?”
  - “Very few, easy to fix issues. Auditor was very friendly and easy to work with”
- In response to “What could be done in the future to improve our processes?”
  - “Continue to provide with the same friendly and professional interaction with staff. We appreciate working with your auditors.”

## **EXTERNAL REVIEWS**

### **2025 Grambling State University**

The survey was completed by one individual and consisted of all positive responses.

### **2017 Louisiana State Senate**

The survey had no responses.

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## EXECUTIVE SUMMARY OF AUDIT REPORTS

### **1930 Microsoft Office 365 Implementation**

LASERS IT (IT) division solicited a request for proposal to migrate the on-premise email system to Microsoft Office 365, a secure cloud based email solution. The main project focus was to transition the Microsoft Exchange (Exchange) Server to a secure cloud server from Microsoft, allowing the email system to remain functional with no interruption or delay in the event of a disaster.

The Microsoft Office 365 transition was completed by IT staff with the assistance from other divisions during the pilot. LASERS utilized contract services from Sparkhound, a Microsoft Gold Partner, to assist with the implementation. Along with Sparkhound, one of their subsidiaries, Archive360, assisted with the migration of LASERS email archives stored in EMC SourceOne to the Microsoft Exchange Server on-premise.

There were five main components covered in this review performed by Audit Services and the conclusions for each are outlined below. There are no outstanding items for follow up.

#### **Security Review**

Microsoft Cloud Services are built on a common distributed fabric with physical and logical separation such as regions, government versus commercial, and national clouds. The security documentation was provided for Microsoft Azure, Microsoft's cloud computing platform, since they also apply to services such as Microsoft Dynamics 365 and Office 365. One of LASERS established security standards require that each new cloud vendor obtain a Cloud Security Alliance Security Trust Assurance and Risk (CSA STAR) Certification, ISO 27001 Certificate, and a Systems and Organization Controls (SOC) 2, Type 2 audit before being utilized at LASERS. IT and Audit Services staff reviewed the security documentation provided and confirmed that Microsoft exceeded LASERS current security standards. Along with the LASERS defined security requirements, Microsoft has also obtained the Federal Risk and Authorization Management Program (FedRAMP) certification designed by the Federal Government so agencies do not have to analyze the cloud computing services, but can rely on this certification for meeting the highest level of compliance.

There are no outstanding items related to the security review of Microsoft Office 365.

#### **Email Archive Migration**

LASERS previously utilized an email archiving tool called ECM SourceOne (SourceOne) which stored all emails from each employee's mailbox. This system required the user to access a separate database to view all archived emails sent or received. Before migrating the email accounts to Microsoft Office 365, IT determined

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Shannon Templet

Cindy Rougeou, Executive Director

that the archived emails had to first be migrated to the on-premise Microsoft Exchange Server. With the assistance of a vendor, Archive360, archived emails were migrated from SourceOne. A full backup of SourceOne was made at the conclusion of the migration before SourceOne was decommissioned. Therefore, information can be retrieved from this backup in the future, if needed.

According to Archive360, the complex structure of SourceOne did not allow IT or Archive360 to pull a report directly from the system showing the number of emails, per mailbox that was expected to be migrated by Archive 360 to Microsoft Exchange. According to Archive360, SourceOne is used differently by each organization who purchases the system and there are no stored reporting utilities. This required Archive360 to develop their own utility software that extracted data from SourceOne which then allowed reports to be generated by them.

In addition to the vendor's validation, independent testing was performed by Audit Services to reasonably confirm success of the archive migration. It should be noted that Audit Services did not confirm email content including email size as part of this testing. At the end of the migration, Archive360 provided a final report detailing all migration jobs completed and their status along with all exceptions noted throughout the project. The report stated that all necessary inboxes were properly migrated to the Exchange archive. The archive migrations took place between May 21, 2019 and October 17, 2019 and since the final migration, IT has not received any notification from a user that archived emails are missing. In the event that an email is reported missing, IT is able to restore all archives from the backup completed post migration. All exceptions noted in the Archive360 final report are considered closed. The email archive migration to Microsoft Exchange has been deemed successful and there are no outstanding items.

### **Email Microsoft Office 365 Migration**

After completion of the archive migration to the on-premise Exchange, LASERS consulted with Sparkhound to complete the migration to Microsoft Office 365. As part of their migration process completed after the initial pilot testing, Sparkhound generated reports showing the mailbox item counts before and after the migration. Separate reports were also required for the archive data showing the item counts before and after the migration. A full backup of the on-premise Exchange was made at the conclusion of the migration before Exchange was decommissioned. Therefore, information can be retrieved from this backup in the future, if needed.

In addition to the vendor's validation, independent testing was performed by Audit Services to reasonably confirm success of the migration to Microsoft Office 365. It should be noted that Audit Services did not confirm email content including email size as part of this testing. At the end of the migration, Sparkhound provided a final report detailing the status of the project. The report stated that Sparkhound successfully migrated the LASERs on-premise mailboxes to Microsoft Office 365 and all exceptions are closed. Since the migration to Microsoft Office 365, IT has not received notification that any emails are missing. In the event that an email is reported missing, IT is able to restore all Exchange mailboxes from the backup completed post migration. The migration to Microsoft Office 365 has been deemed successful and there are no outstanding items.

### **New Email Account Creation in Microsoft Office 365**

Audit Services confirmed that IT properly documented the steps to create a new email account in Microsoft Office 365. Detailed procedures were created to document this process along with the steps to create the corresponding email account archive. Audit Services reviewed these procedures and confirmed the process was properly documented. There are no outstanding items related to the new email account creation in Office 365.

## **Email Disaster Recovery**

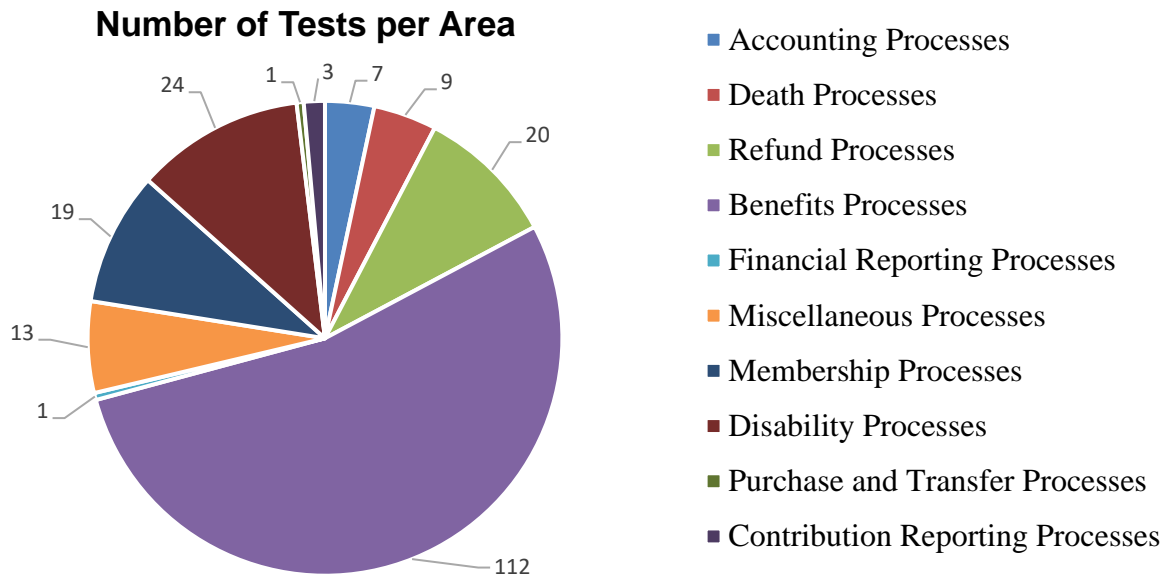
After the implementation of Microsoft Office 365, IT addressed two disaster recovery items related to the email system. IT implemented a new cloud based backup solution of the email system and determined updates needed to ensure LASERS email was functional in the event of a disaster where the LASERS on-premise data center is unavailable. The details for each of these items are as follows:

- a. IT began backing up LASERS email system to a cloud based solution, iLand. This will allow LASERS to restore the email system to a previous point in time, in the event this would be needed. LASERS previously saved backup files for the email system to tape; therefore, the cloud based solution replaced this going forward. The implementation of this new approach did not change the backup rotation schedule.
- b. It was determined that in the event of a disaster where the LASERS on-premise data center is unavailable, employee email functionality would not be automatically available. The primary reasons for this is that emails to and from LASERS email addresses flow through IronPort, LASERS spam filtering solution, and fax to email capabilities, which is stored on a server at LASERS. After discussions with IT, it was determined that emails needed to be re-routed directly to the Microsoft cloud instead of passing through servers at LASERS. IT management approved the implementation of Mimecast, a cloud email security platform. This implementation was tracked in a separate project and Audit Services participated in a consulting capacity. This implementation has been completed and LASERS email will be fully functional in the event of a disaster where the data center is unavailable.

There are no outstanding items related to the email disaster recovery components.

## **2001 Continuous Auditing**

The continuous auditing project approach primarily consists of using automated testing techniques to review and analyze various processes at LASERS on a continual basis throughout the fiscal year. A couple of benefits to this approach are that it allows for confirmation that controls in place continue to function as intended and for a more timely identification of possible issues. The automated testing is performed at different intervals (i.e., daily, monthly, quarterly, annually) depending on the type of test, the area being tested, and the potential impact of the risk to LASERS. Issues identified are reviewed for validity and then provided to LASERS staff for verification and correction, when necessary. The following graphic is a breakdown of the 209 tests performed by the area tested and the number of tests in each area.



In addition, 20 new testing scripts were developed this fiscal year in the areas of benefits, disability, membership, and refund processes.

### **IRS FORM 1099-R TESTING FOR CALENDAR YEAR 2019**

This project included a review of the 1099-R forms issued by LASERS for the 2019 tax year. Forms issued by Empower Retirement were not tested. The overall process to generate the 1099-R data and forms is adequate. The 1099-R forms were mailed to benefit recipients prior to the January 31<sup>st</sup> deadline. Eight discrepancies were identified and the associated details are as follows:

- Four 1099-R forms contained discrepancies in either the gross amount, taxable amount, federal income tax withheld, or total employee contribution fields. Fiscal corrected the data before the 1099-R forms were issued.
- Three 1099-R forms contained an incorrect distribution code. Fiscal updated the distribution code before the 1099-R forms were issued.
- One 1099-R form was issued in error to a deceased payee due to an oversight in the payment cancellation process. A corrected 1099-R form has been issued.

### **REQUIRED MINIMUM DISTRIBUTION (RMD) TESTING FOR CALENDAR YEAR 2019**

This project included a review of the RMDs processed by LASERS for 2019. The process to generate RMDs is adequate. One issue was identified where SOLARIS incorrectly calculated RMD amounts for two individuals. Due to this error, the RMD payment issued was less than the required amount. Fiscal corrected the issue by processing an additional payment for the 2019 tax year for these

### **AUTOMATED QUERIES OF VARIOUS PROCESSES FOR FISCAL YEAR END 2020**

The automated queries performed during FYE 2020 identified the following:

- Approximately \$1,697.11 of overpayments due to various reasons of which \$524.29 has been collected as of the fiscal year end.

- Approximately 2,181 records contained issues which required follow-up corrective action.

The following graphic is a breakdown of corrections by the area tested and the number of corrections for each area.

<b>Number of Data Corrections per Area</b>		
<b>Process Area</b>	<b>Issues Identified</b>	<b>Percentage of Total Issues Identified</b>
Benefits Processes	1855	85.05%
Membership Processes	222	10.18%
Refund Processes	57	2.61%
Disability Processes	37	1.70%
Accounting Processes	7	0.32%
Death Processes	3	0.14%
<b>Grand Total</b>	<b>2181</b>	<b>100.00%</b>

## **2002 Employer Agency Queries**

This was a planned engagement on the fiscal year end (FYE) 2019 Audit Plan. This report provides a progress update of the queries performed on employer agencies. The fieldwork for this engagement was completed on June 4, 2019.

Audit Services uses the available data for employer agencies, which consists of employee and leave information, for the purpose of developing and performing continuous auditing tests.

This project expands the coverage of Audit Services throughout the contributing agencies. Ongoing proactive reviews of these files are completed through Audit Command Language (ACL) scripts that are scheduled to run on a regular basis.

The results generated from testing have been evaluated by Audit Service and then submitted to either LASERS or agency personnel for verification and correction, as necessary. Some examples of the types of anomalies include, but are not limited to, the following:

- Membership:
  - Individuals that are not enrolled and/or do not start contributing to LASERS on the date of hire.
  - Membership related information not properly reported to LASERS.
  - Membership related information in LaGov HCM System does not match SOLARIS.
- Rehired Retiree:
  - Rehired retirees that are not properly reported to LASERS, which may result in excess earnings or benefit overpayments (depending on rehire option selected).
  - Rehired retiree related information in LaGov HCM System does not match SOLARIS.
- Incorrect retiree leave balances reported to LASERS, which can result in monthly benefit or lump sum leave payment errors.

Since these types of errors are typically found in a timelier manner than a traditional audit, the impact to LASERS and the individuals are mitigated. As noted in the engagement objectives, the focus is to ensure compliance with select statutory provisions. Additionally, non-compliance can result in a monetary recovery for LASERS. The realized recovery for this project was approximately \$5,272.00 as of the FYE. A total of 27 agency related issues were identified and the table below is a breakdown of the number and type of issues by agency. Furthermore, a total of 27 non-agency issues were identified which mostly related to data corrections.

<b>Agency Number and Name</b>	<b>Number of Membership Related Issues</b>	<b>Number of Rehire Retiree Related Issues</b>	<b>Number of Retiree Leave Related Issues</b>	<b>Total Number of Issues</b>
053 Department of Corrections			1	1
076 University of Louisiana at Lafayette		1		1
082 Nicholls State University		2		2
083 Northwestern State University	3			3
088 Southeastern Louisiana University		1		1
119 Louisiana Community and Technical College System			1	1
140 University of Louisiana at Monroe	1			1
218 Baton Rouge Community College		2		2
309 SOWELA Technical Community College			1	1
<b>Agency Number and Name</b>	<b>Number of Membership Related Issues</b>	<b>Number of Rehire Retiree Related Issues</b>	<b>Number of Retiree Leave Related Issues</b>	<b>Total Number of Issues</b>
313 Louisiana Educational Television Authority			1	1
319 Office of Elderly Affairs			1	1
356 Louisiana Housing Corporation	1			1
521 LA State University Medical Center	3			3
530 Port of New Orleans		1		1
532 Secretary of State's Office			1	1
538 Treasury Department	5			5
619 Louisiana Delta Community College			1	1
<b>Totals</b>	<b>13</b>	<b>7</b>	<b>7</b>	<b>27</b>

## **2009 Disaster Recovery Process Modernization**

Audit Services observed the Disaster Recovery Team complete a disaster recovery test on October 18, 2019. The systems included in this test were successfully restored and validated within eight hours.

In addition to the disaster recovery testing exercise, Audit Services reviewed changes related to the modernization of the disaster recovery process and disaster recovery related items in the LASERS Business Continuity Plan.

Business continuity is an organization's ability to ensure operations are not severely impacted by a disaster or unplanned incident. Disaster Recovery (DR) is an area of business continuity that aims to protect an organization from the effects of significant negative events. DR allows an organization to maintain or quickly resume mission-critical functions following a disaster. A disaster is defined by LASERS IT Division as “an occurrence causing destruction and distress to the geographical area, physical building, or technological capabilities of LASERS.”

A critical step to the updated disaster recovery process involves a daily off-site replication of certain production systems to our vendor, iLand, which allows for these systems to be accessible in the event the on-site data center becomes unavailable. This process change has resulted in the following improvements as compared to the previous disaster recovery solution:

- Ability to restore certain production systems in a few hours instead of multiple days.
- Testing of the disaster recovery process for an increased number of production systems on a quarterly basis instead of testing only one production system at a time annually.

Quarterly, IT uses documented procedures to test the DR process and functionality of the production systems in the off-site environment at iLand. LASERS IT staff performs the disaster recovery test via an encrypted virtual private network (VPN) connection. After the environment is deemed available, members of the LASERS IT Disaster Recovery Team complete various tests of key systems, such as SOLARIS, Optimus, JD Edwards, and Network FileShares.

Recently, IT completed the replacement of LASERS on-site email system and implemented Microsoft Office 365, a secure cloud based email solution. This transition to Microsoft Office 365 allows the email system to remain functional with no interruption or delay in the event of a disaster.

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

1. Previous business continuity and disaster recovery related solution has not been formally implemented.
2. Enhancements should be made to the current business continuity and disaster recovery testing plan.

### **OBSERVATION #1**

LASERS previously utilized SunGard Availability Services (SunGard) for certain business continuity and disaster recovery related solutions. However, the agreement with SunGard was not renewed because of the following improvements to the disaster recovery process by IT:

- Replication of certain production systems occurring daily to iLand, a secure cloud based storage solution.
- Email systems are being migrated to Microsoft Office 365.

In comparing the modernized disaster recovery process to previous practices, it was determined that there is one solution which has not been formally implemented. In historical agreements with SunGard, a mobile workspace solution was available to LASERS which would be furnished with fifty work stations that included printers, computers, and phones, as well as, equipment for a temporary on-site data center. The use of this solution would

typically occur in a disaster scenario where the LASERS on-site data center and facilities would be unavailable for an extended period of time.

It should be noted that both IT and Audit Services had concerns whether this was a viable solution since it was never tested, some requirements (e.g., setup, logistical, etc.) were never addressed, and the contract did not cover the entire computing environment since pension payroll was the primary goal at the time. Some of these concerns were noted in the final audit report for Project 1030 Business Continuity and Disaster Recovery. The related observation and details from this report can be found in Appendix A of this document.

According to IT, these were some of the reasons the Disaster Recovery Modernization project was initiated by IT which, upon completion, will address the data center related concerns associated with this solution. However, the evaluation and implementation of the non-data center related components of this solution (e.g., an alternate physical location equipped with workspaces, workstations, phones, printers/copiers, and other equipment necessary to continue operations) should be coordinated by LASERS business continuity lead. There have been informal discussions on possible solutions for the non-data center related components, but not formally reviewed, approved, and documented in the business continuity plan related documents.

## **RECOMMENDATION**

Executive should work with the business continuity lead, IT, and other key divisional process owners to determine possible solutions that will allow for continuity in the event the LASERS on-site data center and facilities would not be available for an extended period of time. Items for consideration include, at a minimum, the following:

1. Define what is considered full and minimal operations for computer systems, operational processes, staff, and facilities.
2. Reasonably identify the conditions that would assist in differentiating between the need for full versus minimal operations.

Evaluate the current solutions in place to fulfill these expectations and document possible recommended areas of improvement. Any recommendations should include timelines and associated costs and be presented to management for approval.

## **DIVISION RESPONSE**

Executive agrees with this recommendation. Members of Executive will work with Trey Roche, the business continuity team lead, along with IT and other key divisional process owners to determine possible solutions that will allow for continuity in the event the LASERS on-site data center and facilities would not be available for an extended period of time. This has been assigned a medium priority with a target completion date of July 1, 2021.

## **OBSERVATION #2**

Information Technology staff members utilize LASERS Disaster Recovery Guide to complete testing of critical production systems (i.e., SOLARIS, Optimus, etc.) at LASERS. This procedure manual and testing plan contains process steps to restore services in the event of a disaster affecting certain production systems stored in the LASERS on-site data center. As an example, the testing plan currently covers critical functions at LASERS, such as, the processing of monthly pension payroll and employee payroll.

Due to the modernization of the disaster recovery process, LASERS is able to test critical production systems more efficiently and on a more frequent basis. With this improvement, there is an opportunity to enhance the testing plan coverage and effectiveness. The following are some example areas of possible enhancement:

- Evaluate testing ownership (i.e., business continuity lead versus IT).
- Incorporate simulated scenarios into the testing approach and process.
- Incorporate and utilize non-IT staff and business process owners into the testing process and rotate testers periodically.
- Include additional production systems into the testing process.
- Expand the level of testing performed on the critical production systems.
- Establish criteria to measure the success and expected outcome from each testing exercise.

It should be noted that some of these areas are considered long term in nature and will take some time to fully mature and develop. However, these type of changes will improve the business continuity testing process and reduce the potential risk to LASERS should an unforeseen disaster occur.

### **RECOMMENDATION**

The business continuity team lead should work with IT and other divisional process owners to evaluate the current business continuity testing plan and identify areas of improvement. As part of this evaluation, the items noted in the observation should be considered along with the impact in terms of resources and cost. Upon the conclusion of the evaluation, any recommendations should be presented to management for approval.

### **DIVISION RESPONSE**

Executive agrees with this recommendation. Trey Roche, the business continuity team lead, will work with IT to plan expanded disaster relief testing. Expanded testing will include the testing of additional production systems over time and the incorporation of business owner staff in the testing process. This has been assigned a medium priority with a target completion date of December 31, 2021.

## **2017 Louisiana State Senate (External Review)**

This was a planned engagement on the fiscal year end (FYE) 2020 Audit Plan. The fieldwork for this engagement was completed on June 24, 2020. The Senate employs approximately 118 LASERS members. Overall, the Louisiana State Senate (Senate) has effective procedures in place with regard to the handling of retirement related processes for their LASERS members. No reportable agency issues were identified during this review.

## **2025 Grambling State University (External Review)**

This was a planned engagement on the fiscal year end (FYE) 2020 Audit Plan. The fieldwork for this engagement was completed on June 16, 2020. Grambling State University employs approximately 101 LASERS members. Overall, Grambling State University has effective procedures in place with regard to the handling of retirement related processes for their LASERS members. No reportable agency issues were identified during this review.

### **2103 Department of Education (DOE) (External Review)**

This was a planned engagement on the fiscal year end (FYE) 2021 Audit Plan. The fieldwork for this engagement was completed on July 16, 2020. DOE employs approximately 360 LASERS members. No reportable issues were identified during this review.

### **2105 Division of Administration (DOA) (External Review)**

This was a planned engagement on the fiscal year end (FYE) 2021 Audit Plan. The fieldwork for this engagement was completed on August 17, 2020. DOA employs approximately 1,521 LASERS members. No reportable issues were identified during this review.

**NOTICE AND AGENDA**  
**Investment Committee Meeting**  
***Thursday, September 24, 2020***  
***1:30 p.m.***

The Investment Committee will meet in the fourth floor Board 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**

**IV. REGULAR BUSINESS**

1. Approval of the minutes of the July 23, 2020, meeting of the Investment Committee  
**(Action Item)**

*William Kleinpeter, Chair*

**V. NEW BUSINESS**

1. Performance Review and Asset Allocation **(Education)**

*Bobby Beale, CFA, CAIA – Chief Investment Officer*

**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.



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**Louisiana State Employees' Retirement System  
Investment Committee Meeting**

**July 23, 2020**

The Investment Committee of the Louisiana State Employees' Retirement System met on Thursday, July 23, 2020, in the fourth floor Board Room of the Retirement Systems Building located at 8401 United Plaza Boulevard, Baton Rouge, Louisiana. Due to limits on facility capacity, public access was provided via this link: <https://attendee.gotowebinar.com/register/8564553873818076174>. William Kleinpeter, Committee Chair, called the meeting to order at 1:01 p.m. Roll call was conducted by Beth Labello, recording secretary.

\*\*\*\*\*

**ROLL CALL**

Members present: Mr. Thomas Bickham; Ms. Virginia Burton; Mr. Charles Castille; Ms. Beverly Hodges; Judge William Kleinpeter; Ms. Janice Lansing; Ms. Barbara McManus; Ms. Lori Pierce; Mr. Rick McGimsey - Designee, Commissioner of Administration; Ms. Amy Mathews - Designee, Louisiana State Treasurer

Members absent: Senator Price and Representative Harris and Ms. Shannon Templet

Staff present: Ms. Cindy Rougeou, Executive Director; Mr. Trey Boudreaux, Chief of Staff; Ms. Tina Vicari Grant, Executive Counsel; Ms. Beth Labello; Investment Staff: Mr. Bobby Beale, Chief Investment Officer

Also present: Shelley Johnson – Foster and Foster, Margaret Corley – Louisiana State Retirement Committee, Mallory Sharp, Barney Miller, Mark Diaz, Steve Stark and Logan Davis.

A quorum was declared present and the meeting opened for business. The Chair called for Public Comment. No one appeared before the Committee for public comment.

\*\*\*\*\*

## **REGULAR BUSINESS**

The committee considered the minutes of the June 26, 2020, Investment Committee meetings. **Barbara McManus moved, seconded by Thomas Bickham, to approve the minutes of the June 26, 2020, Investment Committee meetings. With no further discussion, and no objections, the motion carried.**

## **NEW BUSINESS**

### **Performance Review**

Mr. Beale gave the monthly performance review, stating that, as of June 30, 2020, the Total Plan preliminary return was -4.4% Fiscal-Year-to-Date. He stated the final number would be available in August.

### **Asset Allocation Discussion**

Mr. Beale gave an overview of LASERS asset allocation.

## **OTHER BUSINESS**

\*\*\*\*\*

With no further business to discuss, the meeting adjourned at 2:06 p.m.

# LASERS INVESTMENT COMMITTEE

## PROPOSED 2020 AGENDA ITEMS

---

### **JANUARY 22 & 23**

- Trustee Workshop
- Monthly/YE 2019 Performance Review
- Trustee Education
  - Actuarial Science
  - Laws, Rules and Regulations
  - Investment
- Management Committee/Regular Board Meeting

### **FEBRUARY 27**

Investments will not meet.

### **MARCH 26**

Performance Review

### **APRIL 23** (*Legislative Session convenes 4/8*)

Monthly Performance Review

### **MAY 28**

- 1st Quarter 2020 Performance Review
- Annual Custodian Review

### **JUNE 26** (*Legislative Session adjourns 6/8*)

Monthly Performance Review

### **JULY 23**

- Fiscal Year End Performance Review
- Asset Allocation Discussion

### **AUGUST 27**

Performance Review and Asset Allocation

### **SEPTEMBER 24**

Performance Review and Asset Allocation

### **OCTOBER 22**

Monthly Performance Review

### **NOVEMBER 19**

- 3<sup>rd</sup> Quarter 2020 Performance Review
- Internal Funds Portfolio Review
- Annual Trading Report
- Annual Proxy Report

### **DECEMBER 10**

- Monthly Performance Review
- Investment Division Annual Report

\*All agenda items are subject to change

**BOLD items require a quorum**

# LASERS INVESTMENT COMMITTEE

---

## PROPOSED 2020 AGENDA ITEMS

### OBJECTIVES

#### **SHORT TERM** (< 12 months)

Annual Trustee workshop

**Contract reviews: Rice Hall James and Mondrian Investment Partners**

Asset Allocation Review

Self-Directed Plan/Optional Retirement Plan Review

Custodian Review

Consultant Review

Internal Funds Review

Trading Review

Investment Division Annual Report

Update Private Markets Strategic Plan quarterly

#### **LONG TERM** (>12 months)

- Continue evaluation of alternative and traditional asset classes to improve the risk/return profile of the plan

#### **Contracts Expiring in 2020:**

Rice Hall James	07/31/2020 (portfolio review _____)
Mondrian Investment Partners International Large Cap Equity	12/31/2020 (portfolio review _____)

\*All agenda items are subject to change

**BOLD items require a quorum**

**NOTICE AND AGENDA**  
**Management Committee Meeting**  
**Thursday, September 24, 2020**  
**Immediately following Investment Committee**

The Management Committee will meet in the fourth floor Board 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 July 23, 2020 Management Committee Meeting (**Action Item**)  
*Janice Lansing, Management Committee Chair*
2. Executive Counsel's Report  
*Tina Grant, Executive Counsel*

**V. NEW BUSINESS**

1. Disability Excess Earnings Report (**Action Item**)  
*Trey Boudreaux, Chief of Staff*
2. Annual Administrative Errors Summary Report  
*Trey Boudreaux, Chief of Staff*
3. Review and Approval of the 2021 Board Meeting Schedule (**Action Item**)  
*Trey Boudreaux, Chief of Staff*
4. Member Satisfaction Survey Results  
*Trey Boudreaux, Chief of Staff*
5. Presentation of Actuarial Report for June 30, 2020 (**Educational & Action Item**)  
*Shelley Johnson, Foster & Foster*
6. Review of Draft Operating Budget for FY 2021-22  
*Trey Boudreaux, Chief of Staff*

7. Chief of Staff's Comments

- a. Monthly Operating Budget Report
- b. Monthly Pension Administrative Report  
*Trey Boudreaux, Chief of Staff*

8. Executive Director's Comments

*Cindy Rougeou, Executive Director*

9. **Executive Session**

- a. Review of the August 2020 & September 2020 Disability Retirement Reports  
**(Action Item)**  
*Trey Boudreaux, Chief of Staff*
- b. Approval of the Executive Director's Performance Evaluation **(Action Item)**  
*Janice Lansing, Management Committee Chair*
- c. Approval of Executive Director's Goals for FY 2020-21 **(Action Item)**  
*Janice Lansing, Management Committee Chair*

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  
July 23, 2020**

The Management Committee of the Louisiana State Employees' Retirement System met on Thursday, July 23, 2020 in the fourth floor Board Room of the Retirement Systems Building located at 8401 United Plaza Boulevard, Baton Rouge, Louisiana.

Ms. Lansing, Committee Chair, called the meeting to order at 2:22 p.m. Roll was called by Beth Labello, recording secretary.

\*\*\*\*\*

Members Present: Mr. Thomas Bickham, Ms. Virginia Burton, Mr. Charles Castille, Ms. Beverly Hodges, Judge William Kleinpeter, Ms. Janice Lansing, Ms. Amy Mathews (designee of the Treasurer) Mr. Rick McGimsey (designee of the Commissioner), Ms. Barbara McManus, and Ms. Lori Pierce

Members Absent: Ms. Shannon Templet, Representative Lance Harris, and Senator Ed Price

Staff Present: Ms. Cindy Rougeou, Executive Director; Mr. Trey Boudreaux, Chief of Staff; Ms. Tina Grant, Executive Counsel; Mr. Bobby Beale, Chief Investment Officer; Mr. Steve Stark, Deputy General Counsel; Mr. Mark Diaz, Public Information Officer; Ms. Mallory Sharp, Public Information Officer; Mr. Barney Miller, IT Tech Support Specialist; Mr. Logan Davis, IT Tech Support Analyst; and Ms. Beth Labello, recording secretary

Also Present: Ms. Shelley Johnson, Foster & Foster and Ms. Margaret Corely, Senate Retirement

\*\*\*\*\*

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

**Public Comment**

Ms. Lansing called for public comment, which was available through email due to the COVID-19 limitation on public access. No public comments were made.

**Regular Business**

Ms. Lansing called for approval of the minutes of the June 26, 2020 Management Committee meeting. **Judge Kleinpeter moved, seconded by Ms. McManus, to approve the minutes. With no objection or discussion, the motion carried.**

In the Executive Counsel's report, Ms. Grant announced that she and Mr. Stark were working on an educational video presentation on fiduciary duty, which will be available to the LASERS Board of Trustees on the LASERS Board Portal. This training will also be available to other state retirement systems on the LAPERS website.

### **New Business**

Mr. Boudreaux stated that since the LAPERS Conference was cancelled this year due to COVID-19, the September Board meeting dates could revert back to their regularly scheduled days, which was Thursday and Friday, September 24-25, 2020. **Ms. Hodges moved, seconded by Ms. McManus, to reschedule the September Board Meeting dates to September 24-25, 2020. With no objection or discussion, the motion carried.**

Ms. Grant distributed the annual reports on litigation and contracts.

Mr. Stark presented a proposed administrative rule amendment to Chapter 27. **Ms. McManus moved, seconded by Mr. Bickham, to approve the administrative rule amendment to Chapter 27, as presented. With no objection or discussion, the motion carried.**

Ms. Johnson gave an educational presentation entitled, "LASERS Actuarial Valuation & Risk Analysis/Disclosures Part II". **Ms. Mathews moved, seconded by Mr. Bickham, to approve the recommended inflation assumption of 2.3%, and reduce all salary increase assumptions by 0.20%. With no objection or discussion, the motion carried.**

Mr. Boudreaux reviewed the Chief of Staff's comments. He informed the committee that TRSL and LASERS are working together to upgrade the AV equipment in the Board Room to allow for all future meetings to possibly take place in the Board Room.

Ms. Rougeou reviewed the Executive Director's comments. She presented a video on LASERS COVID-19 response, which was recorded as part of NASRA's Roll Call this year.

Mr. Boudreaux announced there were no disability denials this month.

**Judge Kleinpeter moved, seconded by Ms. McManus, to approve the July 2020 Retirement Disability Report. With no objection or discussion, the motion carried.**

**Ms. McManus moved, seconded by Mr. Bickham, to go into Executive Session for the purpose of distributing the self-evaluations of the Executive Director and executive staff. With no objection or discussion, the motion carried.**

**Ms. McManus moved, seconded by Judge Kleinpeter, to return to Regular Session. With no objection or discussion, the motion carried.**

### **Other Business**

There was no other business to discuss.

### **Adjournment**

The meeting adjourned at 4:21 p.m.



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**FISCAL DIVISION**

**RETIREE ACTIONS UNDER R.S. 11:221 FOR 2019 EARNINGS**

**221 REDUCTIONS**

MEMBER	ANNUAL ALLOWABLE EARNINGS	2019 ACTUAL EARNINGS	2019 EXCESS EARNINGS	CURRENT MONTHLY BENEFIT	PROPOSED REDUCTION	NEW MONTHLY BENEFIT
Member 1	\$17,976.84	\$21,666.00	\$3,689.16	\$1,104.26	\$307.43	\$796.83
Member 2	\$27,576.08	\$37,311.00	\$9,734.92	\$385.60	\$385.60	\$0.00
Member 3	\$24,237.24	\$25,367.00	\$1,129.76	\$1,806.76	\$94.15	\$1,712.61
Member 4	\$24,662.92	\$25,293.26	\$630.34	\$579.95	\$52.53	\$527.42

**REINSTATEMENT REQUEST**

MEMBER	2019 REPORTABLE EARNINGS	2019 ALLOWABLE EARNINGS	ORIGINAL MONTHLY DISABILITY	CURRENT MONTHLY DISABILITY BENEFIT	PROPOSED MONTHLY INCREASE	NEW MONTHLY BENEFIT	REDUCTION REIMBURSE AMOUNT
Member 1	\$30,504.00	\$32,459.36	\$2,884.44	\$ 2,851.84	\$32.60	\$2,884.44	\$424.80

**BOARD OF TRUSTEES:**

Thomas Bickham, Board Chair  
Beverly Hodges, Vice Chair  
Virginia Burton  
Charles Castille

Commissioner Jay Dardenne  
Rep. Lance Harris  
Judge William Kleinpeter  
Janice Lansing

Barbara McManus  
Lori Pierce  
Sen. Edward Price  
Hon. John Schroder  
Shannon Templet

Cindy Rougeou, Executive Director



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Louisiana State Employees'  
Retirement System

### 2019 - 2020 Recap of Administrative Errors by Type

Type of Error	Error by Agency
Reemployed Retiree Application Not Submitted	13
Incorrect Termination Date	12
Retirement/DROP/Beneficiary Application Submitted Late	11
Incorrect Retirement Application Submitted	4
Incorrect Leave Selection	2
Hazardous Duty Plan Eligibility	1
<b>Total</b>	<b>43</b>



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Louisiana State Employees'  
Retirement System

### 2019-2020 Recap of Administrative Errors by Agency

Agency Name	Agency Error	Comments
Baton Rouge Community College	2	Reemployed Retiree Application Not Submitted (2)
BD of Commissioners Port of New Orleans	1	Retirement Application Submitted Late (1)
Delgado College	1	Incorrect Termination Date (1)
Department of Children & Family Services	2	Incorrect Termination Date (1) Reemployed Retiree Application Not Submitted (1)
Department of Corrections	3	Incorrect Termination Date (1) Incorrect Retirement Application Submitted (1) Reemployed Retiree Application Not Submitted (1)
Department of Education	1	Reemployed Retiree Application Not Submitted (1)
Department of Public Safety	1	Hazardous Duty Plan Eligibility (1)
Department of Revenue & Taxation	1	Incorrect Retirement Application Submitted (1)
Department of Transportation & Development	4	Retirement Application Submitted Late (3) Incorrect Termination Date (1)
Department of Veterans Affairs	2	Reemployed Retiree Application Not Submitted (2)



**Louisiana State Employees'  
Retirement System**

Agency Name	Agency Error	Comments
Division of Administration	1	Reemployed Retiree Application Not Submitted (1)
Judicial Branch of Louisiana	1	Incorrect Termination Date (1)
LA Real Estate Commission	1	Incorrect Termination Date (1)
LA Special Education Center	1	Retirement Application Submitted Late (1)
LA State Board of Cosmetology	1	Retirement Application Submitted Late (1)
LA State Senate	1	Incorrect Leave Selection (1)
Lallie Kemp Medical Center	2	Incorrect Termination Date (2)
LDH – Imperial Calcasieu Human Services Authority	1	Incorrect Termination Date (1)
LDH – Office of Aging and Adult Services	1	Incorrect Termination Date (1)
LDH – Office of Behavioral Health	2	Reemployed Retiree Application Not Submitted (1) Retirement Application Submitted Late (1)
LDH – Office of Public Health	1	Retirement Application Submitted Late (1)
LDH – Office of the Secretary Management & Finance	1	Incorrect Termination Date (1)
Louisiana Delta Community College	1	Incorrect Termination Date (1)
Louisiana Department of Justice	1	Retirement Application Submitted Late (1)



**Louisiana State Employees'  
Retirement System**

<b>Agency Name</b>	<b>Agency Error</b>	<b>Comments</b>
Louisiana State University	1	Reemployed Retiree Application Not Submitted (1)
Louisiana State University Medical Center	1	Incorrect Retirement Application Submitted (1)
Northwestern State University	2	Incorrect Retirement Application Submitted (1) Reemployed Retiree Application Not Submitted (1)
Orleans Levee Board	1	Retirement Application Submitted Late (1)
River Parishes Community College	1	Retirement Application Submitted Late (1)
Southeast LA Flood Protection Authority	2	Incorrect Leave Selection (1) Reemployed Retiree Application Not Submitted (1)
University of Louisiana at Lafayette	1	Reemployed Retiree Application Not Submitted (1)



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## *2021 Proposed Board Meeting Dates*

### Committee & Board Meeting Schedule

January 20 & 21	(Wednesday & Thursday) ---- Trustee Orientation/Workshop
February 25 & 26	(Thursday & Friday)
March 25 & 26	(Thursday & Friday)
April 22 & 23	(Thursday & Friday)
May 27 & 28	(Thursday & Friday)
June 24 & 25	(Thursday & Friday)
July 22 & 23	(Thursday & Friday)
August 26 & 27	(Thursday & Friday)
September 23 & 24	(Thursday & Friday)
October 21 & 22	(Thursday & Friday)
*November 18 & 19	(Thursday & Friday)
*December 9 & 10	(Thursday & Friday)

### Holidays

New Year's Day	Friday, January 1
MLK Day	Monday, January 18
Mardi Gras	Tuesday, February 16
Good Friday	Friday, April 2
Easter	Sunday, April 4
Memorial Day	Monday, May 24
Independence Day	Sunday, July 4
Labor Day	Monday, September 6
Election Day	Tuesday, November 3
Veteran's Day	Thursday, November 11
Thanksgiving	Thursday, November 25
Christmas	Saturday, December 25

### Conferences

LATEC, *New Orleans, LA*, February 12, 2021 (Tentatively)  
NASRA Annual Conference, *Pittsburgh, PA*, August 7-11, 2021  
LAPERS, *New Orleans, LA*, September 12-14, 2021  
RSEA Tour *TBD*

### Session

Regular Legislative Session – April 12 – June 10, 2021

*\*These Board meeting dates do not fall on the 4<sup>th</sup> Thursday & Friday of the month due to holidays.*



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## First Half of 2020

(January - June)

### Member Services Statistics

#### Comment Cards for In-House Counseling

(for visitors with and without scheduled appointments)

Overall Satisfaction	Poor	Fair	Average	Good	Excellent	Total	% Excellent Received
Quality of Service	0	0	2	3	198	203	98%

#### Sample of Comments:

- *"I went in confused and came out understanding everything. It's so nice to know there is help when I need it. Thanks!"*
- *"Very thorough explanation of my retirement options. Great attention to every detail."*
- *"Very pleased with the office and its personnel. First visit and a very pleasant one."*



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## September 2020 Management Committee Meeting Chief of Staff's Comments

### **Fiscal Division**

- Fiscal staff worked with Postlethwaite & Netterville in completing the audit of LASERS financials for fiscal year ended 2020.
- Fiscal staff has begun preparation for the fiscal year 2020 CAFR and PAFR. These reports are scheduled to be presented to the Board at the October Board Meeting.
- Fiscal staff has begun preparing the Fiscal Year 2021/2022 Operating Budget. A draft of the Operating Budget will be distributed to the Management Committee at the September meeting with final approval at the October meeting.
- Last month we reported that Minden City Court had not paid their April, May, and June contributions. Since then they have paid their April contributions and reported that no contributions were due for May and June.

### **Information Technology Division**

- MyLasers testing was delayed slightly by Hurricanes Laura and Marco but on track for Fall release.
- The JD Edwards upgrade project is still in the vendor selection phase. A decision will be made soon.
- We now have automatic testing in Optimus up and running which frees up resources for other projects.
- The first major upgrade of Optimus is now technically required and is being planned.
- The annual External Penetration Test is complete and there were no unusual findings.
- The IT Service Desk reports an on-time delivery of IT services of 98.75% of SLA for September 2020.
- The Employer Self-Service project is beginning soon.
- Technical staff is currently implementing a new storage area network.
- IT has hired a new Administrative Assistant and is interviewing for two open positions.
- There are no new or unusual data security incidents to report.
- IT issued the cyber-security newsletter to all staff on the issue of Elderly Scams and how to prevent them.

### **Member Services Division**

- Member Services management participated in a discussion with a TRSL representative, and outlined the way that Customer Service has continued to provide vital services to LASERS members. Discussion topics included using Microsoft Teams and agency issued cell phones to conduct appointments with members considering retirement, and how the LASERS Education Department (LED) is transitioning to virtual education seminars and workshops.

- Throughout the pandemic, adjustments have been made throughout the agency to ensure vital services are performed timely. One area where adjustments were made was the Document Management department. Staff has continued to work in the office five days a week to process all incoming and outgoing mail and documents. Several members have continued to come to the building, though closed to the public absent an appointment, to drop off sometimes urgent documents (such as EIS statements or service credit payments), and the process has been updated to have the visitor call the building's guard to accept the document. Document Management staff retrieves the documents and processes them timely. Additionally, access to certain areas of their workspace has been restricted to ensure the safety of staff.
- Member Services staff has begun running test cases in myLASERS. Using many different internet platforms and devices, staff will use designated test cases to ensure all parts of the system are operating in preparation for the system to go live.
- Member Services management recognizes the additional needs of staff as many are facing the challenge of the uncertainty of their children returning to school. With numerous educational scenarios, supervisors have been very accommodating with these employees without compromising the quality of their work. Recognizing there are likely additional changes to occur this school year, flexibility and communication are fostered and encouraged throughout the Division. Staff has expressed continued gratitude to LASERS Management and the Executive Team for allowing reasonable adjustments for family during this time.
- LASERS Education Department (LED) has begun internal testing of the Virtual Learning PREP. Staff, Member Services management, and Executive members have attended test sessions. LED is working with PID on advertising virtual education opportunities.
- Providing pre-retirement counseling sessions to members within 18 months of retirement remains LASERS priority. Since suspending in-person counseling sessions due to the pandemic on March 16<sup>th</sup>, through August, Customer Service has conducted 464 counseling sessions which consisted of 347 phone appointments and 117 virtual appointments.
- Comments from members:
  - *"Danielle [Henning] was very helpful and patient. I was able to make decisions after talking to her. She was a great help!"*
  - *Adrian [Ackermann] was very nice and knowledgeable. He made me feel at ease about the process."*



LOUISIANA STATE EMPLOYEES'  
RETIREMENT SYSTEM

8401 United Plaza Blvd. • Baton Rouge, LA 70809

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

August 31, 2020

(Unaudited)

Category	2019-2020 Actual	2020-2021 Budget	Monthly Expenses	2020-2021 YTD Actual	Remaining Balance	2020-21 % of Budget	2019-20 % of Actual
Personnel	\$ 15,575,610	\$ 16,426,300	\$ 1,233,528	\$ 2,276,933	\$ 14,149,367	14%	14%
Travel Expenses	83,172	181,000	-	250	180,750	0%	22%
Operating Services	2,989,077	3,178,800	137,121	1,509,766	1,669,034	47%	45%
Professional Services	500,733	577,000	53,309	71,309	505,691	12%	13%
Acquisitions	279,215	247,000	8,467	21,057	225,943	9%	1%
<b>TOTAL</b>	<b>19,427,807</b>	<b>20,610,100</b>	<b>1,432,425</b>	<b>3,879,315</b>	<b>16,730,785</b>	<b>19%</b>	<b>19%</b>
Investment Fees	25,608,912	36,000,000	2,407,335	4,724,334	31,275,666	13%	17%
<b>GRAND TOTAL</b>	<b>\$ 45,036,720</b>	<b>\$ 56,610,100</b>	<b>\$ 3,839,760</b>	<b>\$ 8,603,650</b>	<b>\$ 48,006,450</b>	<b>15%</b>	<b>18%</b>

### CAPITAL OUTLAY BUDGET REPORT

August 31, 2020

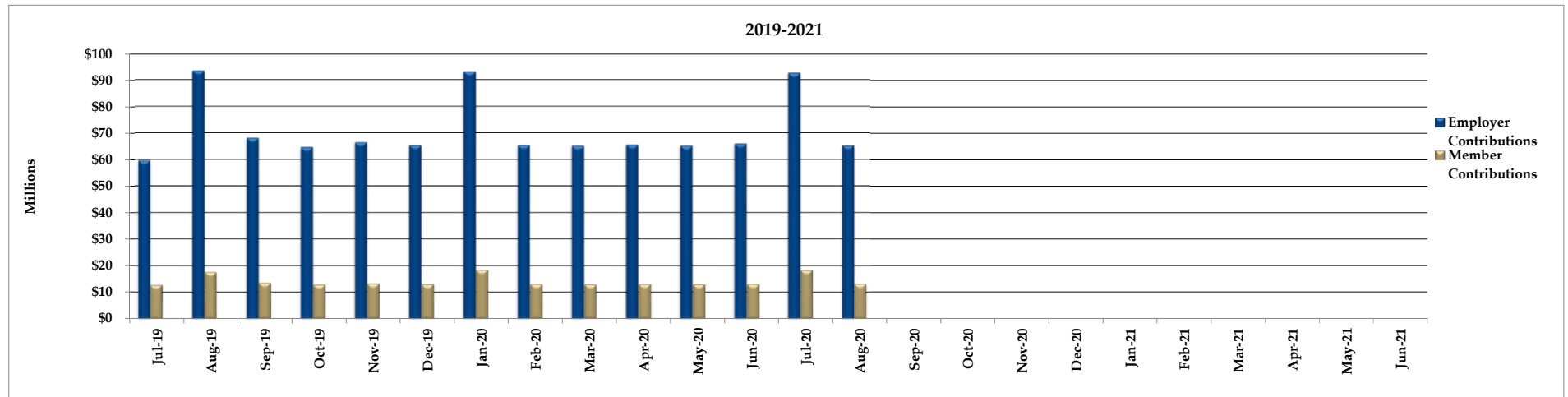
(Unaudited)

Category	Total Project Budget	2014-2020 LTD Actual	2020-2021 YTD Actual	Total Project Expenses	Remaining Balance	% of Budget Used
Operating Services	\$ 474,278	\$ 142,278	\$ 62,844	\$ 205,122	\$ 269,156	43%
Professional Services	4,886,480	4,201,452	\$ -	4,201,452	685,028	86%
Acquisitions	674,944	669,944	-	669,944	5,000	99%
<b>GRAND TOTAL</b>	<b>\$ 6,035,702</b>	<b>\$ 5,013,674</b>	<b>\$ 62,844</b>	<b>\$ 5,076,518</b>	<b>\$ 959,184</b>	<b>84%</b>

**Pension Contributions**  
**Fiscal Years 2019-2020 and 2020-2021 thru August 31, 2020**

FYE 2019-2020					FYE 2020-2021				
Month	Members	Employer Contributions	Member Contributions	Total	Month	Members	Employer Contributions	Member Contributions	Total
Jul-19	39,248	\$59,563,412	\$12,564,327	\$72,127,739	Jul-20	39,197	\$92,476,941	\$18,146,415	\$110,623,356
Aug-19	39,706	\$93,393,627	\$17,490,255	\$110,883,882	Aug-20	39,197 *	\$65,151,527	\$12,955,878	\$78,107,405
Sep-19	39,119	\$68,028,441	\$13,372,503	\$81,400,944	Sep-20				\$0
Oct-19	39,280	\$64,554,220	\$12,650,421	\$77,204,641	Oct-20				\$0
Nov-19	39,707	\$66,385,304	\$13,072,850	\$79,458,154	Nov-20				\$0
Dec-19	39,255	\$65,203,709	\$12,830,815	\$78,034,524	Dec-20				\$0
Jan-20	39,715	\$93,067,280	\$18,256,030	\$111,323,310	Jan-21				\$0
Feb-20	39,099	\$65,368,620	\$12,922,594	\$78,291,214	Feb-21				\$0
Mar-20	39,350	\$65,021,016	\$12,778,318	\$77,799,334	Mar-21				\$0
Apr-20	40,018	\$65,456,867	\$12,917,021	\$78,373,888	Apr-21				\$0
May-20	39,797	\$65,084,444	\$12,823,966	\$77,908,410	May-21				\$0
Jun-20	38,948 *	\$65,805,845	\$12,896,919	\$78,702,764	Jun-21		*		\$0

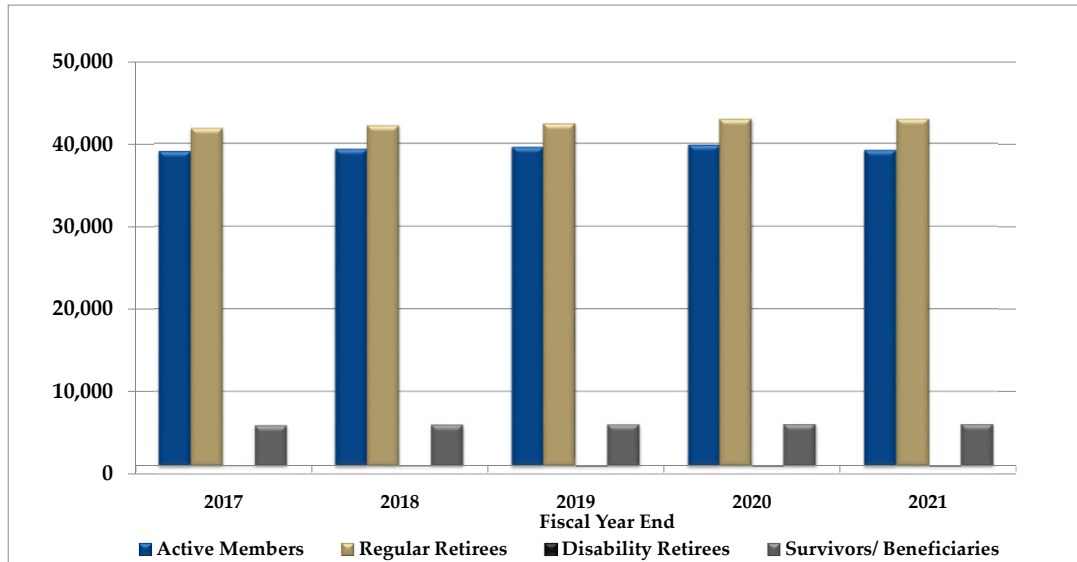
NOTE: Contributions based on estimates (August 2020 based on July 2020).



**LASERS Membership**  
For Five Years as of August 31, 2020

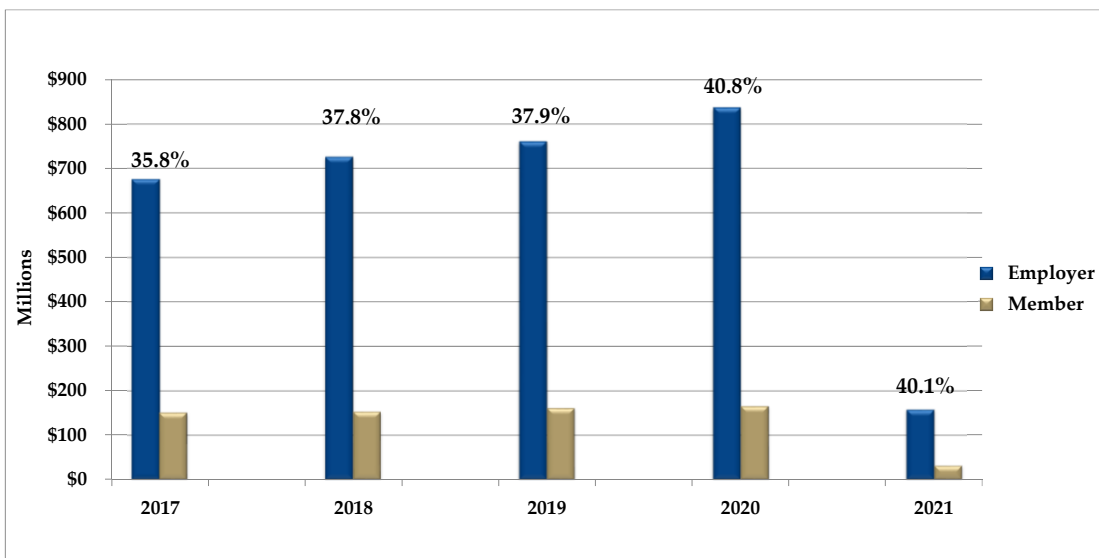
Fiscal Year	Active Members	Regular Retirees	Disability Retirees	Survivors/ Beneficiaries	Total Members**
2017	39,055	41,818	989	5,872	87,734
2018	39,293	42,136	930	5,940	88,299
2019	39,533	42,393	899	5,977	88,802
2020	39,797	42,925	881	6,012	89,615
2021	39,197	42,944	869	6,001	89,011

Note: \*Counts for FY2019 - FY2021 are an approx. not based on actuarial data. \*\*Total Members does not include DROP, Terminated Vested/Non-Vested



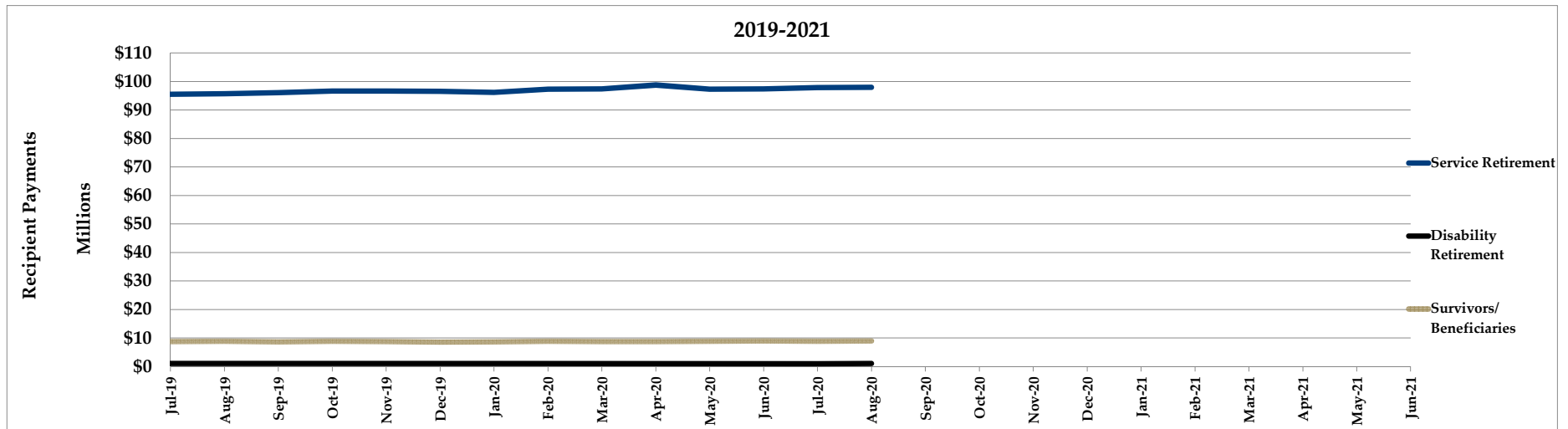
**Pension Contributions**  
For Five Years as of August 31, 2020

	2017	2018	2019	2020	2021
Employer	\$675,583,750	\$725,802,871	\$760,150,449	\$836,932,785	\$157,628,468
Member	\$149,931,242	\$152,189,709	\$160,338,556	\$164,576,019	\$31,102,293
Total	\$825,514,992	\$877,992,580	\$920,489,005	\$1,001,508,804	\$188,730,761



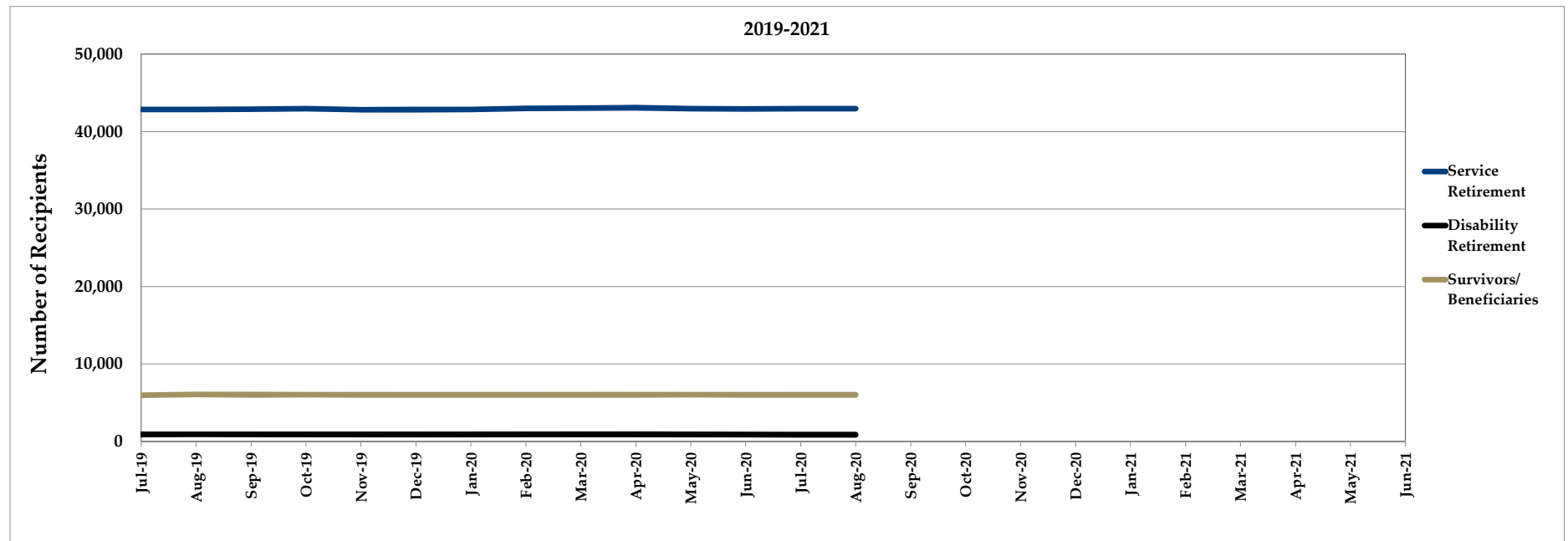
**Service/Disability/Survivor/Beneficiary Payments**  
**Fiscal Years 2019-2020 and 2020-2021 through August 31, 2020**

FYE 2019-2020					FYE 2020-2021				
Month	Service Retirement	Disability Retirement	Survivors/Beneficiaries	Total	Month	Service Retirement	Disability Retirement	Survivors/Beneficiaries	Total
Jul-19	\$95,548,476	\$996,959	\$8,763,441	\$105,308,876	Jul-20	\$97,777,934	\$964,016	\$8,779,449	\$107,521,399
Aug-19	\$95,699,115	\$999,560	\$8,780,065	\$105,478,740	Aug-20	\$97,912,005	\$1,002,068	\$8,946,290	\$107,860,363
Sep-19	\$96,036,089	\$1,005,085	\$8,605,850	\$105,647,024	Sep-20				\$0
Oct-19	\$96,621,994	\$1,008,067	\$8,779,680	\$106,409,741	Oct-20				\$0
Nov-19	\$96,629,826	\$993,419	\$8,696,785	\$106,320,030	Nov-20				\$0
Dec-19	\$96,476,557	\$988,873	\$8,567,177	\$106,032,607	Dec-20				\$0
Jan-20	\$96,169,117	\$996,105	\$8,602,404	\$105,767,626	Jan-21				\$0
Feb-20	\$97,274,533	\$997,406	\$8,816,333	\$107,088,272	Feb-21				\$0
Mar-20	\$97,370,892	\$975,652	\$8,723,730	\$107,070,274	Mar-21				\$0
Apr-20	\$98,756,353	\$968,126	\$8,710,507	\$108,434,986	Apr-21				\$0
May-20	\$97,232,648	\$984,367	\$8,808,061	\$107,025,076	May-21				\$0
Jun-20	\$97,397,437	\$981,843	\$8,878,049	\$107,257,329	Jun-21				\$0



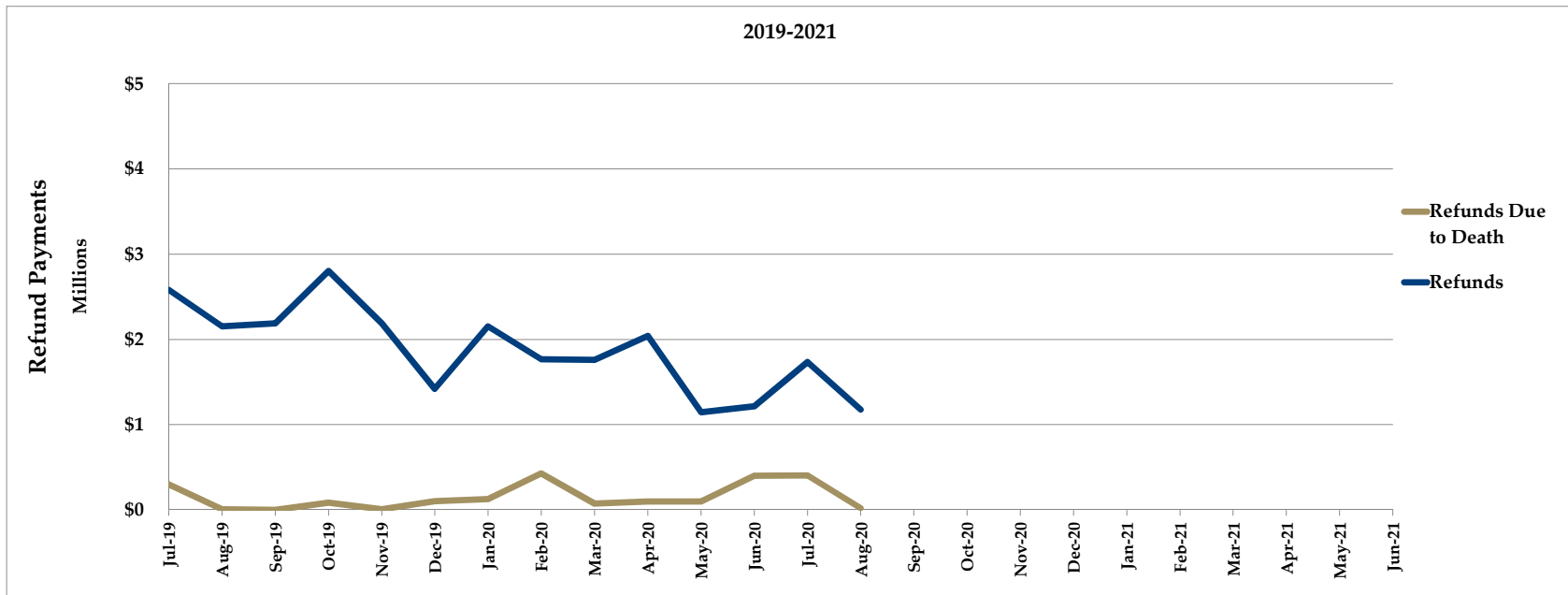
**Service/Disability/Survivor/Beneficiary Recipients**  
**Fiscal Years 2019-2020 and 2020-2021 through August 31, 2020**

FYE 2019-2020					FYE 2020-2021				
Month	Service Retirement	Disability Retirement	Survivors/Beneficiaries	Total	Month	Service Retirement	Disability Retirement	Survivors/Beneficiaries	Total
Jul-19	42,847	903	5,964	49,714	Jul-20	42,942	873	5,993	49,808
Aug-19	42,857	908	6,066	49,831	Aug-20	42,944	869	6,001	49,814
Sep-19	42,892	907	6,003	49,802	Sep-20				0
Oct-19	42,943	904	6,024	49,871	Oct-20				0
Nov-19	42,832	900	6,005	49,737	Nov-20				0
Dec-19	42,821	897	5,987	49,705	Dec-20				0
Jan-20	42,856	896	5,987	49,739	Jan-21				0
Feb-20	43,004	892	6,003	49,899	Feb-21				0
Mar-20	43,008	889	6,000	49,897	Mar-21				0
Apr-20	43,069	885	6,013	49,967	Apr-21				0
May-20	42,966	883	6,020	49,869	May-21				0
Jun-20	42,925	881	6,012	49,818	Jun-21				0



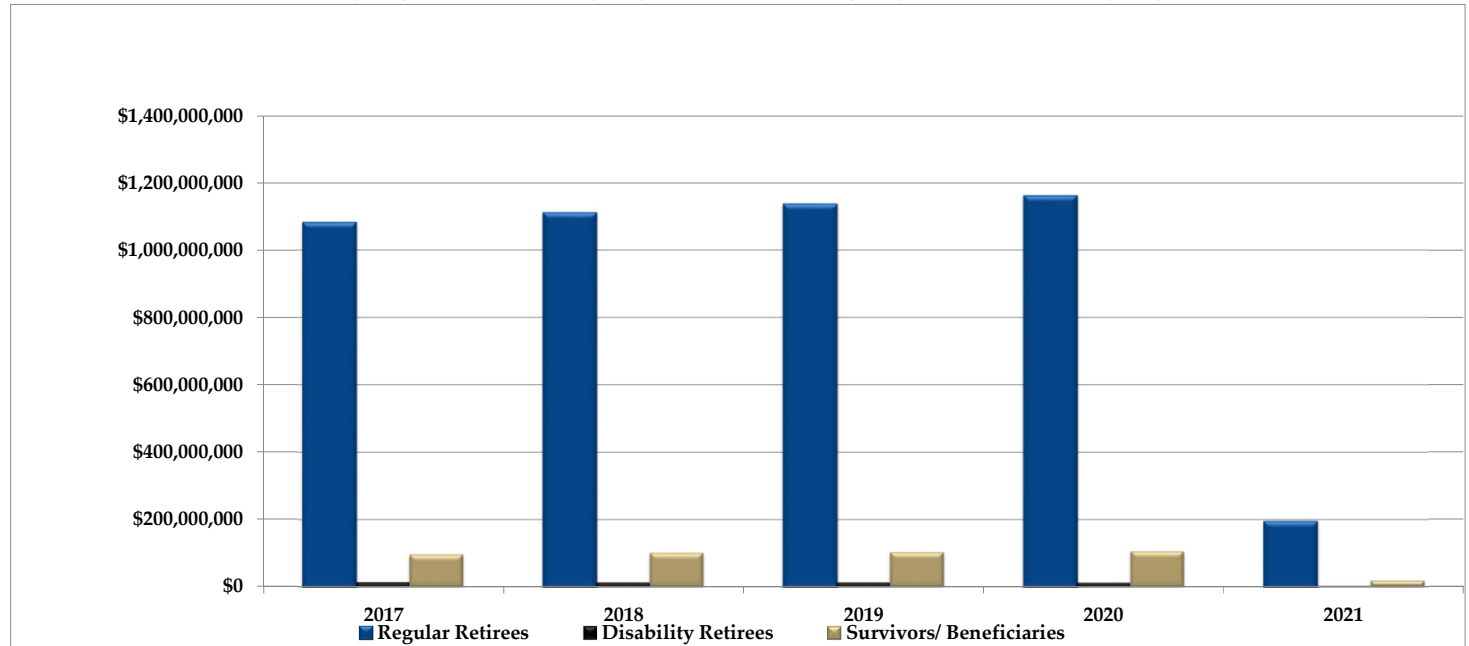
**Refund Payments**  
**Fiscal Years 2019-2020 and 2020-2021 through August 31, 2020**

FYE 2019-2020 Refunds Due to				FYE 2020-2021 Refunds Due to			
Month	Refunds	Death	Total	Month	Refunds	Death	Total
Jul-19	\$2,582,594	\$298,148	\$2,880,742	Jul-20	\$1,735,515	\$404,691	\$2,140,206
Aug-19	\$2,154,839	\$6,973	\$2,161,812	Aug-20	\$1,176,517	\$21,316	\$1,197,833
Sep-19	\$2,189,961	\$0	\$2,189,961	Sep-20			\$0
Oct-19	\$2,803,073	\$85,644	\$2,888,717	Oct-20			\$0
Nov-19	\$2,187,958	\$6,940	\$2,194,898	Nov-20			\$0
Dec-19	\$1,418,484	\$101,862	\$1,520,346	Dec-20			\$0
Jan-20	\$2,154,790	\$126,722	\$2,281,512	Jan-21			\$0
Feb-20	\$1,767,191	\$428,180	\$2,195,371	Feb-21			\$0
Mar-20	\$1,761,632	\$74,299	\$1,835,931	Mar-21			\$0
Apr-20	\$2,040,391	\$99,557	\$2,139,948	Apr-21			\$0
May-20	\$1,146,262	\$100,296	\$1,246,558	May-21			\$0
Jun-20	\$1,216,301	\$400,483	\$1,616,784	Jun-21			\$0



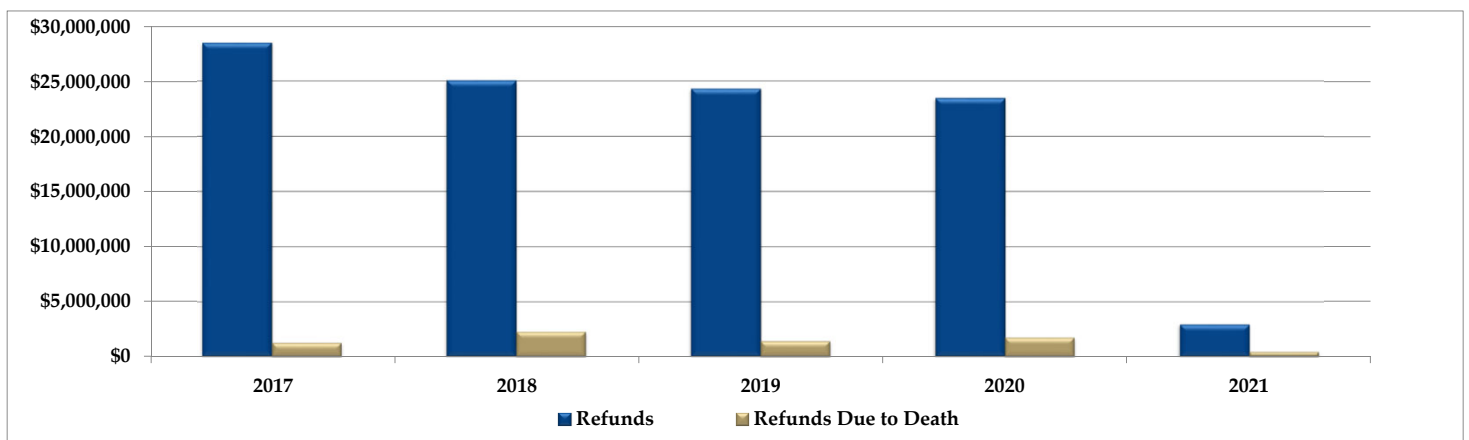
**Benefit Payments for 5 years**  
**For Five Years as of August 31, 2020**

Fiscal Year	Regular Retirees	Disability Retirees	Survivors/ Beneficiaries	Total Payments
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	\$1,136,354,915	\$12,304,622	\$102,089,676	\$1,250,749,213
2020	\$1,161,213,037	\$11,895,462	\$104,732,082	\$1,277,840,581
2021	\$195,689,939	\$1,966,084	\$17,725,739	\$215,381,762



**Refund Payments for 5 years**  
**For Five Years as of August 31, 2020**

Fiscal Year	Refunds	Refunds Due to Death	Total Payments
2017	\$28,443,202	\$1,266,083	\$29,709,285
2018	\$25,031,640	\$2,245,581	\$27,277,221
2019	\$24,286,619	\$1,397,220	\$25,683,839
2020	\$23,423,477	\$1,729,104	\$25,152,581
2021	\$2,912,032	\$426,007	\$3,338,039





**DROP and ORP Report  
As of August 31, 2020**

DROP	Current Month		Quarter Ending 6/30/2020		Quarter Ending 3/31/2020	
	Count	Balance	Count	Balance	Count	Balance
<b>Traditional (At LASERS)</b>						
Accruing HARP	3	\$364,135	3	\$337,508	3	\$297,410
Working After DROP	84	\$19,237,377	88	\$19,787,708	94	\$20,762,052
Retired After DROP	2,659	\$346,693,240	2,677	\$349,500,670	2,700	\$353,506,275
Retired-IBO	153	\$19,959,520	155	\$20,148,804	158	\$20,768,533
<b>Total Traditional</b>	<b>2,899</b>	<b>\$386,254,272</b>	<b>2,923</b>	<b>\$389,774,690</b>	<b>2,955</b>	<b>\$395,334,269</b>
<b>Self-Directed</b>						
Accruing (At LASERS)	1,319	\$67,658,381	1,348	\$67,588,738	1,353	\$67,253,543
Working After DROP, Retired & IBO (Empower)	7,556	\$610,544,323	7,500	\$600,677,956	7,419	\$582,157,579
<b>Total Self-Directed</b>	<b>8,875</b>	<b>\$678,202,704</b>	<b>8,848</b>	<b>\$668,266,694</b>	<b>8,772</b>	<b>\$649,411,122</b>
<b>TOTALS</b>	<b>11,774</b>	<b>\$1,064,456,976</b>	<b>11,771</b>	<b>\$1,058,041,384</b>	<b>11,727</b>	<b>\$1,044,745,391</b>
<b>ORP</b>						
Working & Inactive (Empower)	44	\$5,857,141	44	\$5,398,828	45	\$4,844,650



**Board of Trustees**  
**Benefit Payees Added During Period**  
**8/1/2020 - 8/31/2020**

**Regular**

Under Age 55 at Retirement	19
Age 55-59 at Retirement	36
Age 60+ at Retirement	95
Total	150
Minimum Benefit	\$278
Maximum Benefit	\$14,173
Minimum Age	44
Maximum Age	82
Minimum Years Service	6
Maximum Years Service	38
Average Age	61
Average Service	24
Average Gross Benefit	\$3,064

**Disability**

Total	4
Minimum Benefit	\$1,058
Maximum Benefit	\$4,428
Minimum Age	30
Maximum Age	49
Minimum Years Service	7
Maximum Years Service	17
Average Age	43
Average Service	13
Average Gross Benefit	\$2,388

**Survivor**

Total	0
Minimum Benefit	\$0
Maximum Benefit	\$0
Minimum Age	0
Maximum Age	0
Minimum Years Service	0
Maximum Years Service	0
Average Age	0
Average Service	0
Average Gross Benefit	\$0

**Beneficiary**

Total	35
Minimum Benefit	\$249
Maximum Benefit	\$6,796
Minimum Age	45
Maximum Age	72
Minimum Years Service	10
Maximum Years Service	38
Average Age	58
Average Service	25
Average Gross Benefit	\$1,589

**Drop Accruals**

Total	31
Average Age	56
Average Service	23
Average Gross Benefit	\$3,478



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## September 2020 Management Committee Meeting Executive Director's Comments

### **RSEA Dues Issue**

- CBI (Creative Breakthroughs Incorporated), provides penetration testing of our network, firewall and websites to ensure that we do not have open vulnerabilities.
- During such testing, CBI detected a weakness with respect to the setting of the RSEA dues amount. LASERS hosts the RSEA database, but it falls outside of our protected network.
- At the request of the RSEA member, LASERS collects dues directly from the member's benefit payment and forwards it to RSEA.
- CBI was able to manipulate the RSEA file, resetting the monthly dues amount from \$1.50 to \$2.00. This was done in a live production rather than testing environment.
- CBI did not then go back in and reset the dues to the correct amount.
- Therefore, when benefit payroll was run, approximately 6,000 retirees had a change in their benefit amount.
- In order to make the retiree whole, we will collect only \$1 from the retiree next month and revert to the \$1.50 amount the following month.
- LASERS mailed a postcard to all affected RSEA members explaining this mishap.
- CBI has agreed to reimburse LASERS for costs associated with correcting their error.
- The noted vulnerability has been resolved and cannot recur.

### **PID Update**

- September *Link* Employee Newsletter is available on the Board Portal of the website.
- COVID-19 – Continuously monitoring the Governor's media briefings and Division of Administration website for Phase updates. Communications are sent to members and staff as needed.
- Open Forum tentatively set for Wednesday, October 14. PID will coordinate the webinar ONLY workshop and videotape presentations from the event which will be available on the website.
- RSEA Annual Conference – PID will provide a videotape for the virtual conference with an update from Cindy Rougeou and our 10 Hot Topics for Retirees information.
- Board Portal – Trustee educational videos can be found under Training Videos. If you need assistance accessing them, please contact PID.

- Louisiana Photo Submissions – Active and retired members have submitted over 150 photos to date. Deadline for submissions is October 31. Selected images will be used in LASERS print and digital publications, as well as the website.
- Current PID Stats:
  - Website Page views: 54,416
  - Website Users: 17,624
  - Facebook Followers: 2,159
  - Twitter Followers: 692
  - YouTube Subscribers: 542
  - Paperless Beam Subs: 4,681
  - MINT Email Subscribers: 4,852
  - Member Connection Subs: 63,199

### **Member Compliments:**

- This comment recognized the work of the Board and LASERS staff: “I just received the summer 2020 issue of *The Beam* and wanted to contact you to express my appreciation for the work that you and the Board continue to do on behalf of state employees and retirees. During my time as an active state employee and now as a retiree from state service, I have been very pleased with your agency’s operations and results. I feel that my investment in the state system over the years has been managed wisely and well. During the particularly challenging times we are in currently, the ongoing service provided by LASERS is greatly appreciated.”
- This comment was about Amanda Kimble, Accountant 3: “I would love to mention to someone how much of a pleasure it has been working with you. You were responsive, knowledgeable and extremely helpful during this process and your dedication and focus to move this process along in a positive way was a pleasant surprise! If I would have asked anyone else to send me samples of data positioned in the columns I needed for troubleshooting, I probably would not have received them. I have done many interfaces like this one and most of the experiences have been very painful and quite time-consuming because I could not find a technician that knew the process or just didn’t really care whether it got completed or not. Thanks again for your assistance. I look forward to working with you again.”

### **NASRA:**

- The NASRA conference was presented in a virtual format this year, August 10<sup>th</sup> – 12<sup>th</sup>.
- Sessions were provided on the economy, IT security, federal update, investments, actuarial science and more.

**NOTICE AND AGENDA**  
**Board Meeting**  
**Thursday, September 24, 2020**  
***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 July 23, 2020 Board Meeting (**Action Item**)  
*Thomas Bickham, Board Chair*
2. Report and Recommendations of the Audit Committee (**Action Item**)  
*Barbara McManus, Audit Committee Chair*
3. Report and Recommendations of the Investment Committee (**Action Item**)  
*Judge William Kleinpeter, Investment Committee Chair*
4. Report and Recommendations of the Management Committee (**Action Item**)  
*Janice Lansing, Management Committee Chair*
5. Acknowledgement of Receipt of Administrative Errors Report/Documentation (**Action Item**)  
*Tina Grant, Executive Counsel*

**V. NEW BUSINESS**

**VI. OTHER BUSINESS**

**VII. ADJOURNMENT**

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



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**Louisiana State Employees' Retirement System  
Regular Board Meeting  
July 23, 2020**

The Board of Trustees of the Louisiana State Employees' Retirement System met on Thursday, July 23, 2020, in the fourth floor Board Room of the Retirement Systems Building located at 8401 United Plaza Boulevard, Baton Rouge, Louisiana.

Mr. Thomas Bickham, Board Chair, called the meeting to order at 4:26 p.m. Roll call was conducted by Ms. Beth Labello, recording secretary.

\*\*\*\*\*

Members Present: Mr. Thomas Bickham, Ms. Virginia Burton, Mr. Charles Castille, Ms. Beverly Hodges, Judge William Kleinpeter, Ms. Janice Lansing, Ms. Amy Mathews (designee of the Treasurer) Mr. Rick McGimsey (designee of the Commissioner), Ms. Barbara McManus, and Ms. Lori Pierce

Members Absent: Ms. Shannon Templet, Representative Lance Harris, and Senator Ed Price

Staff Present: Ms. Cindy Rougeou, Executive Director; Mr. Trey Boudreaux, Chief of Staff; Ms. Tina Grant, Executive Counsel; Mr. Bobby Beale, Chief Investment Officer; Mr. Mark Diaz, Public Information Officer; Ms. Mallory Sharp, Public Information Officer; Mr. Barney Miller, IT Tech Support Specialist; Mr. Logan Davis, IT Tech Support Analyst; and Ms. Beth Labello, recording secretary

Also Present: Ms. Shelley Johnson, Foster & Foster

\*\*\*\*\*

A quorum was announced present.

**Public Comment**

Mr. Bickham called for public comment, which was available through email due to the COVID-19 limitation on public access. No public comments were made.

**Regular Business**

Mr. Bickham called for approval of the minutes of the June 26, 2020 Board Meeting. **Judge Kleinpeter moved, seconded by Ms. McManus, to approve the minutes. With no objection or discussion, the motion passed.**

Judge Kleinpeter reported the Investment Committee met on Thursday, July 23, 2020, and there were no items to report.

Ms. Lansing reported the Management Committee met on Thursday, July 23, 2020, and had the following items to report:

**Ms. Lansing moved, seconded by Judge Kleinpeter, to approve rescheduling the September Board Meeting dates to September 24-25, 2020. With no objection or discussion, the motion passed.**

**Ms. Lansing moved, seconded by Judge Kleinpeter, to approve the recommended inflation assumption of 2.3%, and reduce all salary increase assumptions by 0.20%. With no objection or discussion, the motion passed.**

**Ms. Lansing moved, seconded by Judge Kleinpeter, to approve the administrative rule amendment to Chapter 27, as presented. With no objection or discussion, the motion passed.**

**Ms. Lansing moved, seconded by Judge Kleinpeter, to approve the July 2020 Retirement Disability Report. With no objection or discussion, the motion passed.**

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

### **New Business**

There was no new business to discuss.

### **Adjournment**

With no other business to discuss the meeting adjourned at 4:30 p.m.



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Cindy Rougeou, Executive Director

## Administrative Error Report

September 24, 2020

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Member's Name:	Jed LeBlanc
Agency:	Pontchartrain Levee District
Reason for Administrative Error:	Incorrect Application Submitted & Incorrect Termination Date Accepted IBO Application Received on 6/23/2020 & Changed Termination Date from 6/4/2020 to 7/3/2020

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Member's Name:	James Scott
Agency:	Tensas Basin Levee District
Reason for Administrative Error:	Reemployed Retiree Application Not Submitted Changed from Option 3 to Option 1A

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Member's Name:	Kevin Harger
Agency:	Department of Children & Family Services
Reason for Administrative Error:	Incorrect Termination Date Changed Termination Date from 6/26/2020 to 7/31/2020

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

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Louisiana State Employees'  
Retirement System

Date: August 12, 2020

To: Cindy Rougeou  
Tina V. Grant

From: Tricia Gibbons

Subject: Administrative Error – Incorrect Application Submitted  
Incorrect Termination Date

Member Information:

Name: Jed LeBlanc SSN: xxx-xx-8541

This request for administrative error is for an employee with the Pontchartrain Levee District (00252). On 5/21/2020, we received Form 6-01, Application for Retirement listing an incorrect termination date of 6/4/2020. On 6/23/2020, we received Form 6-01A, Application for Retirement with Initial Benefit Option (IBO). On 8/12/2020, we received an administrative error letter from the agency.

The agency has requested that the member be allowed to retire with an IBO using a termination date of 7/3/2020 and a retirement date of 7/4/2020 since the incorrect information was provided due to agency error.

I recommend that this request be approved.

Recommendation of Executive Counsel - Tina V. Grant

  
Tina Grant (Aug 12, 2020 14:51 CDT)

Recommendation of Executive Director - Cindy Rougeou

  
Cindy Rougeou (Aug 12, 2020 15:57 CDT)



PROTECTING YOU  
AND YOUR FAMILY

**The Board of Commissioners**  
OF THE  
**Pontchartrain Levee District**

2204 ALBERT STREET • P.O. BOX 426 • LUTCHER, LA 70071  
TEL: 225-869-9721 FAX: 225-869-9723 LA WATS: 800-523-3148

**STEVEN C. WILSON**  
PRESIDENT

**LEONARD C. IRVIN, SR.**  
VICE PRESIDENT

**COMMISSIONERS**

**HENRY N. BAPTISTE**

**PATRICK BELL, SR.**

**RICKY BOSCO**

**PERCY HEBERT, JR.**

**MARTY J. POCHÉ**

**JERRY SAVOY**

**ALLEN J. ST. PIERRE, SR.**

**DWIGHT D. POIRRIER**  
SPECIAL COUNSEL

**MEL D. BUSH**  
BOARD SECRETARY

**MONICA SALINS GORMAN**  
EXECUTIVE DIRECTOR

August 12, 2020

Via Email and Fax 225-932-7771

LASERS

Attn: Tricia Gibbons

RE: Name of Employee: Jed LeBlanc  
Social Security No: XXX-XX-8541  
Date of Birth: 08/20/1958

Dear Ms. Gibbons:

As per a telephone conversation this date, the Pontchartrain Levee District sincerely requests consideration and approval of administrative errors by the Pontchartrain Levee District.

On May 21, 2020, Jed LeBlanc and his wife, Lisa LeBlanc, came into the Pontchartrain Levee District Headquarter offices to complete Mr. LeBlanc's retirement paperwork. This office inadvertently failed to fill out the proper application. In truth and in fact, it was the desire and intention of Mr. LeBlanc to execute the Application for Retirement with Initial Benefit Option. (This office submitted the Application for Retirement and that was NOT his desire).

In addition to the error referenced above, the Pontchartrain Levee District entered the incorrect term date. As such, this agency requests a change in termination date to Friday, July 3, 2020 (7-3-2020) and an official retirement date of Saturday, July 4, 2020 (7-4-2020). Again, due to the administrative error by our office and due to the urgency of this matter we kindly request that LASERS make reference to these corrected documents and approve such administrative error as soon as possible.

THE BOARD OF COMMISSIONERS  
OF THE  
PONTCHARTRAIN LEVEE DISTRICT

Should you have any questions or need any additional information, please do not hesitate to contact me at the above telephone number or feel free to email at [mgorman@leveedistrict.org](mailto:mgorman@leveedistrict.org) at your earliest convenience. Thank you again for your courtesies and cooperation in this matter.

With kindest personal regards, I remain,

Very truly yours,



Monica S. Gorman,  
Executive Director

cc: Dwight Poirrier

Date: August 11, 2020

To: Cindy Rougeou  
Tina V. Grant

From: Artie Fillastre APF  
APF

Subject: Administrative Error – Reemployed Retiree Application Not Submitted

Member Name: James Scott

SSN: XXX-XX-1379

This request for administrative error is for an employee with the Agency # 00654 – Tensas Basin Levee District. The member retired and returned to work in February of 2020. At that time, no Re-employment of Retiree form was completed. In July of 2020, 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.

Approval of Executive Counsel – Tina V. Grant

Signature: Tina V. Grant  
Tina V. Grant (Aug 12, 2020 14:53 CDT)

Approval of Executive Director – Cindy Rougeou

Signature: Cindy Rougeou  
Cindy Rougeou (Aug 12, 2020 15:55 CDT)

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Cindy Rougeou, Executive Director

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<b>Ben Zeagler</b> La Salle Parish Jena, LA	<b>Com Mike Calloway</b> Ouachita Parish Monroe, LA	<b>Com. Michelle Collum</b> West Carroll Parish Oak Grove, LA	<b>Michael Street</b> Attorney at Law Monroe, LA
<b>Hon. Drew Keahey</b> President Caldwell Parish Columbla, LA	<b>John C. Stringer</b> Executive Director Monroe, LA	<b>Com. Rodney Hutchins</b> Vice President Catahoula Parish Harrisonburg, LA	

**TENSAS BASIN LEVEE DISTRICT**  
**505 DISTRICT DRIVE**  
**MONROE, LOUISIANA 71202**  
**PHONE: 318-323-1130**  
**FAX: 318-323-1177**  
[tensasbasin@bellsouth.net](mailto:tensasbasin@bellsouth.net)

July 27, 2020

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

Re: James Scott

To Whom It May Concern:

An administrative error occurred in regards to rehired retiree James Scott, classified WAE, due to an oversight of the form not being sent in error. Please enroll James Scott in option 1A for rehired retiree effective July 27, 2020.

Thank you,

Kristina Kennedy  
Human Resources  
Tensas Basin Levee District  
505 District Rd  
Monroe, La 71202



Louisiana State Employees'  
Retirement System

Date: August 18, 2020

To: Cindy Rougeou  
Maris LeBlanc  
Tina V. Grant

From: Tricia Gibbons

Subject: Administrative Error – Incorrect Termination Date

Member Information:

Name: Kevin Harger SSN: xxx-xx-4278

This request for administrative error is for an employee with the Department of Children & Family Services (00320). We received Form 6-1A, Application for Retirement with Initial Benefit Option on 6/25/2020 listing an incorrect termination date of 6/26/2020.

The agency has requested that the member be allowed to retire using a termination date of 7/31/2020 and a retirement date of 8/1/2020 since this was due to agency error.

I recommend that this request be approved.

Recommendation of Executive Counsel - Tina V. Grant

Tina V. Grant

Tina V. Grant (Aug 18, 2020 14:01 CDT)

Recommendation of Executive Director – Cindy Rougeou

Cindy Rougeou

Cindy Rougeou (Aug 18, 2020 14:16 CDT)

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**LASERS** Benefits Louisiana.



Human Resources  
Division of Management  
and Finance  
627 North 4th Street  
Baton Rouge, LA 70802

(O) 225.342.4310  
(F) 225.342.9833  
[www.dcfsls.gov](http://www.dcfsls.gov)

John Bel Edwards, Governor  
Marketa Garner Walters, Secretary

July 22, 2020

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


RE: Administrative Error Letter for  
Kevin Harger xxx-xx-4278  
Retirement Date - 8/1/2020

Dear LASERS:

Due to an administrative error, Mr. Harger's retirement paperwork was faxed with the incorrect retirement date on it. Kevin Harger's effective retirement date should be 8/1/2020. He received a retirement check that he is not cashing. Please put a stop payment on the check just sent to him.

Should you have any questions or need any additional information, please contact me at (225) 342-6555 or [Melissa.duncan.dcfsls@la.gov](mailto:Melissa.duncan.dcfsls@la.gov).

Sincerely,

  
Melissa Duncan  
Human Resources Analyst C  
225-342-6555





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: August 19, 2020

To: Cindy Rougeou  
Tina V. Grant

From: Artie Fillastre 

Subject: Administrative Error – Reemployed Retiree Application Not Submitted

Member Name: Jessica Holden

SSN: XXX-XX-8025

This request for administrative error is for an employee with the Agency # 00550 – Department of Veterans' Affairs. The member retired and returned to work in February of 2020. At that time, no Re-employment of Retiree form was completed. In July of 2020, 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.

Approval of Executive Counsel – Tina V. Grant

Signature:   
Tina Grant (Aug 25, 2020 12:42 CDT)

Approval of Executive Director – Cindy Rougeou

Signature:   
Cindy Rougeou (Aug 25, 2020 12:45 CDT)

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Cindy Rougeou, Executive Director

 Benefits Louisiana.

State of Louisiana

JOHN BEL EDWARDS  
GOVERNOR



JOEY STRICKLAND  
SECRETARY

Louisiana Department of Veterans Affairs  
Louisiana Veterans Home

August 13, 2020

To: LASERS  
From: LVH Office of Human Resources  
Re: Jessica Holden (XXX-XX-8025)

To whom it may concern:

On October 22, 2019, Jessica Holden became employed with the Louisiana Veterans Home (LVH) in a part time employment. Unfortunately, the Office of Human Resources neglected to submit the documents timely.

If you need more information, please contact the Office of Human Resources at (225) 634-5265 ext 252.

Thank you,

A handwritten signature in black ink, appearing to read "Shantee Phenix".  
Shantee Phenix  
HR Specialist

4739 Highway 10 • Jackson, Louisiana 70748  
Telephone (225) 634-5265 • FAX (225) 634-4057



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Senator Ed Price  
Shannon Templet

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\*Designee – Commissioner - D of A

\*\*Designee – Treasurer Schroder



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