

LASERS Benefits Louisiana.

Louisiana State Employees'
Retirement System



Board Book



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NOTICE AND AGENDA
Audit Committee Meeting
Thursday, December 10, 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 September 24, 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. Employer Pension Audit Report (GASB 68) for FYE 2020 **(Action Item)**
Ryan Babin, Audit Director
2. Annual Review of Closed Items Report
Ryan Babin, Audit Director
3. Audit Committee Satisfaction Survey Results for 2020
Ryan Babin, Audit Director
4. Reports to be Reviewed
Ryan Babin, Audit Director
5. Audit Director's Comments
Ryan Babin, Audit Director

6. 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
September 24, 2020**

The Audit Committee of the Louisiana State Employees' Retirement System met on Thursday, September 24, 2020 in the fourth floor Board Room of the Retirement Systems Building located at 8401 United Plaza Boulevard, Baton Rouge, Louisiana.

Ms. Barbara McManus, Chair, called the meeting to order at 1:00 p.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

Members Absent: None

Staff Present: Mr. Ryan Babin, Audit Director; Ms. Cindy Rougeou, Executive Director; Mr. Trey Boudreaux, Chief of Staff; Ms. Tina Grant, Executive Counsel; Mr. Bobby Beale, Chief Investment Officer; Ms. Tricia Gibbons, Retirement Benefits Administrator; Mr. Artie Fillastre, Chief Fiscal Officer; Ms. Mallory Sharp, Public Information Officer; Mr. Mark Diaz, Public Information Officer; Mr. Don Milner, IT Management Consultant; and Ms. Beth Labello, Recording Secretary

Also Present: Mr. Thomas Bickham, Mr. Charles Castille, Ms. Beverly Hodges, Ms. Amy Mathews (designee of Treasurer), Mr. Rick McGimsey (designee of the Commissioner), Ms. Lori Pierce, Ms. Shannon Templet, Senator Barrow Peacock, Ms. Shelley Johnson, Foster & Foster; Ms. Margaret Corley, Louisiana State Senate Retirement Committee; and Ms. Bonnie Marcantel, Postlethwaite & Netterville

A quorum was present and the meeting opened for business.

Ms. McManus called for public comment. There were no public comments.

Regular Business

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

Mr. Babin reviewed the FYE 2021 Audit Projects.

New Business

Ms. Bonnie Marcantel with Postlethwaite & Netterville presented the results of the FYE 2020 external audit report. **Judge Kleinpeter moved, seconded by Ms. Lansing, to recommend the Board approve the external audit for June 30, 2020. With no objection or discussion, the motion carried.** Ms. Marcantel complimented the Audit and Fiscal staff for their assistance with the audit. Ms. Rougeou thanked P&N for working so well with LASERS staff.

Mr. Babin presented the building fund audit report for June 30, 2020.

Mr. Babin reported on the continuing education efforts of the audit staff for FYE 2020.

Mr. Babin gave an overview of the semi-annual open items report.

Mr. Babin reviewed the customer service evaluation survey results.

Mr. Babin reviewed the executive summary of audit reports. Ms. Rougeou commented that a Cyber Security Presentation will be presented next month at the Management Committee Meeting to demonstrate how LASERS is actively working to protect against any potential cyber security threats to members' information.

Audit Director Comments

Mr. Babin commented that Mr. Reece Babin recently obtained the Certified Information System Auditor Certification, and Ms. Laura Sena recently obtained the Certified Internal Auditor Certification. His staff continues to pursue other certifications in the audit field.

Executive Director Comments

Ms. Rougeou had no further comments.

Other Business

No other business was discussed.

Adjournment

The meeting adjourned at 1:33 p.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. Project 1802 - fieldwork being finalized.	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. Project 1904 - Fieldwork being performed. Phase 3/MyLASERS is currently scheduled for completion the first half of FYE 2021.	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. Project 1908 - Fieldwork being performed. The online self-service security portion of MyLASERS is currently scheduled for completion the first half of FYE 2021.	N/A	7/9/2018	
04	Investments/Fiscal	Investment manager review	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.	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. Project 2009 - COMPLETED.	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	Completed.	N/A	7/1/2020	7/16/2020
		2104 Louisiana State University	Fieldwork being performed.	N/A	7/3/2020	
		2105 Division of Administration	Completed.	N/A	7/7/2020	8/19/2020
		2107 Orleans Parish Criminal District Court	Fieldwork being performed.	N/A	7/22/2020	
		2111 Secretary of State	Completed.	N/A	9/24/2020	11/2/2020
		2114 Office of Homeland Security and Emergency Preparedness	Completed.	N/A	10/1/2020	10/7/2020
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. Project 2113 - fieldwork being performed.	Jul-Sep	9/28/2020	
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. Project 2106 - fieldwork being performed.	Jul-Sep	7/7/2020	
12	Member Services/Fiscal/IT	GASB 68 Actuarial File Review	<p>This project includes the following:</p> <ul style="list-style-type: none"> - 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. <p>This will cover the most recent previous fiscal year. Project 2115 - report being drafted.</p>	Aug-Oct	10/20/2020	
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. Project 2108 - COMPLETED.	Sep	9/8/2020	9/25/2020
14	Executive	Ethics Program Review	Project 2110 - fieldwork being performed.	Oct-Dec	9/17/2020	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. Project 2112 - COMPLETED	Oct-Dec	9/28/2020	10/7/2020
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. 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.	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"> - Accounting Processes (SOLARIS) - Accurint Search Activity - Benefits - Death - Disability - Membership - Refunds - Service Purchases - Transfers 			
			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. Project 2101D - COMPLETED.	Jul-Sep	7/1/2020	9/30/2020

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. Project 2101F - fieldwork being performed.	Dec-Jan	11/13/2020	
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		
		ADMINISTRATIVE WORK				
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	
		UNBUDGETED PROJECTS				
27	Audit Services	These projects will consist of those not planned at the start of the fiscal year.			N/A	
		PERCENTAGE OF HOURS ALLOCATION				

FYE 2021 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
		83.19%	Budgeted Projects			
		2.13%	Follow up Activities			
		5.08%	Unbudgeted Projects			
		8.75%	Administrative Time			
		PERFORMANCE MEASURES				
		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.			
		STAFFING RESOURCES				
		<u>Name and Position</u>	<u>Certifications</u>	<u>LASERS Audit Experience (Approx.)</u>		
		Ryan Babin, Audit Director	Certified Public Accountant (CPA), Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA)	17 ½ years		
		Hollie Cowell, Staff Auditor	CPA, CIA, CISA	10 ½ years		
		Reece Babin, Staff Auditor	CISA	3 ½ years		
		Nicole Xue, Staff Auditor		2 ½ years		
		Laura Sena, Staff Auditor	CPA, CIA	1 years		



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Summary of Closed Items Listing

Area	Number of Items Closed during 2020
Employer Agencies	5
Executive	1
Fiscal	8
Investments	2
Information Technology (IT)	2
Member Services	1
Total	19

Items Closed During 2020

Observation #	Observation	Recommendation
<u>Agency Audit</u>		
1623	Louisiana State University (LSU)	
01A	<p>There were thirteen rehired retiree reporting errors identified. Nine retirees were rehired in LASERS eligible positions where reporting to LASERS was required, but they were not reported. Four retirees were reported to LASERS when they should not have been since they were rehired into positions that are not eligible for LASERS.</p> <p>According to LA R.S. 11:416 (B), the retiree and the appointing authority of the employer agency covered by the system shall immediately notify the system of the retiree's date of employment, the option selected for reemployment purposes, the amount of his starting salary, any subsequent changes in salary, the estimated duration of employment, and the date of termination of employment. This notification and information is obtained via LASERS Re-employment of Retiree Forms. Additionally, LASERS Liaison Memo 13-23 states that when a retiree returns to work in a LASERS eligible position, the agency should submit a Re-employment of Retiree form to LASERS within forty-five days of hire. During this review, the agency indicated that they will provide training to ensure rehired retirees in LASERS covered positions are properly reported to LASERS.</p> <p>It should be noted that during this review the agency has begun taking the necessary steps to correct the records in error and has resolved one retiree who was eligible to be reported to LASERS.</p>	<p>The agency should provide LASERS the necessary remaining information to properly correct the records for the retirees noted in this observation.</p> <p>LSU agrees with this recommendation and will notify LASERS of the date of reemployment, the option selected for reemployment, and termination date for the nine retirees. All of these rehired retirees elected to limit their earnings, therefore no contributions are required. LASERS will be notified of the Form 10-2 reporting for the ineligible retirees sent in error. Any earnings and contributions sent in error will be corrected. LSU is working with a new HR/Payroll and Finance system, which went live July 1, 2016.</p> <p>March 2017 Update (Audit Services): The agency is in the process of correcting the remaining records.</p> <p>August 2019 Update (Audit Services): The agency is in the process of correcting the remaining records.</p> <p>February 2020 Update (Audit Services): This item is closed.</p>
1722	Nicholls State University	

<i>Observation</i>	<i>Observation</i>	<i>Recommendation</i>
#		
01B	<p>During this review, there were base pay related reporting issues identified for three individuals. For these individuals, the monthly base pay reported to LASERS did not consistently correlate to the monthly earnings reported.</p> <p>The base pay for a full-time employee is the member's annual full-time salary. Regardless of the type of employee, monthly base pay should always be reported to LASERS as one-twelfth of the member's annual full-time salary.</p> <p>NSU has taken the necessary steps to correct the base pay for one of the three individuals and is in the process of correcting the remaining two records. Additionally, they have begun the process of identifying the source cause of these issues in order to prevent this from happening in the future.</p>	<p>The agency should review their process and procedures related to base pay reporting and make any necessary changes to ensure the items noted in the observation are adequately addressed. The University noted that they have previously reported earnings for nine-month employees in a manner consistent with a proper and logical pro-rata allocation of annual base salary, which was the base pay divided by nine. After reviewing Liaison Memorandum 13-13 and discussing this matter at length with LASERS staff, a consensus was reached that the current reporting method results in NSU employees not receiving proper service credit due to LASERS computer system requirements and protocols. The University wants all of its employees to receive proper retirement credit within their respective system. Therefore, NSU agrees to report future earnings for nine-month employees in a manner that will ensure that the LASERS computer system will grant proper service credit to their employees. This change will result in adding a manual action to their reporting process and will likely increase some workload for their finance staff. In conclusion, NSU disagrees with the observation, but agrees to modify their reporting methods.</p> <p>September 2017 Update (Audit Services): The agency is working on improving their current process to address the item.</p> <p>August 2019 Update (Audit Services): The agency has informed their staff on how to correctly process these. They are currently in the process of updating the procedures. The estimated time for completion is December 31, 2019.</p> <p>August 2020 Update (Audit Services): The agency provided an update on how they handle base pay calculations. Additionally, to verify this observation is closed a</p>

Observation

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Observation**Recommendation**

2011 McNeese State University

01A During this review, it was determined that an incorrect amount of unused leave was certified for one retiree which caused an error in the payment issued to the member upon retirement. For this individual, the unused leave amount was understated approximately 96 hours. According to the agency, leave balances are certified after the final payroll has been processed and termination pay has been reduced from the leave balance. Before the certification is sent to LASERS, Human Resources at the agency reviews Banner Document Management, the agency's payroll system, to verify the remaining leave balance. It should be noted that during this review the agency has provided the corrected leave form to LASERS for this retiree.

01B During this review, it was determined that an incorrect amount of unused leave was certified for one retiree which caused an error in the payment issued to the member upon retirement. For this individual, the unused leave amount was understated approximately 96 hours. According to the agency, leave balances are certified after the final payroll has been processed and termination pay has been reduced from the leave balance. Before the certification is sent to LASERS, Human Resources at the agency reviews Banner Document Management, the agency's payroll system, to verify the remaining leave balance. It should be noted that during this review the agency has provided the corrected leave form to LASERS for this retiree.

Base Test was re-run with more recent data from SOLARIS and it did not yield issues with the way the agency currently reports base for 9 and 10 month employees to LASERS. Therefore, this item is considered closed.

The agency should work with LASERS staff, as necessary, to properly resolve the retiree cited in this observation. The agency agrees with this recommendation. A corrected Leave Certification Form was submitted to LASERS on December 16, 2019.

The agency should review their procedures and process currently in place and make any necessary updates to ensure the unused leave balances are certified to LASERS in an accurate and timely manner.

The agency agrees with this recommendation.

For Timely Reporting:

We created a Workflow process to trigger an email reminder to complete Leave Certification Form within 30 days of retirement for LASERS members. This Workflow email triggers when a retirement date is entered into Banner and provides both Human Resources and Payroll a method of tracking compliance with submission of form in a timely manner. The email reminder

<i>Observation #</i>	<i>Observation</i>	<i>Recommendation</i>
		provides the employee name and retirement date and provides a "checklist" within Workflow where HR and Payroll have to complete and submit their checklist or Workflow will continue to remind until deadline date which is 30 days following retirement.
		For Accurate Reporting: Our current internal processing procedure requires the Payroll Supervisor to screen print final leave balance and provide copy to Director of Human Resources. This was done in the case of the retiree that was certified incorrectly, but through human error, the Director of Human Resources failed to submit proper leave balance for Annual leave. An additional check point was added to current procedures whereby the Director of Human Resources will provide a copy of the completed Leave Certification Form to the Payroll Supervisor to check balances being reported.
02	During this review, it was determined that LWOP dates were not consistently reported to LASERS. According to LASERS Liaison Memo 13-24 Reporting LWOP, it is necessary for non-LaGov reporting agencies to report LWOP to LASERS. LWOP dates can be reported to LASERS in two primary ways, Employer Self-Service (ESS) or on the monthly contribution file. The agency noted that there is not a set process to report LWOP to LASERS. Incorrect or missing LWOP information can cause errors in producing retirement estimates for members and can also impact the proper calculation of service credit.	The agency should create LWOP reporting procedures and processes to ensure this information is reported to LASERS accurately and timely. The agency agrees with this recommendation. We created a Workflow process to trigger an email to Director of Human Resources with any docked pay entered into the Banner system for LASERS members. Director of Human Resources will enter the docked pay in accordance with guidance from LASERS on Solaris reporting of docked pay.

Executive

1714 Business Continuity Plan Review

01	In 2001, LASERS entered into a contract with Turnbull Consulting to develop a Business Continuity and Disaster Recovery Plan. The services were performed in several phases over the course of a few years with an approximate cost of	LASERS should formally re-analyze the first three components of Business Continuity Management as noted above. One approach to consider would be to complete this as part of the Enterprise Risk Management Program implementation. Business Continuity
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Observation

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Observation**Recommendation**

\$210,000. The final deliverable was a very large document that contained thousands of pages. This document was comprehensive, but is not practical for keeping copies readily available in case of a continuity event. The various phases of the 15-year-old project covered the key elements described in the diagram below.

According to the Institute of Internal Auditor's Global Technology Audit Guide (GTAG) 10: "A well-defined Business Continuity Management (BCM)/Crisis Management (CM) plan is like an insurance policy for the organization – it helps to ensure that the organization will continue to be viable and meet stakeholder expectations. Deficient, poorly constructed or communicated CMPs with inadequate testing or training may elevate organizational risks from a crisis to unacceptable levels." Key components of a Business Continuity Plan are:

- Management Support
- Risk Assessment and Risk Mitigation
- Business Impact Analysis
- Business Recovery and Continuity Strategy
- Plan Awareness and Training
- Maintenance

The first three bulleted items are necessary to evaluate if the current business continuity plan would successfully navigate LASERS through various business interruptions, for both seen and unforeseen events. In reviewing the documentation from Turnbull Consulting, the first three items were completed during that project. Business Continuity Management is what directs the Business Continuity Plan. LASERS has successfully navigated previous interruptions (i.e., natural disasters); however, these events did not result in inoperable use of facilities, equipment, information, or staff.

has been identified as a key risk area for LASERS and the Chief Risk Officer is facilitating an evaluation in each of these areas. Since these components were performed during the Turnbull Consulting Project, this documentation could serve as a guide or starting point during this evaluation. Furthermore, a formal process should be established to ensure these components are periodically evaluated as part of LASERS Business Continuity Management Program. Executive agrees with this recommendation and the first three components noted above will be re-analyzed within the next six months. As the Enterprise Risk Management Program is integrated with the agency operations, a formal process to ensure periodic review will be adopted. Business Continuity is a critical component of agency operations. While elements of continuity planning are routinely discussed, a more formal process should be adopted.

March 2018 Update (Executive):

The Business Continuity Plan updates have been stalled due to recent focus on the new proposed retirement plan. Recommend new target completion date of December 31, 2018.

February 2019 Update (Executive):

A Business Impact Analysis (BIA) has been completed for each division. The BIAs list the key processes for each division, as well as the systems and applications required, the outside services or vendors used, and the Recovery Time Objective (RTO) and Recovery Point Objective (RPO) for each process. The Chief Risk Officer has met with each division director to review and update the division's individual Business Continuity Plan (BCP). The BIAs and BCPs will be reviewed and updated in March of each year. As part of the Enterprise Risk Management (ERM) program, a Business Continuity Risk Report is being prepared. The purpose of the report is to document the risks that could prevent LASERS from providing services to our members in

<i>Observation</i>	<i>Observation</i>	<i>Recommendation</i>
<i>#</i>		
	<p>The first three bullet points noted above are the beginning of BCM and are crucial elements that will later help define the various plans to recover and continue business, how to test those plans, and how to maintain them to ensure they are effective. Identifying and understanding the key risks to LASERS key business functions continuing to operate at an acceptable level is a critical first step. Once the risks are identified, Executive, with input from key staff, determines the appropriate ranking and priority of these risks. LASERS would then identify what processes would be impacted by these risks, if realized, along with the expected level of impact. Next, an appropriate response plan or risk mitigation strategy would be established. A key component of the response plan includes defining adequate time milestones to achieve business resumption, which is also known as Recovery Time Objectives (RTO). Currently the RTO at LASERS is IT systems based only, but the plan does not, for example, specifically dictate how to achieve the various RTO milestones of 24, 48, 72, and 96 hours which are the maximum limits.</p> <p>An example of why the planning phases are imperative to developing the BCP is that currently, LASERS plan primarily focuses on the resumption of IT systems. However, key elements such as the people and physical location plans are not identified in the current BCP. During a business interruption, an IT system can be brought up in 24 hours, but if there is not appropriate staff available to work or an equipped facility for them to work at, then business resumption cannot be achieved. Performing the first three steps would help identify this and help design plans to address any weaknesses identified.</p>	<p>the event of a major business interruption. The report is currently under review by the LASERS division directors and will be presented to Executive for review in February or March. Upon completion of the report, LASERS will prepare a formal risk assessment regarding business continuity. The risk assessment will be used to help LASERS identify and respond to weaknesses in the BCPs. This process is expected to be completed by June 30, 2019.</p> <p>August 2019 Update (Chief Risk Officer): The formal risk assessment for business continuity is currently in progress and is expected to be completed by December 31, 2019.</p> <p>February 2020 Update (Chief Risk Officer): The Business Impact Analysis (BIA) for each division has been completed. Furthermore, the formal Risk Assessment for business continuity has also been completed.</p>

Fiscal

1801 Agency Contribution Reporting

<i>Observation</i>	<i>Observation</i>	<i>Recommendation</i>
#		
04A	<p>Upon receiving an agency's monthly contribution report and corresponding payment, Fiscal pre-loads the report into a test environment to ensure there are no file rejection errors. Once this is confirmed, the files are placed into a folder so it can be loaded into SOLARIS production. After the report is loaded into SOLARIS production, Fiscal also confirms that the total employee and employer contribution amount matches the payment amount. According to Fiscal, if there is an error or a difference, staff performs the following:</p> <p>a. In situations where an error that would stop the file from merging into SOLARIS production is found, Fiscal manually changes the original file that was submitted by the agency instead of sending it back to them for correction. After these changes are made, the file is loaded into SOLARIS production.</p> <p>b. In situations where an agency's payment is off by less than \$1.00, Fiscal will reject the file, after being loaded into SOLARIS production and change it in ESS by making a small adjustment to an individual's employer contributions. After these changes are made, Fiscal will re-submit the file that now matches the payment amount.</p>	<p>Fiscal should develop a process to work with the agencies to resolve rejected files without the need for Fiscal staff to make changes on an ongoing basis.</p>
	<p>According to Fiscal, these SOLARIS related weaknesses are known issues; therefore, the manual process noted above was implemented as a workaround along with additional compensating controls (i.e. staff experience and proficiency). It should be noted that audit is not aware of any examples of files being updated inaccurately.</p>	<p>Response:</p> <p>It should be noted that the decision to not reject files and send them back to the agencies was made by Fiscal, Member Services, and Executive when ACR went live in SOLARIS. This process was deemed more efficient because Fiscal could correct and process a file faster than it would take the agency to fix and resubmit corrections. This in turn allowed Member Services to process retirements faster. Since the Audit, Fiscal has begun notifying agencies of rejections and is working with them to correct the submission of future files.</p>
	<p>In both of these situations, changing the reports submitted by the agency poses the risk of the files being updated with inaccurate information. Furthermore, the current process for changing the reports submitted by the agency does not include a system approval prior to the changes being made or a review after the changes are processed.</p>	

Observation #	Observation	Recommendation																								
06B	<p>When an agency submits information on the monthly contribution file that does not adhere to the expected criteria, exceptions will generate. Different types of exceptions exist that either generate on the file that was submitted or the individual record with the possible issue. Exceptions that generate on the individual record also create a work item in Optimus. LASERS staff performs research on these items to determine the best course of action to adequately address the exception.</p> <p>The procedures for addressing the different types of exceptions should be improved. The chart below contains additional details on all of the exception types along with the related procedure information.</p> <table><tr><th>Exception Type</th><th>Responsible Division</th><th>Action of Exception</th><th>Procedure Information</th></tr><tr><td>Non-Critical Fiscal (NCF)</td><td>Fiscal</td><td>Generates on the individual contribution record and creates a work item.</td><td>Procedures exist that facilitate how to identify these exceptions, but detailed information regarding the proper corrective action for each does not exist.</td></tr><tr><td>Non-Critical Member Services (NCM)</td><td>Member Services</td><td>Generates on the individual contribution record and creates a work item.</td><td>Detailed procedures exist that explain how to identify these exceptions and the proper corrective action for each.</td></tr><tr><td>Critical Fiscal (CF)</td><td>Fiscal</td><td>Stops the file from completing the process of being merged into SOLARIS, but does not reject the file.</td><td>Procedures exist that facilitate how to identify these exceptions, but detailed information regarding the proper corrective action for each does not exist.</td></tr><tr><td>Read-Load (RL)</td><td>Fiscal</td><td>Rejects the entire file being submitted.</td><td>No procedures exist for these exceptions.</td></tr><tr><td>Read-Merge (RM)</td><td>Fiscal</td><td>Rejects the entire file being</td><td></td></tr></table>	Exception Type	Responsible Division	Action of Exception	Procedure Information	Non-Critical Fiscal (NCF)	Fiscal	Generates on the individual contribution record and creates a work item.	Procedures exist that facilitate how to identify these exceptions, but detailed information regarding the proper corrective action for each does not exist.	Non-Critical Member Services (NCM)	Member Services	Generates on the individual contribution record and creates a work item.	Detailed procedures exist that explain how to identify these exceptions and the proper corrective action for each.	Critical Fiscal (CF)	Fiscal	Stops the file from completing the process of being merged into SOLARIS, but does not reject the file.	Procedures exist that facilitate how to identify these exceptions, but detailed information regarding the proper corrective action for each does not exist.	Read-Load (RL)	Fiscal	Rejects the entire file being submitted.	No procedures exist for these exceptions.	Read-Merge (RM)	Fiscal	Rejects the entire file being		<p>The process for the ACR Supervisor to check ten percent of cleared exceptions needs to be improved to ensure that this is completed on a monthly basis and a log is kept showing what items were reviewed.</p> <p>It should be noted that, during this review, Fiscal created a process to document the items that are reviewed by the ACR Supervisor each month. This item should remain open until the process has consistently been completed for six months to allow for further refinements, as needed. Audit Services will review the documentation at the conclusion of this six-month period.</p> <p>September 2020 Update (Fiscal): This item is complete. I have uploaded seven months of Cleared ACR Exceptions as evidence of completion. The supervisors 10% review is documented in the comment column.</p>
Exception Type	Responsible Division	Action of Exception	Procedure Information																							
Non-Critical Fiscal (NCF)	Fiscal	Generates on the individual contribution record and creates a work item.	Procedures exist that facilitate how to identify these exceptions, but detailed information regarding the proper corrective action for each does not exist.																							
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<i>Observation</i>	<i>Observation</i>	<i>Recommendation</i>
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	<p>submitted.No procedures exist for these exceptions. X-File Load (XL)FiscalRejects the entire file being submitted.No procedures exist for these exceptions. X-File Merge (XM)FiscalRejects the entire file being submitted.No procedures exist for these exceptions.</p> <p>Also, according to the ACR procedures, “The ACR supervisor will randomly sample 10% of cleared exceptions for correcting records and debit and credits on a monthly basis to verify that the exceptions cleared are correct.” Audit Services was unable to confirm whether this procedure has been consistently performed since a log or other related documentation of items reviewed was not kept.</p> <p>Detailed procedures in these areas can result in greater consistency and reduce the likelihood of error.`</p>	
1914 Rehired Retiree Process Review		
06A	<p>The following items were noted during this review and relate to instances where the rehired retiree procedures should be updated.</p> <p>When a Re-employment of Retiree Form is received, a review is performed by Fiscal staff to ensure the form is complete and the individual is eligible to be a LASERS rehired retiree. If the form is accepted, then it is processed in the SOLARIS Cancel Retirement History module. Otherwise, the form is rejected and the employer agency is notified as to the reason for the rejection.</p> <p>During this review, four individuals were identified as not eligible for LASERS and should have been rejected, but were not. These individuals were rehired by a notice of election agency in an unclassified position, which is considered ineligible. It should be noted that the entries in the SOLARIS Cancel Retirement</p>	<p>Fiscal should evaluate the rehired retiree process and procedures for the areas described in the observations and take the steps to make the necessary updates.</p> <p>Fiscal agrees with this recommendation. Fiscal has updated procedures as recommended.</p>

<i>Observation #</i>	<i>Observation</i>	<i>Recommendation</i>
	History module for these records were fixed and deleted.	
06B	<p>The following items were noted during this review and relate to instances where the rehired retiree procedures should be updated.</p> <p>When a Re-employment of Retiree Form is received, the necessary updates are made in the SOLARIS Cancel Retirement History module. In the instances where a new rehire is received and the individual is already in an active rehired status, per the Cancel Retirement History, Fiscal staff should take the necessary action to review the previous rehire entry. When this situation occurs, the most common action is to inactivate the previous rehire entry by entering a termination date.</p> <p>Currently, there is no written guidance for Fiscal staff on the necessary action to be taken in this situation.</p>	<p>Fiscal should evaluate the rehired retiree process and procedures for the areas described in the observations and take the steps to make the necessary updates.</p> <p>Fiscal agrees with this recommendation. Fiscal has updated procedures as recommended.</p>
06C	<p>The following items were noted during this review and relate to instances where the rehired retiree procedures should be updated.</p> <p>For Option 1A rehired retirees, an annual letter requesting the fiscal year actual earnings is mailed to the appropriate employer agency by Fiscal staff. When the actual earnings amount is received back from the employer agency, it is processed in the SOLARIS Excess Earnings module to determine if the individual earned more than their allowable earnings amount.</p> <p>During this review, there were two scenarios identified where the procedures related to this process should be updated:</p> <ul style="list-style-type: none"> •One instance was identified where an entry in the SOLARIS Excess Earnings module was not created for an individual that was deceased at the time the letter was received back from the 	<p>Fiscal should evaluate the rehired retiree process and procedures for the areas described in the observations and take the steps to make the necessary updates.</p> <p>Fiscal agrees with this recommendation. Fiscal has updated procedures as recommended.</p>

<i>Observation</i>	<i>Observation</i>	<i>Recommendation</i>
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	<p>employer agency. Since an entry was not created in the SOLARIS Excess Earnings module, the calculation of possible excess earnings was not performed. Fiscal has discussed this instance with Legal and it was confirmed that the individuals that fall into this scenario should be processed in SOLARIS. It should be noted that the individual identified during this review has been processed in SOLARIS.</p> <ul style="list-style-type: none"> •One instance was identified where a FYE 2018 annual earnings request letter was not sent for an individual that was rehired in FYE 2018. The FYE 2018 annual earnings request letter process was performed in July 2018; however, LASERS was not notified of this individual's rehired date of June 4, 2018 until August 22, 2018. If a Re-Employment of Retiree form is received after the annual earnings request letter process has been completed and the rehire date is for a prior fiscal year, then Fiscal should take the necessary steps to request the actual earnings from the employer agency. 	
06D	<p>When a Re-employment of Retiree Form is received and processed in SOLARIS for an Option 1A rehired retiree, an initial letter is sent to them that contains their allowable earnings amount for the fiscal year. The initial letter is automatically created in SOLARIS and electronically reviewed by Fiscal staff before being mailed.</p> <p>During this review, it was determined that there are certain situations when the initial allowable earnings letter should not be sent and the automated SOLARIS correspondence should be deleted. According to Fiscal, a couple of common example situations where this would occur would be when a form is received around the same time as when the annual allowable earnings letter process is performed or when the initial letter contains an incorrect allowable amount. Currently, there is no written guidance for Fiscal staff on when and how this should be performed.</p>	<p>Fiscal should evaluate the rehired retiree process and procedures for the areas described in the observations and take the steps to make the necessary updates.</p> <p>Fiscal agrees with this recommendation. Fiscal has updated procedures as recommended.</p>

<i>Observation #</i>	<i>Observation</i>	<i>Recommendation</i>
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Fiscal - SOLARIS

1801 Agency Contribution Reporting

03B There are situations where the earning, base pay, and/or contribution amounts reported to LASERS may need to be updated (e.g., resolve identified exceptions, apply reported retroactive contributions to the correct period, etc.). Changes to these items can only be made if an exception exists on a record.

NCM or NCF exceptions can be generated in two ways: system (SOLARIS) generated and manually created. System generated exceptions are accompanied with a work item, created in Optimus, that indicates what could be wrong with the record. Manually created exceptions are created by a user when they want to update a record that does not have a system generated exception. When an exception is cleared in all instances, the record is flagged with a check mark on the main SOLARIS Account History screen and a comment is included that contains the username of the person who made the change when viewing the record details.

During this review, the following situations outline areas where controls related to account history record changes should be improved:

a.Currently, there are two methods used to access identified account history record exceptions in SOLARIS. One method is by selecting the account history record from the Account History tab and the other is by selecting the exception from the Exception tab. When accessing the exception via the Account History tab, no exception can be created and saved unless a comment containing text is entered. However, from the Exception tab, a comment is still required, but no text actually has to be entered. When creating or resolving account history record exceptions in SOLARIS, the individual performing the

TFS item 41326 should be completed to ensure that no individuals are able to update their own contribution records.

<i>Observation</i>	<i>Observation</i>	<i>Recommendation</i>
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	<p>task should be required to enter a comment stating the reason why the exception is being created or cleared. The SOLARIS functionality should consistently require a text comment to be entered, regardless of the manner in which an exception is accessed.</p> <p>b.It was observed that an individual, with security access to edit account history records, is able to make adjustments to their own contribution records in SOLARIS. It should be noted that during this review TFS item 41326 was created to address this. Audit is not aware of any examples of when an individual updated their own record.</p> <p>c.It was observed that an individual's earnings and contributions could be modified though the exception resolution process. The current process for resolving exceptions that require changes to the account history data does not include a system approval prior to the updates being made. However, the following items relate to a review performed on completed NCM and NCF exceptions:</p> <ul style="list-style-type: none"> •Fiscal reviews ten percent of completed, system generated exceptions. •Member Services does not have a review process in place for completed, system generated exceptions. •Neither Fiscal nor Member Services has a review process in place for manually generated exceptions. <p>d.When attempting to save changes made to account history records, the updated record is not validated against the active NCF or NCM exceptions to identify if the changes violate any pre-defined rules. This process improvement would prevent improper adjustments from being made to an account history record. During limited sample testing, no examples of instances where an improper adjustment was made to a record was identified.</p> <p>Proper controls related to the member account history record</p>	

<i>Observation #</i>	<i>Observation</i>	<i>Recommendation</i>
	changes should be implemented to ensure consistency and reduce the possibility of error or internal fraud.	
1914	Rehired Retiree Process Review	
03	<p>When the fiscal year earnings request letter for an Option 1A rehired retiree is received back from the employer agency with the actual earnings amount, Fiscal is notified for processing. The reported actual earnings are entered into the SOLARIS Excess Earnings module and a calculation is performed to determine if the rehire retiree exceeded their allowable earnings. If the allowable earnings are exceeded, then an invoice would be created for the excess earnings. The formula currently used in SOLARIS to calculate the fiscal year allowable earnings amount is as follows:</p> <p>Fiscal Year Monthly Benefit (as of the day the reported earnings is entered into the SOLARIS Excess Earnings Module) x 12 = Fiscal Year Annual Benefit</p> <p>Fiscal Year Annual Benefit x CPI (Consumer Price Index) Adjusted Factor = Fiscal Year Allowable Earnings Amount</p> <p>During this review, there were instances identified where the monthly benefit as of the end of the fiscal year end being evaluated was different than the amount as of the day the reported earnings were entered into SOLARIS. Since the earnings are evaluated on a fiscal year basis, the logic in the SOLARIS Excess Earning module should be modified to calculate the allowable earnings as of the fiscal year end. This will ensure the accuracy of the excess earnings calculation and associated invoices.</p>	<p>Fiscal should work with IT to correct the logic for the SOLARIS Excess Earnings module to address the issue noted in the observation. In the interim, Fiscal should develop a solution to ensure that the correct fiscal year monthly benefit is utilized in the excess earnings calculation.</p> <p>Fiscal agrees with this recommendation. TFS item 51405 has been entered to address the flaw in the logic in the SOLARIS Excess Earnings module.</p> <p>August 2020 Update (Audit Services): TFS item 51405 has been completed and this issue has been addressed.</p>

Investments

<i>Observation #</i>	<i>Observation</i>	<i>Recommendation</i>
2005	Custodian Bank Review	
02	<p>BNY Mellon has general performance standards for recovering tax in each country (i.e., filing frequency, payment standards, statute of limitations, etc.) along with reporting standards. The provision relating to tax reclaims in the LASERS contract states, “With respect to foreign (non-U.S.) taxes, the Custodian shall assist the Client in obtaining exemption from such taxes and file claims for exemptions or refunds with respect to such taxes in instances in which such exemptions and claims are appropriate”. However, this provision does not clearly establish LASERS expected performance standards relating to tax reclaims. Due to the inherent complexity and periodic changes that occur with tax reclaims, establishing clear and agreed upon performance expectations will allow for better oversight by LASERS staff and help to minimize confusion related to roles and responsibilities. It should be noted that LASERS Investments Division is working with LASERS Legal Division and BNY Mellon to put a Service Level Agreement in place for Tax Reclaims.</p>	<p>LASERS Investments Division should work with BNY Mellon and LASERS Legal Division to finalize the necessary updates in the contract to include performance standards relating to tax reclaims.</p> <p>LASERS Investments Division agrees with this recommendation. LASERS Investments and Legal Divisions began working with BNY Mellon to establish a Service Level Agreement (SLA) for Tax Reclaims in the latter part of 2019. The SLA is a side letter to the contract, which provides performance standards for the custodian as well as fee credits associated with untimely filing of tax reclaims.</p> <p>The Investments and Fiscal Divisions will hold monthly calls with BNY Mellon to review pending reclaims and/or documentation, as well as any credits that may be due LASERS. The SLA was executed in February 2020.</p> <p>In addition, a tax section was incorporated into the Service Level Description (SLD) between LASERS and BNY Mellon, which outlines the tax services to be performed by the custodian.</p> <p>This has been assigned a high priority and has been completed.</p>
03B	<p>At the onset of this review, LASERS staff were in the process of implementing a formal mechanism to monitor and review BNY Mellon’s tax reclaim services. The Audit Services Division provided recommendations on ways to strengthen the monitoring process, which included verification and evaluation of the following:</p> <p>a. Necessary tax and related documentation has been properly completed and not awaiting client action.</p> <p>b. Pending tax reclaims that should be closed based on the</p>	<p>LASERS Investments Division should evaluate the use of a third party provider with tax reclaim expertise to perform an independent review of LASERS tax reclaims and related processes.</p> <p>LASERS Investments Division agrees with this recommendation. LASERS Investments and Fiscal Divisions held conference calls with two independent tax reclaim providers, WTax and Globe Tax. After the discussions, non-disclosure agreements were executed and LASERS tax and income data was provided for</p>

<i>Observation #</i>	<i>Observation</i>	<i>Recommendation</i>
	<p>normal market timeframe as outlined by BNY Mellon.</p> <p>c.Reconciliation of actual versus expected amount of paid reclaims.</p> <p>d.Periodic evaluation to ensure that tax relief is being pursued in all foreign countries where LASERS is invested and relief is available.</p> <p>It should be noted that written procedures have been developed by the LASERS Investments Division and Investment Accounting Department (Fiscal Division) to monitor the items in a through c noted above. They are in the process of implementing these procedures.</p> <p>In addition, due to the inherent complexity and risk involved in the tax reclaim process, LASERS should consider evaluating the use of a third party provider of withholding tax relief and recovery services to evaluate whether all available reclaim opportunities are being taken advantage of. The expert third party review would also provide independent and more reliable assurance on the effectiveness of BNY Mellon's service.</p> <p>The formal implementation of the monitoring and review of the tax reclaim process will ensure that LASERS is maximizing the recovery of taxes on foreign investments.</p>	<p>analysis. The results of these third-party provider reviews will assist in determining if and to what extent outside tax reclaim services may be needed.</p>

IT

1030

Business Continuity and Disaster Recovery

02B	<p>In the event of a disaster that renders LASERS data center inoperable, the current contract with SunGard provides that LASERS, upon request, would be supplied with a mobile trailer. This trailer will contain all the IT equipment necessary for LASERS to continue business and will serve as a temporary data center. A mobile data center has the benefit of mobility</p>	<p>The mobile data center option does not increase the monthly cost of LASERS contract with SunGard. Use of the mobile data center is a low probability option that would only be considered in the event of the loss of LASERS facilities for an extended period or a long-term regional disaster. The risks identified in the observation (i.e. power, network access, etc.) could be mitigated at LASERS</p>
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<i>Observation</i>	<i>Observation</i>	<i>Recommendation</i>
#	<p>since it is difficult to determine where LASERS operations would be moved to. In addition, LASERS also has the option to request to use one of SunGard's physical facilities to restore operations.</p> <p>Currently, the annual cost to retain SunGard's services is \$69,408. To acquire the mobile data center after a disaster, there would be an initial fee of \$12,500. LASERS would also be required to pay a daily rate of \$1,250 from the day of declaration and on day 31, the daily rate would increase to \$3,000 a day.</p> <p>Outside of the fees paid to SunGard, LASERS would incur additional costs to utilize the mobile data center. SunGard only provides the hardware items and limited work space. Some examples of items that LASERS would be responsible for include:</p> <ul style="list-style-type: none"> - Determining the location to place the mobile data center. - Powering the mobile data center. - Establishing a connection to the internet. - A large amount of the total data storage space is only accessible via an internet connection. - LASERS personnel may have to connect remotely. - Providing personnel to utilize the equipment. - Security of the equipment and data inside the mobile data center. <p>In the event of a major catastrophe, it could be difficult for LASERS to address the items noted above on short notice. Currently, there is not a plan in place to address these various factors and the associated costs.</p> <p>It should also be noted that Audit Services performed research with other public pension funds to determine what methods are currently being utilized to recover IT systems. Due to the</p>	<p>with a 'hitching post'. However, the cost of installing one was in excess of \$10,000 which along with the low probability of use and the possibility that it could be placed in a location that would be inaccessible following a building disaster make that unattractive. These risks would also apply to any non-LASERS location chosen for the mobile option. The IT staff believes that our vendor relationships would allow us to overcome these risks in an acceptable time frame in the unlikely event that LASERS activated the mobile option following a disaster. The SunGard fees for activating the mobile option are a budget risk that would be considered in any decision to use that option following a disaster.</p> <p>At the time of the audit in 2010, there was a greater likelihood that the mobile data center option would be exercised in these circumstances based on the technology recovery process in place. However, LASERS technology recovery process has since evolved to the point where it would be a really low likelihood that the mobile data center option would be exercised in the event of a disaster of this caliber. As part of the next disaster recovery testing exercise, IT and Audit Services will conduct a full review of the current restoration method that would be utilized in these circumstances.</p> <p>LASERS IT also plans to perform a formal review of disaster recovery options and providers once the iSeries platform is retired. This will open up more choices and the likelihood of disaster recovery cost reductions. In the meantime, I recommend that LASERS Executive Management accept the risks identified in Audit 1030 Observation 02 and the risks associated with not implementing recommendation 02A and delaying implementation of recommendation 02B. Note that business continuity planning and provisions related to continuing operations in the event of this type of disaster remains an issue for LASERS Executive team</p>

<i>Observation #</i>	<i>Observation</i>	<i>Recommendation</i>
	constantly changing technological environment, various methods are being used to recover data systems ranging from simple data backup tapes to complete identical equipment set-ups in remote locations.	<p>even though the risks noted above are being accepted.</p> <p>September 2014 Update: A review of the current restoration method was performed during audit project 1427. The review confirmed the effectiveness of the current solution which further supports the conclusion noted above regarding the mobile data center solution. This item will remain open until after IT completes their formal review of the disaster recovery options. Suggest changing the expected completion date to June 30, 2016.</p> <p>September 2016 Update (IT): The current solution for data center disaster recovery has not changed. The process was tested during the annual disaster recovery test in June 2016 without issue. The current solution will not be reviewed again until 1st quarter of 2017 (the annual disaster process review). It is not anticipated a major overhaul of the process will be implemented at that time, just an updating of processes. An extensive review of disaster recovery processes is anticipated after the completion of the Optimus project. This item will be revisited by September 30, 2017.</p> <p>April 2017 Update (IT): The System Recovery process is not changing significantly this year except for changing the tool from VRanger to Veeam. As stated in the September 2016 update, the recovery processes will not be significantly changed until after Project Optimus which completes in mid-2018 (the date was misstated previously). The projects which will potentially impact the way system recovery is processed will be Optimus and the potential Office 365 project, if approved. Periodic review will take place as needed.</p> <p>August 2017 Update (IT): With the last annual D/R test and the Optimus D/R test, it is apparent the current strategy will not continue to be sufficient. While the process works, it is becoming increasingly</p>

<i>Observation #</i>	<i>Observation</i>	<i>Recommendation</i>
		<p>problematic. Information Technology is starting the pre-planning stages of a project to reassess and recommend a new solution for D/R. The project is targeted to begin sometime in the 3rd or 4th quarter of 2017. A project update will be provided to this open audit item in December 2017.</p> <p>February 2018 Update (IT): IT is working on a new solution, which will be piloted, with the Optimus system. The Proof of Concept with three providers is being currently performed. This new process recommendation is being prepared for Executive review and approval before moving forward. If approval is granted, a new solution will be tested in the 2nd and 3rd quarters of 2018. In the interim, the LASERS IT Disaster Recovery Processes are being reviewed and update.</p> <p>January 2019 Update (IT): A new disaster recovery process is being proposed and if approved will change the process by which LASERS IT provides DR for the LASERS computer systems. An update to this process is pending approval of this new process. IT will revisit this recommendation after the pilot of the new DR is fully tested. The anticipated timeline is the end of June 2019.</p> <p>February 2019 Update (IT): The new disaster recovery (DR) process utilizing iLand was approved on January 31, 2019 by the LASERS business leaders and executive. Once the contract is signed, IT will begin by placing the Optimus system into this solution and going through extensive testing. The testing will last about three months. During this time the new process will be documented, including an updated DR plan. Once this point is reached, the other key systems will be moved to iLand for DR (Solaris, JDE, network file shares). Will target an update to this item around June 2019.</p>

<i>Observation #</i>	<i>Observation</i>	<i>Recommendation</i>
		<p>March 2019 Update (IT): Optimus has been replicated to iLand and testing is starting this month. The replication process has been smooth. Testing will begin by performing a test similar to what LASERS does with SunGard.</p> <p>July 2019 Update (IT): LASERS IT is working to update the computer system Disaster Recovery (DR) process. Note this is not Business Continuity (BC). To date iLand has replicated copies of Optimus, Solaris, and JD Edwards. A full test of these systems was performed on June 19, 2019. It is of note this test performed on the 19th was more extensive than any test performed with SunGard in the past 15 years. Even with problems, the test completed in 8 hours. Further refinements to the DR replication and DR Test are needed. Another test is being planned before the September test with Audit observing. See the report of the test from the 19th uploaded. Please set the completion date of this item to December 31, 2019.</p> <p>July 2020 (Audit Services): During Project 2009 Disaster Recovery Process Modernization, it was confirmed that IT has replaced the previous disaster recovery solutions with SunGard. IT now performs a replication of production systems to I-Land, a secure cloud based storage solution, which has increased the overall efficiency of Disaster Recovery at LASERS. This change along with the implementation of Microsoft Office 365 for the LASERS email system has addressed all of the issues noted in this observation related to the data center components. However, the evaluation and implementation of the non-data center related components (e.g., an alternate physical location equipped with workspaces, workstations, phones, printers/copiers, and other equipment necessary to continue operations) have not been formally</p>

<i>Observation #</i>	<i>Observation</i>	<i>Recommendation</i>
1604	IT Security Management Review	<p>resolved. Therefore, as part of Project 2009, a recommendation was outlined to address these concerns. This recommendation will be closed and the remaining item will be tracked with Project 2009 until completion.</p>
05	<p>The approval and implementation of an IT Security Incident Response Plan is important to prepare LASERS to appropriately handle security incidents, provide training, and make employees and contractors aware of the incident reporting process and their responsibilities. According to NIST SP.800-61r2, a security incident response plan is one of the important items to have for creating an effective security incident response capability in an organization. A creation of an incident response plan, policy and procedure are important parts of establishing a team to help ensure that an incident response is performed effectively, efficiently and consistently. Additionally, the plan, policy, and procedure must allow the team to be empowered to do what needs to be done to rectify an incident.</p> <p>It should be noted that IT has developed a draft IT Security Incident Response Plan, but it has not been approved or formally implemented.</p>	<p>IT should evaluate the current draft Security Incident Response Plan and make any necessary adjustments and take the steps to formalize and implement this plan for LASERS.</p> <p>IT plans to perform the following corrective action to address this item:</p> <ul style="list-style-type: none"> •A standard IT Security Response Plan will be developed and approved that will address, at a minimum, the following: <ul style="list-style-type: none"> o Detection o Analysis o Recovery o Post-Incident •A testing plan for the incident response will be developed that will be tested on an agreed upon testing period between IT and Audit for validation of process and improvements. •Investigation will be made into having a vendor retainer for incident responses to ensure that the environment is ready for a security incident and that support would be available to respond timely. •Investigation will be done into data breach notification laws for the state of Louisiana so that LASERS is aware of what our legal requirements are. Data breach insurance policies will also be investigated and an analysis conducted. <p>August 2017 Update (IT): A draft of the Security Incident Response Plan has been started but not completed. An update on the draft plan along with new target date will be provided by December 2017.</p>

<i>Observation #</i>	<i>Observation</i>	<i>Recommendation</i>
		<p>December 2017 Update (IT): The draft for a Security Incident Response Plan has been written. After review of the draft, it has been determined that several other documents are needed. 1. Templates for plans and notes to document the incident 2. Storage location for all incident documentation 3. Draft plans for known types of incidents 4. Communications plan for how to communicate internal / external 5. Potentially others Because of these additional documents needing to be developed, IT is recommending we push the deadline to June 30, 2018.</p> <p>September 2018 Update (IT): No activity has occurred on this item since December 2017. Work is being scheduled for the 1st quarter of 2019. An update will be provided at the end of the 1st quarter 2019.</p> <p>February 2019 Update (IT): Information Technology (IT) has contacted Mandiant to explore options of utilizing their services for developing and managing an Incident Response Plan (IRP). Further details will be added at the end of the 1st quarter 2019. In the past six months, IT has contacted three local vendors with security practices for development of an IRP. None of these providers displayed the expertise LASERS desired.</p> <p>March 2019 Update (IT): Mandiant has an excellent service but the capital expense was greater than expected (in excess of \$100,000 annually). IT is continuing to look into other options.</p> <p>August 2019 Update (IT): The Security Administrator is tasked with completing this item this fiscal year. Due date June 30, 2020.</p>

<i>Observation #</i>	<i>Observation</i>	<i>Recommendation</i>
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December 2019 Update (IT):
The IT Director has requested the IRP be ready for presentation to the board in February. The first draft is due in December and will be vetted by IT with as much involvement from Risk Management and Audit as possible in the timeframe available. IT commits that this process of review will be ongoing even after the presentation and will continue reviews and updates to this critical process.

August 2020 Update (IT):
The Incident Response Plan version 1.01 is complete. Since the completion of the IRP, LASERS IT has engaged our partner CBI, to assist LASERS with improving the IRP and developing version 2.0. This process is currently ongoing and should be complete this Fall. This improvement process is ongoing and will be reviewed with our partner on a regular basis. IT recommends this item be closed.

Member Services - SOLARIS

SOLARIS PHASE V

11 Issue_AS_2005_045 Security of EE files

SOLARIS should be designed to prevent employees from processing transactions related to their own account (i.e refund, retirement).

The user is restricted from updating their own account in certain modules in SOLARIS but not all. TFS Bug 17521 has been assigned and scheduled to be completed by December 31, 2009. This request is currently in rejected status but the issue is not resolved. TFS Bug 17521 has been reopened since an individual is able to refund themselves, but not retire themselves. This item is expected to be completed by December 31, 2013. March 2014 Update: No status change update. September 2014 Update: No

<i>Observation #</i>	<i>Observation</i>	<i>Recommendation</i>
		<p>status change update. March 2015 Update: No status change update. September 2015 Update: No status change update.</p> <p>March 2016 Update (Member Services): We are still working with IT to figure out the best possible resolution to this problem. Please give new expected completion date of July 1, 2016.</p> <p>September 2016 Update (Member Services): Due to staffing changes, the priority of this work item was overlooked. Also, more pressing issues in SOLARIS have taken priority. Please update expected completion date to June 30, 2017.</p> <p>June 2017 Update (Member Services): This item is still under consideration; however, the resolution is still not clear. We are still working with IT on the best resolution. Please update projected completion to December 31, 2017.</p> <p>November 2017 Update (Member Services): Replaced original TFS item with Requirement 41325. Bugs will be linked to this requirement to address specific functionality. Once all bugs are closed, the requirement will be closed.</p> <p>December 2017 Update (Member Services): Request change of estimated completion date to December 31, 2018, pending IT resources.</p> <p>November 2018 Update (Member Services): Most items have been completed under the new TFS item, but there are still two items where the internal user validation needs to be updated. Please change projected completion date to December 31, 2019, pending IT resources.</p>

<i>Observation #</i>	<i>Observation</i>	<i>Recommendation</i>
		<p>December 2019 Update (Member Services):</p> <p>All work has been completed on Requirement 41325 to prevent internal users from performing work on themselves in the SOLARIS system.</p>

Results of 2020 Audit Committee Satisfaction Survey

Question	Yes	No	Comments
1. Do you feel that the organizational placement of the audit services division is appropriate?	3	0	
2. Does the charter ensure that internal auditors have free and unrestricted access to records, information, locations and employees to perform their audits?	3	0	
3. Is the evaluation and update of the audit services division charter every three years sufficient?	3	0	Question: What is the standard in your peer group? Audit Director Response: Reviewed at least every 3-5 years and updated as deemed necessary.
4. Are the quantity and type of projects, as outlined in the annual audit plan, appropriate and reasonable?	3	0	
5. Are your suggestions for areas to be audited included in the audit plan?	2	1	Comment from 'No' response: I haven't asked for any. However, the things I would suggest are covered.
6. Do you believe that the work scheduled by audit services, as outlined in the audit plan, gives appropriate attention to areas of high risk within LASERS?	3	0	
7. Is the content of the audit reports provided to the audit committee adequate?	3	0	
8. Is the current reporting process to track and follow-up on open observations sufficient?	3	0	
9. Is the communication of the customer service evaluation results (completed by management) to the audit committee sufficient?	3	0	
10. To your knowledge, is the audit services director a valued member of the management team?	3	0	Absolutely.
11. Are you satisfied with the overall professionalism and conduct of the audit services division?	3	0	
12. What improvements could be made in the future to maximize the effectiveness and efficiency of the Audit Services Division?	N/A	N/A	<ul style="list-style-type: none"> • None that I am aware of • None
13. Are you satisfied with your understanding of the audit services division's purpose and role at LASERS?	3	0	

Question	Yes	No	Comments
14. Do you find the overall effectiveness of the audit services division to be satisfactory?	3	0	
15. To your knowledge, is the audit services division objective and independent in fulfilling its duties?	3	0	
16. Please provide in the space below feedback concerning questions that may need to be re-worded or removed.	N/A	N/A	

EXECUTIVE SUMMARY OF AUDIT REPORTS

2088 Summary of Fraud Tips (External Review)

The LASERS fraud policy contains details regarding the reporting and investigation of potential fraud affecting LASERS. The Audit Services Division has been designated as the primary point of contact for handling these matters at LASERS. After a tip has been received, a case file is established and the details are discussed with LASERS Executive Counsel. Based on the details of the case, appropriate action is taken. During this fiscal year, thirteen new tips were received via the LASERS fraud hotline or other sources and the summary details of the individual cases are outlined below. Also, updates are provided for all cases that were open as of the start of this fiscal year.

CASES OPENED IN FYE 2020

#2001: (OPEN)

Fiscal notified Audit Services of two situations where an individual continued to receive benefit payments for a retiree that had been deceased for several years. This case was sent to the Attorney General's office for investigation. The investigation is ongoing; therefore, this case will remain open.

#2002: (CLOSED)

An electronic fraud reporting form submission was received from an individual who noted that "multiple people have collectively stole their assets". It was determined that this individual was not a LASERS member and their claim did not pertain to LASERS; therefore, this item was closed.

#2003: (CLOSED)

An allegation was made through the Elderly Protective Services that a LASERS retiree was being financially exploited by their daughter. In September 2019, the retiree updated their LASERS address and direct deposit information. This case was sent to the Attorney General's office for investigation. According to the Attorney General's office, this matter was being investigated by the Tangipahoa Parish Sheriff's office since they were the law enforcement agency with jurisdiction in this matter and a complaint was first filed with them. The Tangipahoa Parish Sheriff's determined that the allegation was unfounded with no evidence of criminal conduct found. Therefore, this item is closed.

#2004: (CLOSED)

An electronic fraud reporting form submission was received from an individual who noted a concern with Empower Retirement processing a withdrawal. Audit Services made repeated attempts via phone and email to

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

contact this individual and no response was received for 60 days. Furthermore, investigation determined that it is unlikely that this individual was a LASERS member. It should be noted that the area code of the phone number provided was from Seattle, WA. Due to no response after repeated attempts of contact and a lack of information, this case will be closed with no further action. However, if we hear back from them, the case will be re-opened.

#2005: (CLOSED)

Fiscal notified Audit Services of a fraudulently submitted Authorization for Direct Deposit form for a LASERS retiree. LASERS received the form via fax from an agency's human resources department. The retiree contacted LASERS after receiving a letter from LASERS regarding the change of their direct deposit information to inform us that they did not initiate this request. After being notified of this, the retiree's direct deposit information was corrected. No funds were paid into the fraudulent account.

It appears that the agency's human resource staff member that faxed the form was victim of a phishing email scam. This case was sent to the Attorney General's office; however, this case was closed once it was determined that the phishing email received by the agency originated from unknown persons overseas and no state funds were lost.

In response to this situation, LASERS submitted an agency liaison memo to all employer agencies on phishing awareness. Furthermore, Fiscal has implemented a service offered through our bank that compares the direct deposit and related information in our system to a database of accounts to determine if the information we provide matches what they show in their database. The purpose of utilizing this service is for us to more quickly be notified if an account is closed/invalid or if the account owner in the database does not match our payee thereby reducing the risk of fraudulent direct deposit information being set up in our system. The information in the database is limited to those financial institutions that participate in this service which currently consists mostly of large banks. Credit Unions, Savings & Loans, and small banks are not covered. No further required action; therefore, this item was closed. Please also refer to the Case 2013 summary for additional controls involving changes to direct deposit information.

#2006: (CLOSED)

An electronic fraud reporting form submission was received from an individual related to a life insurance policy. It was determined that this was unrelated to LASERS; therefore, this item was closed.

#2007: (CLOSED)

An electronic fraud reporting form submission was received from an individual related to student loan debt wage garnishment. It was determined that this was unrelated to LASERS; therefore, this item was closed.

#2008: (CLOSED)

A call was received on the fraud hotline from a former LASERS member that is now refunded. The individual was indicating that there were contributions that were not reported to LASERS. After further review, it was determined the payments received for the period of time in question was for workers' compensation which is ineligible for LASERS contributions. Therefore, this item was closed.

#2009: (CLOSED)

A call was received on the fraud hotline from an active LASERS member. The member wanted their ex-spouse removed as their beneficiary. The member also contacted Member Services and received the necessary

information on how to update their beneficiary designation. Audit Services attempted to contact this member multiple times to inquire as to any possible fraud related to this situation, but could not reach them. Due to no additional contact or information being received from the member on this case, it will be considered closed.

#2010: (OPEN)

Fiscal notified Audit Services of a fraudulently submitted Authorization for Direct Deposit form for a LASERS retiree. LASERS received the form via fax from an unknown recipient. The retiree contacted LASERS after receiving a letter from LASERS regarding the change of their direct deposit information to inform us that they did not initiate this request. After being notified of this, the retiree's direct deposit information was corrected. No funds were paid into the fraudulent account. This case was sent to the Attorney General's office for investigation. The investigation is ongoing; therefore, this case will remain open. Please also refer to the Case 2013 summary for additional controls involving changes to direct deposit information.

#2011: (CLOSED)

Fiscal received a positive pay exception from JP Morgan Chase indicating that a check issued by LASERS had been altered. After confirmation of this exception with JP Morgan Chase, Fiscal attempted to contact the benefit recipient to whom the altered check was issued, but was initially unsuccessful. Therefore, the altered check was not authorized for payment and the benefit recipient's account was placed on a temporary hold.

After multiple attempts, Fiscal was able to eventually get in touch with someone at the phone number on file in SOLARIS. However, this individual was unable to answer two out of the three identity validation questions without placing Fiscal on hold before replying. Due to this suspicious activity, this case was sent to the Attorney General's office for an investigation.

Through investigation, it was determined that the check was altered by the bank that originally cashed the check and no fraud against LASERS had occurred. Furthermore, it was confirmed that the LASERS benefit recipient is not deceased. Therefore, this item was closed.

#2012: (CLOSED)

Audit Services received three electronic fraud reporting forms from two individuals. These individuals submitted forms in FYE 2019 that contained similar information which was not coherent, intelligible, or retirement related. The previous case, 1903, was closed after review and since no new retirement related information was provided, this case was also closed.

#2013: (OPEN)

Fiscal notified Audit Services of an incident where the following occurred for a LASERS retiree:

- An unauthorized address change.
- Submission of a fraudulent Authorization for Direct Deposit form.

It was determined that someone (bad actor) used the Member Self-Service (MSS) portal to change a retiree's home address in our system by creating a new account in the portal. This person had the information required (i.e., social security number, date of birth, and zip code) to create such an account successfully. A few days after this address change, the bad actor faxed an Authorization for Direct Deposit form to LASERS requesting a bank account change for this retiree. The direct deposit account information was changed in our system which resulted in the next month's benefit being transferred to the fraudulent bank account. The fraudulent bank

account was closed shortly thereafter which resulted in the inability to process the following month's payment. LASERS then contacted the retiree and it was confirmed that they did not authorize these changes.

Fiscal corrected the retiree's bank account information and re-issued them the two monthly benefit payments not received. In addition to this, LASERS has taken the following action related to this incident:

- The retiree's MSS account has been temporarily disabled (locked no access). Furthermore, the ability to change an address in our system via MSS has been temporarily disabled for all members. This functionality will not be allowed until the appropriate controls have been put in place to prevent this type of incident from occurring in the future (see planned future changes below for additional information).
- The Louisiana Attorney General was contacted and LASERS has provided them with all requested information. The Attorney General investigator has subpoenaed the bank where the fraudulent account was created and their investigation to identify the bad actor is currently still active.
- Our IT security vendor has provided assistance with the analysis of this incident.
- Other LASERS accounts that appeared to show recent similar activity have been investigated (where the address was changed and later the bank account was changed) and there was no evidence identified that a similar incident had occurred for any other individuals.
- Fiscal has contacted the bank where the fraudulent account was created and requested that the funds be returned to us. There has been no response received to date.
- Member Services has made the following changes to their address change related processes:
 - Manually sending a confirmation letter to the old and new address when a member changes their address on record via paper form and instructs the member to contact us if they did not initiate the change.
 - Heightened scrutiny and comparison of signatures as part of validating the request.
 - Explicit contact with benefit recipients, in certain situations, to verify the validity of the address change request. For example, if a benefit recipient receives a paper check and submits an address change form, Member Services reviews the form for completeness. If anything doesn't match or appears incorrect, then Member Services calls the benefit recipient to verify validity.
- Fiscal has made the following changes to their direct deposit related processes in order to verify the requested change is valid:
 - The Authorization for Direct Deposit form has been changed to include an area where the member must include their old routing and account number.
 - Explicit contact with benefit recipients, in certain situations, to verify the validity of the direct deposit request.
 - Heightened scrutiny and comparison of signatures as part of validating the request.
 - Implemented a service offered through our bank that compares the direct deposit and related information in our system to a database of accounts to determine if the information we provide matches what they show in their database. The purpose of utilizing this service is for us to more quickly be notified if an account is closed/invalid or if the account owner in the database does not match our payee thereby reducing the risk of fraudulent direct deposit information being set up in our system. The information in the database is limited to those financial institutions that participate in this service which currently consists mostly of large banks. Credit Unions, Savings & Loans, and small banks are not covered.

The following future changes are planned for completion within the next few months and designed to further ensure that the risk of this incident from occurring in the future is adequately mitigated:

- A critical mitigation will be the implementation of more modern security enhancements of the myLASERS (formerly MSS) website which is scheduled to be implemented before the end of calendar year 2020. A key security control within myLASERS that will mitigate this risk is the use of Multi-Factor Authentication (MFA). MFA improves security by requiring something you “Know” (ID & Password) and requiring something you “Have” (secret code sent to your phone via text message or voice call). By having these two factors, it increases the difficulty of an attacker to access your account as they not only need your ID/Password but must also have access to your phone, for example. MFA will be utilized at both account setup and login.
- Automate the process of sending letters to the previous address on file for all address change requests processed for benefit recipients.
- Automate notifications in myLASERS to notify members that an address change or direct deposit request was received and upon completion of the change.

This case will remain open until all items noted above have been closed.

UPDATES ON OPEN CASES FROM PRIOR FISCAL YEARS

#1801: (OPEN)

Fiscal contacted Audit Services regarding possible fraud relating to benefit payments issued to a beneficiary after the retiree’s death. LASERS was contacted by the beneficiary inquiring as to when they will receive their benefit and it was discovered that the payments were being issued to someone other than the valid beneficiary. It appears that the beneficiary’s sister (member’s daughter that was not the valid beneficiary) submitted paperwork to LASERS posing as their sister, the valid beneficiary. After this was discovered, LASERS obtained the paperwork from the valid beneficiary and begin remitting payments to them. Audit Services provided the details of this case to the Attorney General’s Office for investigation. The case is still under investigation; therefore, this item will remain open.

Update

The individual in question has been arrested and posted bail. A motion for a status conference has been made with no court date set as of now. This case will remain open.

#1805: (OPEN)

Fiscal contacted Audit Services regarding possible fraud relating to an emergency refund payment. LASERS bank contacted Fiscal because there was an attempt to process the check twice. Audit Services provided the details of this case to the Attorney General’s Office for investigation. It was determined that the member attempted to deposit the check via their mobile device; however, when they did not see this post to their account immediately, they proceeded to cash the check. The business where they cashed the check requested reimbursement from our bank and, per statute, we were required to comply. The member was contacted to repay the overpaid funds and Fiscal is in the process of pursuing collection. The investigator at the Attorney General’s Office concluded that this was not a fraudulent situation; therefore, the case was closed with their office. However, since there is an outstanding overpayment, this case will remain open on our end.

Update

This individual has not repaid the funds; therefore, LASERS turned the collection process over to the AG’s Collections. Since this individual has not made any payments to the AG’s Collections, they are on the list to file

suit against the debtor and tax-offset file sent to the Louisiana Department of Revenue. This case will remain open.

#1807: (OPEN)

Fiscal contacted Audit Services regarding possible fraud relating to benefit payments issued to a beneficiary after death. Fiscal attempted to reclaim the payments that were paid to a beneficiary after death, but were denied for the benefits paid via EFT. Audit Services provided the details of this case to the Attorney General's Office for investigation. The case is still under investigation; therefore, this item will remain open.

Update

Fiscal was able to reclaim fourteen of the seventeen overpayments. The investigator at the Attorney General's Office concluded that this was not a fraudulent situation; therefore, the case was closed with their office. However, since there is an outstanding overpayment, this case will remain open on our end.

#1808: (OPEN)

Fiscal contacted Audit Services regarding possible fraud relating to benefit payments issued to a retiree after death. The retiree's niece confirmed that they had a joint bank account with their aunt and has used the monthly retirement benefits deposited in the account since their aunt's death. Audit Services provided the details of this case to the Attorney General's Office for investigation. The case is still under investigation; therefore, this item will remain open.

Update

This case was sent to the Attorney General's office who opened a case, but closed it with the understanding that the relative would set up a repayment plan. A repayment plan was setup with LASERS via a signed promissory note in September 2018. This individual is still making some repayments; therefore, this case will remain open.

#1902: (OPEN)

Fiscal notified Audit Services of a situation where an individual continued to receive benefit payments for a retiree that had been deceased for several years. This item was sent to the Attorney General's office. According to the investigator assigned to this case, a suspect has been identified and subpoenas have been issued. The investigation remains open.

Update

According to the Attorney General investigator, five arrest warrants have been issued for the associated individuals. However, they currently reside in Texas; therefore, the investigator is coordinating with Texas law enforcement on this case. This case will remain open.

#1906: (CLOSED)

LASERS received notification from JP Morgan Chase Bank regarding multiple unsuccessful attempts to cash fraudulently forged checks. The checks, in most cases, did closely resemble those produced by LASERS. Despite these attempts, no funds were lost by LASERS in these instances because of controls used by our bank to determine the validity of a check before issuing payment and they were identified as fraudulent. Audit Services provided the details of this case to the Attorney General's office for investigation. They have opened a case and are in the process of performing an investigation. The investigation remains open. JP Morgan has not notified LASERS of any additional cases like this situation since mid-April 2019.

Update

JP Morgan has not notified LASERS of any additional cases like this situation since mid-April 2019. Therefore, it has been decided to close this case. If any incidents like this situation are reported in the future, then a new case will be opened and any information from this case will be transferred accordingly.

2101D Funding Actuarial File Review (FYE 2020)

This was a planned engagement on the fiscal year end 2021 Audit Plan. The fieldwork for this engagement was completed on September 30, 2020.

LASERS is required to supply member and retiree data to the Legislative Actuary and the LASERS actuary for the production of the annual actuarial valuation. According to R.S. 11:127(C), the actuaries for the public retirement systems, plans, or funds and the legislative actuary shall submit annual actuarial valuations to the Public Retirement Systems' Actuarial Committee (PRSAC).

The overview of the annual process for producing the actuarial file is as follows:

- The process generally begins in mid-July. Certain prerequisite activities must be completed before the actuarial data file can be developed for testing. (e.g., final posting of June employee contributions, complete processing of retirement applications with a retirement date on or before June 30th).
- The Information Technology (IT) Division prepares the actuarial files which contain LASERS member and retiree data in a format provided by the Legislative Actuary.
- The Audit Services and Fiscal Divisions perform a series of tests designed to verify the validity and completeness of the records on the file and identify possible errors requiring correction. Critical errors are reviewed and corrected by Member Services, IT, and/or Fiscal Division staff.

The file is typically delivered to the LASERS actuary and the Legislative Actuary the last week in August. The LASERS actuary typically has the valuation report ready for distribution and presentation to the LASERS Board of Trustees for the September board meeting.

A thorough review and testing of the actuarial file was performed by LASERS staff to help ensure that all critical errors found on the actuarial file were resolved. The actuarial file was submitted to the LASERS actuary and the Legislative Actuary prior to the September 1st deadline. There were no reportable observations identified during this review.

2108 Component Unit Financial Report (CUFR) and Funding Actuarial Valuation Report Review

This was a planned engagement on the fiscal year end (FYE) 2021 Audit Plan. The fieldwork for this engagement was completed on September 25, 2020.

The CUFR and Valuation are required to be completed annually and contain critical information that is utilized by both internal and external stakeholders. The CUFR is compiled by the LASERS Fiscal Division and audited by an independent external audit firm, Postlethwaite & Netterville (P&N). The Valuation is prepared by an independent actuarial and consulting firm, Foster & Foster.

Overall, it was determined that within reason:

- The calculations in the fiscal year end (FYE) 2020 CUFR and Valuation were accurate.
- The amounts and information reported in the previous and current year's CUFR and Valuation were materially consistent.
- The amounts and information contained in both the CUFR and Valuation for the current year matched.

No issues were identified during this review. All necessary revisions were made prior to the distribution of the final reports.

2111 Secretary of State (SOS) (External Review)

This was a planned engagement on the fiscal year end (FYE) 2021 Audit Plan. The fieldwork for this engagement was completed on November 2, 2020. SOS employs approximately 288 LASERS members. No reportable issues were identified during this review.

2112 Audit Charter and Policy Compliance Review

The Audit Services Division performed a review to determine if items outlined in the Audit Committee Charter, Audit Services Division Charter, and Audit Resolution Policy and Procedures were complied with and adhered to for the period July 2019 through June 2020. Also, the items noted as issues during Project 1603 that remain open were re-evaluated.

It was concluded that no new areas of non-compliance were observed. Furthermore, the remaining open items established during Project 1603 are being tracked for periodic follow up.

The audit director certifies that the Audit Services Division:

- Reports to a level within the organization that allows the internal audit activity to fulfill its responsibilities.
- Continues to maintain its organizational independence.
- Has not experienced any interference in determining the scope of internal auditing, performing work, and/or communicating results.
- Maintains a quality assurance program that covers all aspects of the division and is monitored on an ongoing basis. The results of the ongoing monitoring confirm this program remains effective.
- Continues to maintain conformance with the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing and Code of Ethics. There are no known areas of non-conformance.

It should be noted that if the accuracy and reliability of any of these disclosures change, then this would be reported to the appropriate parties as soon as reasonably possible.

2114 Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) (External Review)

This was a planned engagement on the fiscal year end (FYE) 2021 Audit Plan. The fieldwork for this engagement was completed on October 6, 2020. GOHSEP employs approximately 220 LASERS members. No reportable issues were identified during this review.



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December 2020 Audit Committee Meeting Audit Director's Comments

External Quality Assessment (Peer) Review of Audit Services Division

According to Standard 1312 within the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing, external assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization. The chief audit executive must discuss with the board:

- The form and frequency of external assessment.
- The qualifications and independence of the external assessor or assessment team, including any potential conflict of interest.

External assessments may be accomplished through a full external assessment, or a self-assessment with independent external validation. The external assessor must conclude as to conformance with the Code of Ethics and the Standards; the external assessment may also include operational or strategic comments.

A qualified assessor or assessment team demonstrates competence in two areas: the professional practice of internal auditing and the external assessment process. Competence can be demonstrated through a mixture of experience and theoretical learning. Experience gained in organizations of similar size, complexity, sector or industry, and technical issues is more valuable than less relevant experience. In the case of an assessment team, not all members of the team need to have all the competencies; it is the team as a whole that is qualified. The chief audit executive uses professional judgment when assessing whether an assessor or assessment team demonstrates sufficient competence to be qualified.

An independent assessor or assessment team means not having either an actual or a perceived conflict of interest and not being a part of, or under the control of, the organization to which the internal audit activity belongs. The chief audit executive should encourage board oversight in the external assessment to reduce perceived or potential conflicts of interest.

The LASERS Audit Services Division will undergo a full external assessment this fiscal year. The assessment team members are Andrea Guntz, Teachers' Retirement System of Louisiana (TRSL) Audit Director, and Patrick Bateman, Louisiana Department of Wildlife and Fisheries (LDWF) Audit Director. The collective qualifications of the team members include more than twenty years of internal audit experience, internal audit management experience, retirement system internal audit experience, external assessment engagement experience, and attainment of professional designations in the audit field (i.e., Certified Internal Auditor, Certified Information Systems Auditor, Certified Public Accountant). These qualifications demonstrate the sufficient competence required for an external assessment team. Furthermore, the team members are from outside the organization and I am not aware of any conflicts of interest that would impair their independence or objectivity.



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NOTICE AND AGENDA
Investment Committee Meeting
Thursday, December 10, 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 November 19, 2020, meeting of the Investment Committee **(Action Item)**
William Kleinpeter, Chair

V. NEW BUSINESS

1. Monthly Performance Review
Bobby Beale, CFA, CAIA – Chief Investment Officer
2. Investment Division Annual Report
Bobby Beale, CFA, CAIA – Chief Investment Officer
3. Mondrian Large Cap Value Equity Contract Discussion/Recommendation **(Action Item)**
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**

November 19, 2020

The Investment Committee of the Louisiana State Employees' Retirement System met on Thursday, November 19, 2020, in the fourth floor Board Room of the Retirement Systems Building located at 8401 United Plaza Boulevard, Baton Rouge, Louisiana. Thomas Bickham, Chairman of the Board, called the meeting to order at 1:00 p.m. Jennifer Adams, recording secretary, conducted roll call.

ROLL CALL

Members present: Mr. Thomas Bickham; Ms. Virginia Burton; Mr. Charles Castille; Ms. Beverly Hodges; Ms. Janice Lansing; Ms. Barbara McManus; Ms. Lori Pierce; Mr. Rick McGimsey - Designee, Commissioner of Administration; Ms. Amy Mathews - Designee, Louisiana State Treasurer, Senator Barrow Peacock and Ms. Shannon Templet.

Members absent: Judge Kleinpeter and Representative Harris

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; Ms. Laney Sanders and Ms. Jennifer Adams

Also present: Logan Davis; Joey David – Louisiana State House Retirement Committee and Margaret Corley – Louisiana State Retirement Committee

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 October 22, 2020, Investment Committee meetings. **Shannon Templet moved, seconded by Janice Lansing, to approve the minutes of the October 22, 2020, Investment Committee meetings. With no further discussion, and no objections, the motion carried.**

NEW BUSINESS

Ms. Rougeou introduced Mr. Joey David as the newest member of the Louisiana State House Retirement Committee.

Performance Review

Mr. Beale reviewed Plan performance for October 2020. He stated that nearly all assets classes posted negative returns for October, making the Plan return as of October 31, 2020 -0.5%. He also stated that so far, November is a strong month.

Division Annual Report

Mr. Beale presented the Annual Trading Report, Internally Managed Reports and Annual Proxy Report as required by the Statement of Investment Objectives.

OTHER BUSINESS

With no further business to discuss, the meeting adjourned at 1:40 p.m.

LASERS INVESTMENT COMMITTEE

PROPOSED 2021 AGENDA ITEMS

JANUARY 20 & 21

- Trustee Workshop
- Monthly/YE 2020 Performance Review
- Trustee Education
 - Actuarial Science
 - Laws, Rules and Regulations
 - Investment
- Management Committee/Regular Board Meeting

FEBRUARY 25

- 4th Quarter 2020 Performance Review

MARCH 25

- Performance Review

APRIL 22 (*Legislative Session convenes 4/12*)

- Monthly Performance Review

MAY 27

- 1st Quarter 2021 Performance Review
- Annual Custodian Review

JUNE 24 (*Legislative Session adjourns 6/10*)

- Monthly Performance Review

JULY 22

- Fiscal Year End Performance Review
- Asset Allocation Discussion

AUGUST 26

- Performance Review and Asset Allocation

SEPTEMBER 23

- Performance Review and Asset Allocation

OCTOBER 21

- Monthly Performance Review

NOVEMBER 18

- 3rd Quarter 2021 Performance Review
- Internal Funds Portfolio Review
- Annual Trading Report
- Annual Proxy Report

DECEMBER 9

- Monthly Performance Review
- Investment Division Annual Report

*All agenda items are subject to change

BOLD items require a quorum



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NOTICE AND AGENDA
Management Committee Meeting
Thursday, December 10, 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 November 19, 2020 Management Committee Meeting
(Action Item)
Janice Lansing, Management Committee Chair

2. Executive Counsel's Report
Tina Grant, Executive Counsel

V. NEW BUSINESS

1. Review and Approval of Alternate Physicians to the State Medical Board **(Action Item)**
Trey Boudreaux, Chief of Staff
2. Chief of Staff's Comments
 - a. Monthly Operating Budget Report
 - b. Monthly Pension Administrative Report
Trey Boudreaux, Chief of Staff
3. Executive Director's Comments
Cindy Rougeou, Executive Director
4. **Executive Session** - Approval of the December 2020 Disability Retirement Report **(Action Item)**
Trey Boudreaux, Chief of Staff
5. **Executive Session** - Discussion of the Board Self-Evaluation
Thomas Bickham, Board 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
Thursday, November 19, 2020**

The Management Committee of the Louisiana State Employees' Retirement System met on Thursday, November 19, 2020 in the fourth floor Board Room of the Retirement Systems Building located at 8401 United Plaza Boulevard, Baton Rouge, Louisiana.

Ms. Janice Lansing, Committee Chair, called the meeting to order at 1:45 p.m. Roll was called by Ms. Beth Labello, recording secretary.

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

Members Absent: Judge William Kleinpeter and Representative Lance Harris

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. Artie Fillastre, Chief Fiscal Officer; Mr. Ryan Babin, Audit Director; Ms. Tricia Gibbons, Retirement Benefits Administrator; Mr. Dan Bowden, IT Director; Ms. Sheila Metoyer, HR Director; Ms. Mallory Sharp, Public Information Officer; Ms. Megan Jones, Retirement Benefits Supervisor; Mr. Jonathan Drago, Retirement Benefits Asst. Administrator; Mr. Eric Schoonmaker, IT Deputy Director; Mr. Matt Casey, Retirement Benefits Specialist; Mr. Logan Davis, IT Technical Support Analyst; Ms. Amanda Celestine, Executive Management Officer; and Ms. Beth Labello, recording secretary

Also Present: Ms. Shelley Johnson, Foster & Foster; Ms. Margaret Corley, Louisiana Senate Retirement Committee; Mr. Joey David, Louisiana House Retirement Committee; and Mr. Dean Moberly, formerly with the Office of Group Benefits.

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

Public Comment

Ms. Lansing called for public comment. No public comments were made.

Regular Business

Ms. Lansing called for approval of the October 22, 2020, Management Committee minutes. **Ms. McManus moved, seconded by Ms. Templet, to approve the minutes. With no objection or discussion, the motion carried.**

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

Ms. Templet moved, seconded by Ms. McManus, to recommend the Board approve the November 2020 Retirement Disability Report. With no objection or discussion, the motion carried.

Ms. Grant informed the Committee that LASERS Executive staff has been collaborating with other state retirement systems and the systems' actuaries to prepare the alternative methods of providing COLAs report that is due to the legislature on December 1, 2020.

New Business

Mr. Schoonmaker, Mr. Drago, and Mr. Casey provided a demonstration of myLASERS, a new online retirement account management tool, to the Committee. Among other features, this new tool will provide members and benefit recipients with the ability to check the status on applications, upload documents, utilize the message center, and request appointments. The most important aspect of this new tool is improved security. Mr. Schoonmaker announced that the initial phase of myLASERS will go live in early December. An announcement of the new product will be made in The Beam newsletter, which is scheduled to mail out this week.

Ms. Jones discussed the disability revocation of a non-compliant member.

Ms. McManus moved, seconded by Ms. Templet, to recommend the Board revoke the disability retirement benefits for the disability retiree discussed. With no objection or discussion, the motion carried.

The board self-evaluation was distributed. Ms. Rougeou stated the evaluation is due by December 4, 2020 to Mr. Bickham either via mail, or through the online Survey Monkey. A link to the evaluation will be emailed to the Trustees.

Mr. Boudreaux reviewed the Chief of Staff's comments.

Ms. Rougeou reviewed the Executive Director's comments. She requested the Committee's opinion on how materials were distributed at the Trustee Workshop in January. The Committee agreed that a Board Book, in addition to the workshop binder, was unnecessary. Unless it becomes a problem, there will be no Board Book in January. Agendas and other important documents will be emailed to Trustees in advance.

Other Business

Ms. Lansing announced that a correction needed to be made to the October 22, 2020 Management Committee minutes to reflect that Senator Peacock was present.

Ms. McManus moved, seconded by Mr. Bickham, to accept the correction. With no objection or discussion, the motion carried.

Adjournment

The meeting adjourned at 2:49 p.m.



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Appointment of Physicians as Alternates to the State Medical Disability Board for Attending Physician Statement Certification

CARDIOLOGY

COREY	FOSTER	LAKE CHARLES	LA
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INTERNAL MEDICINE

PAUL	FOSSIER	ST. FRANCISVILLE	LA
HOLLY	KIDD	RUSTON	LA
MARK	LAFURIA	LAKE CHARLES	LA
CHARLES	LOUIS	LAFAYETTE	LA

PSYCHIATRY

NAVIN	PATEL	BATON ROUGE	LA
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OPHTHALMOLOGY

FRANK	CULOTTA	LAFAYETTE	LA
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ORTHOPEDICS

ROBERT DAVID	RABALAIS	ZACHARY	LA
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December 2020 Management Committee Meeting Chief of Staff's Comments

Fiscal Division

- The January 2021 benefit payments will have an effective date of Friday, January 1, 2021; however, financial institutions may not make the funds available until the next business day, January 4, 2021 due to January 1st being a Federal Reserve holiday.
- Retirees may notice a change in their benefit payment starting January 1st as a result of the new year tax changes and insurance rate changes. LASERS encourages benefit recipients to review their withholdings annually and, if necessary, request a change by filling out a new W4-P form, which can be found on our website, www.lasersonline.org.
- Postlethwaite & Netterville continues their audit of the 2020 GASB 68 Employer Pension Report. The audit's opinion letters will be presented at this month's Audit Committee meeting.
- DROP/IBO Required Minimum Distribution (RMD) letters were mailed on November 24, 2020 to 1,800 retirees. RMD payments will be issued on Friday, December 18th.
- Fiscal is working with IT on the upgrade of JD Edwards.
- Fiscal continues preparing for year-end tax reporting for members, retirees, employees, and vendors. This involves working with IT on implementing and testing any changes in processing Forms 1095-C, 1099R, 1099Misc, 1099NEC, and W-2.

Information Technology

- MyLasers is live now with a general release announcement ongoing through multiple communication channels to the LASERS Membership.
- A thorough Member support system is in place to handle all questions and problems Members may have with MyLasers in a timely fashion.
- Planning is underway for the upcoming Employer Self Service replacement project.
- The JD Edwards upgrade project is on track and on budget. Several milestones have already been accomplished.
- The 4th Quarter 2020 Disaster Recovery test was completed successfully.
- Contract negotiations are complete for the Optimus Phase 4 project. This is a technical upgrade.
- The BizTalk technical upgrade project is ongoing with no problems to report.
- Annual processes are happening now with no problems..
- The IT Service Desk reports an on-time delivery of IT services of 98.23% of SLA for November 2020.
- IT will be replacing the current legacy Help Desk software in 2021 with a modern secure product.
- There are no new or unusual data security incidents to report.
- IT issued the November cyber-security newsletter to all staff on the topic of "Social Engineering Attacks"
- A bonus cyber newsletter was issued on "Holiday Shopping Scams"
- Top search terms for the LASERS website this month are Calculator, Drop & Prep.

Member Services Division

- LASERS Education Department further enhanced the Virtual Learning PREP Workshops by adding EMPOWER Retirement into the presentation. The EMPOWER representatives log in to the presentation and provide information on both the Self-Directed Plan and the benefits of Deferred Compensation.
- Recent comments from members:
 - *“Derek [Harris] was patient, professional, offered some great ideas that I did not consider and was not aware of the impact that these may cause.”*
 - *“Carlos [Jones] was very informative. I had no clue before my session but completely understood everything after.”*
 - *“I loved the ease of attending [PREP] virtually.”*

December 2020 Management Committee Meeting Executive Director's Comments

Board Workshop

- The Board Workshop will be January 20th – 21st, 2021 at Lod Cook.
- This year, we will have less staff present to ensure there is enough space to accommodate the board and adhere to social distancing guidelines.

PRSAC

- PRSAC will meet to review LASERS valuation at 9:00 AM on December 14th.

Legislative CLE

- On December 3rd, I provided a one hour continuing legal education presentation on retirement for legislative and other government related attorneys.

Office Closure:

- I will be out of the office December 21st - 25th.
- LASERS will be closed on December 24th and 25th for Christmas, and December 30th and January 1st for New Year's Day.

PID Update

- December Link Employee Newsletter is available on the Board Portal of the website.
- PID and Investments collaborated on the design of the Annual Investments Report.
- PID has completed the myLASERS instructional page on registration and a how-to video. Additional information will be sent via Member Connection when myLASERS is live.
- COVID-19 – Continuing to monitor the Governor's media briefings and Division of Administration website for Phase updates. Communications are sent to members and staff as needed.
- Holiday/Year-End Messaging & Benefit Payment Information for January 1 will be placed on the website, social media, and other communication outlets.

- Current PID Stats:
 - Website Page views: 47,604
 - Website Users: 16,355
 - Facebook Followers: 2,182
 - Twitter Followers: 690
 - YouTube Subscribers: 567
 - Paperless Beam Subs: 4,710
 - MINT Email Subscribers: 4,851
 - Member Connection Subs: 64,118

NOTICE AND AGENDA
Board Meeting
Thursday, December 10, 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.

Please silence your cell phone before meeting.

I. CALL TO ORDER

II. ROLL CALL

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

IV. REGULAR BUSINESS

1. Approval of the November 19, 2020 Board Meeting Minutes **(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)**
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

1. Review of Election Process for Board Chair, Vice Chair and Committee Chairs
Trey Boudreaux, *Chief of Staff*
2. Distribution of Committee Preferences
Trey Boudreaux, *Chief of Staff*
3. Nominations for the 2021 Board Chair **(Action Item)**
Thomas Bickham, *Board Chair*

4. Nominations for the 2021 Board Vice Chair (**Action Item**)
Thomas Bickham, Board Chair

5. Presentation of Plaques
Cindy Rougeou, Executive Director

6. LASERS New Employees
Cindy Rougeou, Executive Director

VI. OTHER BUSINESS

VII. ADJOURNMENT

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

**Louisiana State Employees' Retirement System
Regular Board Meeting
November 19, 2020**

The Board of Trustees of the Louisiana State Employees' Retirement System met on Thursday, November 19, 2020, in the fourth floor Board Room of the Retirement Systems building, 8401 United Plaza Boulevard, Baton Rouge, Louisiana.

Mr. Thomas Bickham, Board Chair, called the meeting to order at 2:57 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, Ms. Janice Lansing, Ms. Amy Mathews (designee of the Treasurer), Ms. Barbara McManus, Mr. Rick McGimsey (designee of the Commissioner), Senator Barrow Peacock, Ms. Lori Pierce, and Ms. Shannon Templet

Members Absent: Judge William Kleinpeter and Representative Lance Harris

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. Artie Fillastre, Chief Fiscal Officer; Mr. Ryan Babin, Audit Director; Ms. Tricia Gibbons, Retirement Benefits Administrator; Mr. Dan Bowden, IT Director; Ms. Mallory Sharp, Public Information Officer; Mr. Logan Davis, IT Technical Support Analyst; Ms. Amanda Celestine, Executive Management Officer; and Ms. Beth Labello, recording secretary

Also Present: Ms. Shelley Johnson, Foster & Foster; Mr. Joey David, Louisiana House Retirement Committee; and Mr. Dean Moberly, formerly with the Office of Group Benefits.

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

REGULAR BUSINESS

Mr. Bickham called for approval of the minutes of the October 22, 2020 Board Meeting. **Ms. Templet moved, seconded by Ms. Lansing, to approve the minutes. With no objection or discussion, the motion passed.**

Mr. Bickham reported the Investment Committee met on Thursday, November 19, 2020, and had no items to report.

Ms. Lansing reported the Management Committee met on Thursday, November 19, 2020, and had the following items to report:

The Management Committee recommended, and Ms. Lansing so moved, seconded by Ms. Templet, to approve the November 2020 Retirement Disability Report. With no objection or discussion, the motion carried.

The Management Committee recommended, and Ms. Lansing so moved, seconded by Ms. McManus, to revoke disability retirement benefits for the disability retiree discussed. With no objection or discussion, the motion carried.

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

New Business

Ms. Rougeou presented a plaque to Mr. Moberly and thanked him for his dedication and service to LASERS members through the Office of Group Benefits.

Ms. Rougeou announced there were no new employees to introduce this month.

Other Business

There was no other business to discuss.

Adjournment

With no other business to discuss, the meeting adjourned at 3:33 p.m.



Cindy Rougeou, Executive Director



2020 Committee Assignments

Thomas Bickham, Board Chair

Management Committee

Janice Lansing, Chair
Thomas Bickham
Virginia Burton
Charles Castille
*Barbara Goodson/Richard McGimsey
Representative Lance Harris
Beverly Hodges
William Kleinpeter
**Amy Mathews/John Broussard
James Mack/Philip Qualls
Barbara McManus
Lori Pierce
Senator Ed Price/Barrow Peacock
Shannon Templet

Investment Committee

William Kleinpeter, Chair
Thomas Bickham
Virginia Burton
Charles Castille
*Barbara Goodson/Richard McGimsey
Representative Lance Harris
Beverly Hodges
Janice Lansing
**Amy Mathews/John Broussard
James Mack/Philip Qualls
Barbara McManus
Lori Pierce
Senator Ed Price/Barrow Peacock
Shannon Templet

Beverly Hodges, Vice Chair

Legislative Committee

Charles Castille, Chair
Thomas Bickham
Virginia Burton
*Barbara Goodson/Richard McGimsey
Representative Lance Harris
Beverly Hodges
William Kleinpeter
Janice Lansing
**Amy Mathews/John Broussard
James Mack/Philip Qualls
Barbara McManus
Lori Pierce
Senator Ed Price/Barrow Peacock
Shannon Templet

Audit Committee

Barbara McManus, Chair
Virginia Burton
William Kleinpeter
Janice Lansing

*Designee – Commissioner - D of A

**Designee – Treasurer Schroder



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