

LASERS Benefits Louisiana.

Louisiana State Employees'
Retirement System



Board Book



THIS PAGE LEFT BLANK INTENTIONALLY.



NOTICE AND AGENDA
Audit Committee Meeting
Thursday, December 8, 2022
12:30 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 29, 2022, meeting of the Audit Committee
(Action Item)
Barbara McManus, Chair
2. FYE 2023 Audit Projects Status Update
Ryan Babin, Audit Director

V. NEW BUSINESS

1. Employer Pension Audit Report (GASB 68) for FYE 2022 **(Action Item)**
Ryan Babin, Audit Director
2. Annual Review of Closed Items Report
Ryan Babin, Audit Director
3. Audit Committee Satisfaction Survey Results for 2022
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 29, 2022**

The Audit Committee of the Louisiana State Employees' Retirement System met on Thursday, September 29, 2022, 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 12:34 p.m. Roll was called by Ms. Beth Labello, recording secretary.

Members Present: Ms. Virginia Burton, Ms. Barbara McManus, Mr. Thomas Bickham, and Mr. Byron Decoteau

Members Absent: Ms. Ternisa Hutchinson

Staff Present: Mr. Ryan Babin, Audit Director; Ms. Cindy Rougeou, Executive Director; Mr. Trey Boudreaux, Chief of Staff; Mr. Travis McIlwain, Chief Administrative Officer; Ms. Tina Grant, Executive Counsel; Mr. Artie Fillastre, Chief Fiscal Officer; Mr. Johnathon Sprouse, IT Director; Mr. Don Milner, IT Management Consultant; Mr. Logan Davis, IT Technical Support Analyst; Ms. Amanda Celestine, Executive Management Officer; and Ms. Beth Labello, recording secretary

Also Present: Mr. Charles Castille, Ms. Amy Mathew, Judge William Kleinpeter, Mr. Julius Roberson (designee of the Treasurer), Ms. Shannon Templet, Senator Barrow Peacock, Ms. Shelley Johnson, Foster & Foster; Mr. Joey David, Legislative Analyst; Mr. Kenneth Herbold, Legislative Actuary; Ms. Alana Perrin, Senate Attorney; Ms. Mei Su, Senate Finance; and Ms. Bonnie Marcantel, and Ms. Courtney Robertson, Postlethwaite & Netterville

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

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

Regular Business

Ms. McManus called for approval of the minutes of the June 23, 2022, Audit Committee Meeting. **Mr. Bickham moved, seconded by Mr. Decoteau, to approve the minutes. With no objection or discussion, the motion passed.**

Mr. Babin reviewed the FYE 2023 Audit Projects Status Update. **Mr. Bickham moved, seconded by Mr. Decoteau, to approve the FYE 2023 Audit Projects Status Update. With no objection or discussion, the motion passed.**

New Business

Ms. Bonnie Marcantel with Postlethwaite & Netterville presented the results of the FYE 2022 external audit report. The result was an unmodified opinion, which is the highest level of assurance that can be received. **Mr. Bickham moved, seconded by Ms. Burton, to recommend the Board approve the external audit for June 30, 2022. With no objection or discussion, the motion carried.**

Mr. Babin presented the building fund audit report for June 30, 2022.

Mr. Babin reported on the continuing education efforts of the audit staff for FYE 2022.

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.

Audit Director Comments

Mr. Babin had no further comments.

Executive Director Comments

Ms. Rougeou had no further comments.

Other Business

No other business was discussed.

Adjournment

The meeting adjourned at 1:16 p.m.

FYE 2023 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
01	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. Project 2126 - fieldwork being performed.	N/A	5/17/2021	
02	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. Project 2120 - COMPLETED.	N/A	2/8/2021	8/8/2022
03	All Divisions	Phone System Upgrade/Replacement Project	LASERS is in the process of perform and upgrade/replacement of the current phone system. This is a major system implementation project that involves and impacts all LASERS divisions. Project 2211 - report being drafted.	N/A	10/19/2021	
04	Member Services	Benefit Calculation Review	2217 - report being drafted.	N/A	12/20/2021	
05	Fiscal	1099-Rs	2201E - Empower Portion - COMPLETED.	N/A	8/13/2021	6/8/2022
06	Fiscal	Required Minimum Distributions (RMD)	2201F - Empower Portion - report being finalized.	N/A	8/23/2021	
07	IT	Microsoft Defender for Endpoint (Implementation)	Audit Services is participating in this project initiated by IT to replace Symantec, LASERS antivirus software with Microsoft Defender for Endpoint. Project 2221 - report being drafted.	N/A	2/10/2022	
08	IT	Firewall Upgrade and Replacement	Audit Services is participating in this project initiated by IT to upgrade and replace LASERS existing firewalls. Project 2222 - fieldwork being performed.	N/A	2/10/2022	
09	IT	Backup and Replication Process Review	The project will consist of reviewing IT's process in place to backup and replicate LASERS data. Project 2210 - fieldwork being performed.	N/A	10/21/2021 ⁵	

FYE 2023 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
10	Executive/IT	Business Continuity/Disaster Recovery	At a minimum, this project will consist of evaluating the quarterly disaster recovery testing exercise and related processes. 2216 - COMPLETED.	N/A	12/16/2021	8/15/2022
11	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
		2214 Judicial Branch of Louisiana	COMPLETED.	N/A	12/8/2021	8/24/2022
		2306 University of Louisiana at Lafayette	Report being drafted.	N/A	7/15/2022	
		2308 Louisiana Department of Wildlife and Fisheries	COMPLETED.	N/A	8/22/2022	11/1/2022
		2312 Department of Transportation & Development	Fieldwork being performed	N/A	10/10/2022	
		2313 Louisiana House of Representatives	Fieldwork being performed	N/A	10/11/2022	
12	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	N/A	
			This project consists of the development of new automated testing for employer agencies.	Jul-Jun	N/A	
13	Audit Services	Fraud Investigations	Project 2388 - fieldwork being performed.	Jul-Jun	8/22/2022	
14	Member Services/Fiscal/IT	myLASERS and Workspace (FYE 2023)	certain security and functionality changes to the myLASERS online portal and Workspace (internal customer service application). Audit's involvement will vary depending on the scope of work scheduled in this area. An approved plan and work schedule in this area for FYE 2023 has not been finalized yet. December 2022 Update: Status unchanged.	Jul-Jun		

FYE 2023 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
15	IT	IT Security and Other Related Initiatives (FYE 2023)	Audit Services plans to have involvement in LASERS IT security and other IT related initiatives during FYE 2023. Individual projects will be created and resources assigned for each initiative/change where audit is involved.	Jul-Jun		
16	All Divisions	Enterprise Risk Management (ERM)	This is an annual consulting project where the Audit Services Division works with the Chief Risk Officer (CRO) to evaluate the various components of ERM that are in the process of being implemented. Audit's involvement will vary depending on the scope of work scheduled in this area. Project 2303 - fieldwork being performed.	Jul-Jun	7/6/2022	
17	Fiscal/IT	Pension Payroll/W-4P updates	Fiscal is working with IT to implement changes to SOLARIS relating to W-4P updates. Audit Services plans to review requirements and testing associated with these changes when they become available. Project 2315 - fieldwork being performed.	Jul-Sep	10/18/2022	
18	Member Services/Fiscal/IT	Nonrecurring (One-Time) Supplemental Payment	Project 2305 - COMPLETED.	Jul-Sep	7/5/2022	11/1/2022
19	Investments/Fiscal	Investment manager review	Project 2304 Insight Partners - fieldwork being performed.	Jul-Sep	7/1/2022	
20	Audit Services	MOSERS Internal Audit Division Peer Review	A member of the LASERS audit staff will be part of the team that will conduct a peer review of MOSERS Internal Audit division. Project 2307 - project being finalized.	Jul-Dec	8/1/2022	
21	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 2309 - COMPLETED.	Sep	9/9/2022	7/10/12/2022

FYE 2023 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
22	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 2316 - fieldwork being performed.	Sep-Dec	11/10/2022	
23	Fiscal	Investment Accounting Operational Review	This project will cover areas not reviewed during Project 1619 Investment Accounting Review. Project 2310 - fieldwork being performed.	Oct-Dec	9/19/2022	
24	Fiscal/IT	Employer Self-Service (ESS)	This is phase of the ESS project which includes upgrades to security and branding to match myLASERS.	Oct-Dec		
25	Investments/Fiscal	Investment manager review		Jan-Mar		
26	All Divisions	Continuous Auditing of Various Processes	<p>Continuous Auditing Queries performed in the following areas:</p> <ul style="list-style-type: none"> - Accounting Processes (SOLARIS) - Accurint Search Activity - Benefits - Death - Disability - Membership - Refunds - Service Purchases - Transfers <p>This is the project for the research of the exceptions identified during this testing.</p>	Jul-Jun	N/A	

FYE 2023 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
		Processes	This project consists of the development of new continuous auditing tests.	Jul-Jun	N/A	
			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 2301E - COMPLETED.	Jul-Sep	7/1/2022	9/30/2022
			Review of IRS Form 1099-R issued by LASERS. Project 2301F - fieldwork being performed.	Oct-Feb	8/1/2022	
			Review of Required Minimum Distributions issued by LASERS. Project 2301G - fieldwork being performed.	Aug-Jan	8/1/2022	
27	Audit Services	Audit Services Follow Up Activities	This project consists of follow up on open items from previous projects conducted by the audit division.	Jul-Jun	N/A	
		<u>ADMINISTRATIVE WORK</u>				
	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	
		<u>UNBUDGETED PROJECTS</u>				
	Audit Services	These projects will consist of those not planned at the start of the fiscal year.			N/A	
		<u>PERCENTAGE OF HOURS ALLOCATION</u>				
		86.64%	Budgeted Projects			9

FYE 2023 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
		2.01%	Follow up Activities			
		5.37%	Unbudgeted Projects			
		9.15%	Administrative Time			
		<u>PERFORMANCE MEASURES</u>				
		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.			
		<u>STAFFING RESOURCES</u>				
		<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)	19½ years		
		Hollie Cowell, Staff Auditor	CPA, CIA, CISA	12½ years		
		Reece Babin, Staff Auditor	CISA	5½ years		
		Nicole Xue, Staff Auditor		4½ years		
		Laura Sena, Staff Auditor	CPA, CIA	3 years		

**INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF EMPLOYER
ALLOCATIONS AND THE SPECIFIED COLUMN TOTALS INCLUDED IN
THE SCHEDULE OF PENSION AMOUNTS BY EMPLOYER**

To the Board of Trustees
Louisiana State Employees' Retirement System
Baton Rouge, Louisiana

Report on the Audit of the Schedules

Opinions

We have audited the accompanying schedule of employer allocations of the Louisiana State Employees' Retirement System (the System) as of and for the year ended June 30, 2022, and the related notes. We have also audited the total for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense (specified column totals) included in the accompanying schedule of pension amounts by employer of the System as of and for the year ended June 30, 2022, and the related notes to the schedules.

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations and the net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense for the total of all participating entities of the System, as of and for the year ended June 30, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

As disclosed in Note F to the employer schedules, the total pension liability for the System was \$20,798,321,945 as of June 30, 2022. The actuarial valuations were based on various assumptions made by the System's actuary. Because actual experience may differ from the assumptions used in the actuarial valuations, there is a risk that the total pension liability at June 30, 2022 could be materially different from the estimate. Our opinions are not modified with respect to this matter.

As disclosed in Note I to the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer, the deferred inflow or deferred outflow of resources resulting from differences in contributions remitted to the System and the employer's proportionate share and its resulting amortization is not reported in the employer pension schedules. As a result, the employer pension schedules do not reflect all activity to be reported in the total deferred outflows of resources and total deferred inflows of resources. Our opinions are not modified with respect to this matter.

As disclosed in Note I to the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer, the deferred inflow or deferred outflow of resources resulting from changes in the employer's proportionate share of the net pension liability since the prior measurement date and its resulting amortization is not reported in the employer pension schedules. As a result, the employer pension schedules do not reflect all activity to be reported in the total deferred outflows of resources and total deferred inflows of resources. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Schedules

Management is responsible for the preparation and fair presentation of the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Schedules

Our objectives are to obtain reasonable assurance about whether the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Financial Statement Audit

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the System as of and for the year ended June 30, 2022, and our report thereon, dated September 26, 2022, expressed an unmodified opinion on those financial statements.

Supplementary Information

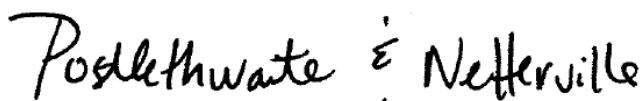
Our audit was conducted for the purpose of forming opinions on the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer of the System (employer schedules). The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not part of the employer schedules. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer. The information has been subjected to the auditing procedures applied in the audit of the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer or to the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2022 on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

Restriction on Use

Our report is intended solely for the information and use of the System's management, the Board of Trustees, the System's participating employers and their auditors, and is not intended to be and should not be used by anyone other than these specified parties.



Baton Rouge, Louisiana
November 28, 2022

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF THE SCHEDULE OF EMPLOYER ALLOCATIONS
AND THE SPECIFIED COLUMN TOTALS INCLUDED IN THE SCHEDULE OF
PENSION AMOUNTS BY EMPLOYER PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
Louisiana State Employees' Retirement System
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer of the Louisiana State Employees' Retirement System (the System), as of June 30, 2022, and the related notes to the schedules and have issued our report thereon dated November 28, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer, we considered the System's internal control over financial reporting as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

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

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



Compliance and Other Matters

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

Purpose of this Report

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

Postlethwaite & Netterville

Baton Rouge, Louisiana
November 28, 2022



THIS PAGE LEFT BLANK INTENTIONALLY.



Summary of Closed Items Listing

Area	Number of Items Closed during 2022
Employer Agencies	11
Executive	2
Fiscal	6
Information Technology (IT)	3
Member Services	1
Third Party	1
Total	24

Items Closed During 2022

Observation #	Observation	Recommendation
<u>Agency Audit</u>		
2107	Orleans Parish Criminal District Court	
02A	<p>Due to reporting issues, agencies may need to submit payments for members for previous months. Retroactive payments occur when a lump sum of contributions for a single member is reported within 12 months of determining the reporting issue. In cases where a lump sum is reported, agencies should correctly calculate the member's employee and employer contributions due based on the rate in effect for the retroactive months.</p> <p>According to the LASERS ESS Contribution Reporting Guide (section "Processing Pay Adjustments), the "Pay Adjustment" feature in ESS is a method that allows agencies to report and correctly allocate retroactive payments made to members. Note: Retroactive adjustments beyond one year are considered an administrative error and LASERS should be contacted for further direction on processing.</p> <p>The monthly ESS report is prepared by a staff member using the payroll register which contains retroactive payment information. Another employee reviews and approves the reconciliation between the payroll register to the ESS report prior to its submission.</p> <p>During this review, it was determined that the agency did not correctly allocate retroactive payments for five individuals. This type of error could cause service credit and final average compensation to be incorrect for the affected individuals.</p>	<p>The agency should work with LASERS Fiscal staff and submit the necessary breakdown and adjustments to correctly allocate the retroactive payments for the five individuals cited in the observation above. Furthermore, the agency should perform a review of the monthly reports submitted to LASERS as compared to their computer system and determine if other errors exist. If additional errors are identified, then work with LASERS Fiscal staff to make corrections accordingly. Target completion date is June 30, 2021. The agency agrees with this recommendation. The Fiscal Team has provided training on submitting retroactive payments. The process in the User Guide will be followed going forward. We will work with Fiscal to have all corrections submitted by June 30, 2021.</p> <p>August 2021 Update (Audit Services): The agency has not submitted the necessary information to correct the records for the affected individuals. A follow-up on this recommendation will be performed by Audit Services by December 31, 2021.</p> <p>February 2022 Update (Audit Services): After further correspondence with Member Services and clarification regarding their process, documentation was updated for this open item and closed.</p>
2121	19th Judicial District Court	

<i>Observation</i>		<i>Recommendation</i>
<i>#</i>	<i>Observation</i>	
01A	<p>According to the LASERS Employer’s Guide to Retirement (Chapter 3: Contribution Reporting), each agency employing members of the system shall submit a certified monthly retirement report to the board of trustees containing the following information: The earned compensation of each employee who was paid during the period reported.</p> <p>According to the agency, they have historically reported court reporter earnings in the month when earned and not paid. During this review, twelve individuals were identified with errors in the timing of when their court reporter earnings were reported to LASERS.</p> <p>This type of error could cause service credit and final average compensation (FAC) to be incorrect for the affected individuals.</p>	<p>The agency should work with LASERS Member Services staff to determine whether the reporting of court reporter earnings when earned resulted in an impact to the service credit or FAC for the current employees that receive court reporter pay. Additionally, any required corrections should be made.</p> <p>The agency agrees with this recommendation. Within the last month, we’ve worked with the LASERS Member Services Staff and have corrected the issue pertaining to service credit hours from LASERS for Court Reporters who needed adjustments made to their service credit.</p>
01B	<p>According to the LASERS Employer’s Guide to Retirement (Chapter 3: Contribution Reporting), each agency employing members of the system shall submit a certified monthly retirement report to the board of trustees containing the following information: The earned compensation of each employee who was paid during the period reported.</p> <p>According to the agency, they have historically reported court reporter earnings in the month when earned and not paid. During this review, twelve individuals were identified with errors in the timing of when their court reporter earnings were reported to LASERS.</p> <p>This type of error could cause service credit and final average compensation (FAC) to be incorrect for the affected individuals.</p>	<p>The agency should review their procedures and process in place and make any necessary updates to ensure court reporter earnings are reported in the month when they are paid. The agency agrees with this recommendation. Reporter Earnings have been reported by the 15th day, following month paid.</p>
2123 Metropolitan Human Services District		
02	During this review, it was determined that the agency did not	The agency should make the necessary changes to ensure that

Observation	Observation	Recommendation
#		
	<p>submit their monthly agency contribution reports and payments to LASERS in a timely manner for nine of the twenty-three months from July 2019 through May 2021.</p> <p>According to R.S. 11:281B(1), all payments of employers' contributions and employees' contributions, including any payments due from the state of Louisiana which are paid after becoming delinquent, shall include interest to be paid to the retirement system at the rate of legal interest computed from the date the payment became delinquent. Additionally, LASERS Liaison Memorandum 07-09 states, it is LASERS policy to collect interest on agency employer and employee contributions when an Agency Retirement Report and/or the contributions due are delinquent.</p> <p>These delinquencies resulted in over \$840 of interest to be assessed. In addition to the interest due from these delinquencies, this delay also impacts the timeliness of information available to LASERS members employed by the agency, as well as other administrative inefficiencies within LASERS processes.</p>	<p>monthly contribution reports and payments are submitted timely to LASERS. The agency agrees with this recommendation. The Fiscal Division will ensure all payments are remitted timely. To accomplish this, we will begin processing LASERS remittances during the first week of the month. Once remittance amount is known, we will process the payment.</p> <p>March 2022 Update (Audit Services): MHSD confirmed they have implemented new processes to assist them in paying LASERS timely. This includes creating a processing calendar to mitigate delays in payment due to holidays, remote working, bank closures, and staffing. Audit Services will review the agency's reporting up through June 2022 to confirm that these changes have resulted in an improved process over time. The target completion date should be changed to July 15, 2022.</p> <p>August 2022 Update (Audit Services): There were no delinquencies since November 2021 which confirmed that the changes have resulted in an improved process over time. Therefore, this recommendation can be closed.</p>
2206	Department of Corrections	
01A	<p>According to the LASERS Employer's Guide to Retirement (Chapter 17: Hazardous Duty Service Plan (HAZ Plan)), when a new employee is hired into a HAZ Plan eligible position and enrolled as a member of LASERS, it is important to determine if the member has any previous service in LASERS. If a new employee with no previous service in LASERS is hired into a LASERS eligible hazardous duty position, then he or she must be enrolled in the HAZ Plan. If the new employee was a previous member of LASERS, but refunded the previous service, then he</p>	<p>The agency should continue to work with LASERS Member Services staff to correct the enrollment of these three individuals into the HAZ Plan. Target completion date is June 30, 2022. The agency agrees with this recommendation. The affected employees have been notified of the error and their personnel records have been updated to reflect the correct retirement plan (HAZ Duty Plan) and correct contribution rate (9.5%).</p> <p>July 2022 Update (Audit Services):</p>

<i>Observation #</i>	<i>Observation</i>	<i>Recommendation</i>
	<p>or she must be enrolled in the HAZ Plan.</p> <p>During this review, it was noted that the agency did not correctly enroll three individuals with no previous unrefunded service in LASERS into the HAZ Plan, but instead enrolled them in the Regular 4 (RGL4) Plan. The effect of this is that these employees are contributing into a plan that has a lower employee contribution rate of eight percent compared to the nine and a half percent rate of the HAZ Plan. Additionally, the members were also subject to the lower benefit accrual rate of two and a half percent compared to the HAZ Plan accrual rate of three and a third percent.</p> <p>It should be noted that the agency has already initiated the Administrative Error process with LASERS to correct the retirement plans for these three individuals.</p>	<p>The three individuals are now enrolled and actively contributing to the HAZP plan. All contributions are at the correct rate. No further action required.</p>
01B	<p>According to the LASERS Employer's Guide to Retirement (Chapter 17: Hazardous Duty Service Plan (HAZ Plan)), when a new employee is hired into a HAZ Plan eligible position and enrolled as a member of LASERS, it is important to determine if the member has any previous service in LASERS. If a new employee with no previous service in LASERS is hired into a LASERS eligible hazardous duty position, then he or she must be enrolled in the HAZ Plan. If the new employee was a previous member of LASERS, but refunded the previous service, then he or she must be enrolled in the HAZ Plan.</p> <p>During this review, it was noted that the agency did not correctly enroll three individuals with no previous unrefunded service in LASERS into the HAZ Plan, but instead enrolled them in the Regular 4 (RGL4) Plan. The effect of this is that these employees are contributing into a plan that has a lower employee contribution rate of eight percent compared to the nine and a half percent rate of the HAZ Plan. Additionally, the</p>	<p>The agency should improve their enrollment process to ensure that individuals are enrolled in the correct retirement plan based on their position eligibility and any prior LASERS service. Procedures should be updated accordingly. Target completion date is June 30, 2022. The agency agrees with this recommendation. DOC has ensured that Human Resources staff are aware of all job titles that should be enrolled in the HAZ Duty retirement plan. In addition, we have trained staff to review SOLARS for prior enrollment in LASERS and how to determine if the employee has the option to enroll in LASERS regular plan or HAZ Duty. Finally, DOC HDQ-HR staff have been trained and, in most cases, re-trained to review LASERS enrollments for new and rehired employees by auditing the ZP57 Benefits Retirement Participation Report. Auditing the ZP57 report will ensure employees are enrolled in the correct retirement plan and paying the correct retirement rate based on job title and any prior LASERS service.</p>

<i>Observation</i>	<i>Observation</i>	<i>Recommendation</i>
#		
	<p>members were also subject to the lower benefit accrual rate of two and a half percent compared to the HAZ Plan accrual rate of three and a third percent.</p> <p>It should be noted that the agency has already initiated the Administrative Error process with LASERS to correct the retirement plans for these three individuals.</p>	
2214	Judicial Branch of Louisiana	
01A	<p>During this review, it was determined that an incorrect amount of unused leave was certified for one retiree which caused an error in the leave converted into service credit granted to the member upon retirement. For this individual, the unused leave amount was overstated by approximately 300 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 requires a secondary review of the payroll system compared to the leave form prior to submitting to LASERS. It should be noted that during this review the agency has provided the corrected leave form to LASERS for this retiree.</p>	<p>The agency should work with LASERS staff, as necessary, to properly resolve the retiree cited in this observation. Target completion date is September 14, 2022.</p> <p>The agency agrees with this recommendation. As noted above, the agency has already sent a corrected leave certification form to LASERS for this retiree. The agency has also put a secondary review of the leave to be verified before sending the form to LASERS for certification per the recommendation.</p>
01B	<p>During this review, it was determined that an incorrect amount of unused leave was certified for one retiree which caused an error in the leave converted into service credit granted to the member upon retirement. For this individual, the unused leave amount was overstated by approximately 300 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 requires a secondary review of the payroll system compared to the leave form prior to submitting to LASERS. It should be noted that during this review the agency has provided the corrected leave form to LASERS for this retiree.</p>	<p>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. Target completion date is October 21, 2022.</p> <p>The agency agrees with this recommendation. The agency has already put a secondary review of the leave to be verified before sent to LASERS for certification per the recommendation.</p>

<i>Observation</i>	<i>Observation</i>	<i>Recommendation</i>
#		
02A	<p>According to the LASERS Employer's Guide to Retirement (Chapter 18: Judicial Retirement Plans), the Judicial Employees 2 and Judicial Employees 3 (JUD2/JUD3) retirement plan only pertain to judges whose first employment making them eligible for one of the four state retirement systems (LASERS, TRSL, LSERS, or LSPPRS) was on or after January 1, 2011. Court officers are excluded from these plans and became part of the rank-and-file Regular Employee plans. The Employer's Guide to Retirement includes a listing of specific positions which qualify as judges under the Judicial Employees 2 and Judicial Employees 3 retirement plans. Of the positions listed, the title of Commissioner is not included and therefore an employee with this title should be enrolled in a rank-and-file plan.</p> <p>During this review, it was noted that the agency did not correctly enroll two individuals with the position title of Commissioner in a rank-and-file plan, but instead enrolled them in a Judicial 2 or Judicial 3 plan. The effect of this is that these employees are contributing into a plan that has a higher employee contribution rate of thirteen percent compared to the eight percent rate of the rank-and-file plans. Additionally, the members were also subject to the higher benefit accrual rate of two and a half percent plus one percent for all years as a judge as compared to the rank-and-file plan accrual rate of two and a half percent.</p>	<p>The agency should work with LASERS Member Services staff to correct the enrollment of these two individuals into the appropriate rank-and-file plan. Target completion date is October 21, 2022.</p> <p>The agency agrees with this recommendation. The agency has already spoken with the two members to inform them of the plan error and plan changes to their contributions. The agency will be sending written confirmation along with the LASERS documentation to the current and former plan enrolled members for follow up. The agency has already changed the currently active employee's plan to the required plan.</p>
02B	<p>According to the LASERS Employer's Guide to Retirement (Chapter 18: Judicial Retirement Plans), the Judicial Employees 2 and Judicial Employees 3 (JUD2/JUD3) retirement plan only pertain to judges whose first employment making them eligible for one of the four state retirement systems (LASERS, TRSL, LSERS, or LSPPRS) was on or after January 1, 2011. Court officers are excluded from these plans and became part of the rank-and-file Regular Employee plans. The Employer's Guide to Retirement includes a listing of specific positions which qualify as judges under the Judicial Employees 2 and Judicial</p>	<p>The agency should improve their enrollment process to ensure that individuals are enrolled in the correct retirement plan based on their position eligibility and any prior LASERS service. Procedures should be updated accordingly. Target completion date is November 30, 2022.</p> <p>The agency agrees with this recommendation. The agency will put a secondary verification in place via report each month to ensure new employees are enrolled in the appropriate plan.</p>

Observation #	Observation	Recommendation
	<p>Employees 3 retirement plans. Of the positions listed, the title of Commissioner is not included and therefore an employee with this title should be enrolled in a rank-and-file plan.</p> <p>During this review, it was noted that the agency did not correctly enroll two individuals with the position title of Commissioner in a rank-and-file plan, but instead enrolled them in a Judicial 2 or Judicial 3 plan. The effect of this is that these employees are contributing into a plan that has a higher employee contribution rate of thirteen percent compared to the eight percent rate of the rank-and-file plans. Additionally, the members were also subject to the higher benefit accrual rate of two and a half percent plus one percent for all years as a judge as compared to the rank-and-file plan accrual rate of two and a half percent.</p>	
2215	Office of Juvenile Justice	
01B	<p>According to the LASERS Employer’s Guide to Retirement (Chapter 17: Hazardous Duty Service Plan (HAZ Plan)), when a new employee is hired into a HAZ Plan eligible position and enrolled as a member of LASERS, it is important to determine if the member has any previous service in LASERS. If a new employee with current un-refunded service in LASERS is hired into a LASERS eligible hazardous duty position, then he or she must elect to remain in his or her existing or last retirement plan or to irrevocably join the HAZ Plan.</p> <p>During this review, there were two individuals who were enrolled into the incorrect retirement plan. Both were hired into hazardous duty positions with un-refunded service in LASERS and one elected to join the HAZ Plan and the other was required to join since their last retirement plan was the HAZ Plan. However, the agency enrolled them in the Regular 3 (RGL3) Plan and the Regular 4 (RGL4) Plan, respectively. The effect of this is that these employees are contributing into a plan that has a lower</p>	<p>The agency should improve their enrollment process to ensure that individuals are enrolled in the correct retirement plan based on their position eligibility and any prior LASERS service. Procedures should be updated accordingly. The agency agrees with this recommendation. The HR Employer Administration section, which processes enrollments, has in place updated checklists that include that HR employees should review the LASERS employer portal, the TRSL portal, the LASERS membership registration form, and the position that the employee is being hired into to ensure that members are placed in the appropriate plan. Additionally, as of 2020, the HR Benefits sections began auditing retirement enrollments biweekly to ensure employees are placed in the appropriate retirement plan based on a review of the resources previously indicated. This is the second review to ensure appropriate enrollments. Finally, HR Management will implement at least, twice per year, internal trainings to HR staff to ensure that employees understand information that is given in the LASERS employer handbook.</p>

<i>Observation #</i>	<i>Observation</i>	<i>Recommendation</i>
	<p>employee contribution rate of eight percent compared to the nine and a half percent rate of the HAZ Plan. Additionally, the members were also subject to the lower benefit accrual rate of two and a half percent compared to the HAZ Plan accrual rate of three and a third percent.</p> <p>It should be noted that the agency has already initiated the Administrative Error process with LASERS to correct the retirement plans for these two individuals.</p>	Target completion date is June 30, 2022.

Executive

2009 Disaster Recovery Process Modernization

01	<p>LASERS previously utilized SunGard Availability Services (SunGard) for certain business continuity and disaster recovery related solutions. However, the agreement with SunGard was not renewed because of the following improvements to the disaster recovery process by IT:</p> <ul style="list-style-type: none"> •Replication of certain production systems occurring daily to iLand, a secure cloud based storage solution. •Email systems are being migrated to Microsoft Office 365. <p>In comparing the modernized disaster recovery process to previous practices, it was determined that there is one solution which has not been formally implemented. In historical agreements with SunGard, a mobile workspace solution was available to LASERS which would be furnished with fifty work stations that included printers, computers, and phones, as well as, equipment for a temporary on-site data center. The use of this solution would typically occur in a disaster scenario where the LASERS on-site data center and facilities would be unavailable for an extended period of time.</p> <p>It should be noted that both IT and Audit Services had concerns</p>	<p>Executive should work with the business continuity lead, IT, and other key divisional process owners to determine possible solutions that will allow for continuity in the event the LASERS on-site data center and facilities would not be available for an extended period of time. Items for consideration include, at a minimum, the following:</p> <ol style="list-style-type: none"> 1. Define what is considered full and minimal operations for computer systems, operational processes, staff, and facilities. 2. Reasonably identify the conditions that would assist in differentiating between the need for full versus minimal operations. 3. Evaluate the current solutions in place to fulfill these expectations and document possible recommended areas of improvement. Any recommendations should include timelines and associated costs and be presented to management for approval. <p>Executive agrees with this recommendation. Members of Executive will work with Trey Roche, the business continuity team lead, along with IT and other key divisional process owners to determine possible solutions that will allow for continuity in the event the LASERS on-site data center and facilities would not be</p>
----	---	---

Observation

#

Observation**Recommendation**

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

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

available for an extended period of time. This has been assigned a medium priority with a target completion date of July 1, 2021.

March 2022 Update (Executive):

LASERS annually updates its business continuity plan which allows each Division Director to update what is deemed to be critical in their areas. The last update was completed in July 2021.

In 2019, LASERS implemented a cloud disaster recovery solution with iLand for the Optimus imaging and workflow system. This recovery solution was later expanded to include SOLARIS, JD Edwards, network shares, and backups allowing for the restoration of LASERS systems when the data center and facilities are not available.

In addition, using the context of the COVID-19 pandemic, full operations were continued. This situation allowed LASERS to implement a remote work solution including a remote customer service call center, which was not a consideration during this audit and proven to be a useful tool for Disaster Recovery. This experience demonstrated the resilience of LASERS in responding to a disruption during normal operations.

The Consulting Report provides for a need for the definitions of minimal operations and full operations. The current operational definitions currently be utilized is stated below:

- Minimal Operations – the ability to successfully complete employee payroll, member payroll and provided limited communications (email, chat, and video conferencing, no call center, mail operations).
- Full Operations – No disruption to any business services.

The determination if minimal operations or full operations is needed will depend upon the type of disaster aftermath

<i>Observation #</i>	<i>Observation</i>	<i>Recommendation</i>
		<p>environment LASERS will be required to operate in.</p> <p>July 2022 Update (Executive): According to the Business Continuity Team Lead (Chief Administrative Officer), the proposed changes to the Business Continuity Plan outlined below have been made to address the outlined recommendation and this item is now closed.</p> <p>The following has been added on page 27 of the 2022 Business Continuity Plan.</p> <p>DISASTER RECOVERY AGENCY CRITICAL NEEDS</p> <p>In response to a business interruption event, the following needs will be addressed by members of the LASERS Business Continuity Team.</p> <p>1)Determine the extent of damage to the LASERS building and technology infrastructure.</p> <p>a.Damage to the Building</p> <p>i.Communicate with Beau Box and the Office of Risk Management/Sedgwick to facilitate repairs to the building.</p> <p>ii.If damage to the building will not allow LASERS to use the building, LASERS will discuss with Beau Box on identifying other potential building options as well as with the Division of Administration/Office of State Buildings to secure a temporary building solution.</p> <p>b.Damage to Technology Infrastructure</p>

<i>Observation #</i>	<i>Observation</i>	<i>Recommendation</i>
02	<p>Information Technology staff members utilize LASERS Disaster Recovery Guide to complete testing of critical production systems (i.e., SOLARIS, Optimus, etc.) at LASERS. This procedure manual and testing plan contains process steps to restore services in the event of a disaster affecting certain production systems stored in the LASERS on-site data center. As an example, the testing plan currently covers critical functions at LASERS, such as, the processing of monthly pension payroll and employee payroll.</p> <p>Due to the modernization of the disaster recovery process,</p>	<p>i.To the extent the infrastructure damage is minimal, the disaster recovery environment LASERS will be operating in will be at minimal operations until the infrastructure is repaired/replaced. Minimal operations is defined as the ability to successfully complete employee payroll, member payroll and provided limited communications. LASERS staff will be equipped with laptops that will allow for remote work and login to the iLand cloud provider.</p> <p>ii.To the extent the IT infrastructure damage is significant, the disaster recovery environment LASERS will be operating in would be at minimal operations until such time LASERS figures out a long-term solution for potentially full operations in response to a business continuity event. Full operations is defined as no disruption to any business services. LASERS will continue to discuss the various long-term operating solutions available that would allow the agency to operate solely from a cloud-based system until the mainframe infrastructure is deemed acceptable and accessible.</p> <p>iii.Determine and document what is necessary to repair the LASERS IT infrastructure. To the extent the damage is significant, LASERS may be required to file a claim with the Office of Risk Management/Sedgwick.</p> <p>The business continuity team lead should work with IT and other divisional process owners to evaluate the current business continuity testing plan and identify areas of improvement. As part of this evaluation, the items noted in the observation should be considered along with the impact in terms of resources and cost. Upon the conclusion of the evaluation, any recommendations should be presented to management for approval. Executive agrees with this recommendation. Trey Roche, the business continuity team lead, will work with IT to plan expanded disaster relief testing. Expanded testing will include the testing of additional production systems over time and the incorporation of</p>

<i>Observation</i>	<i>Observation</i>	<i>Recommendation</i>
#	<p>LASERS is able to test critical production systems more efficiently and on a more frequent basis. With this improvement, there is an opportunity to enhance the testing plan coverage and effectiveness. The following are some example areas of possible enhancement:</p> <ul style="list-style-type: none"> •Evaluate testing ownership (i.e., business continuity lead versus IT). •Incorporate simulated scenarios into the testing approach and process. •Incorporate and utilize non-IT staff and business process owners into the testing process and rotate testers periodically. •Include additional production systems into the testing process. •Expand the level of testing performed on the critical production systems. •Establish criteria to measure the success and expected outcome from each testing exercise. <p>It should be noted that some of these areas are considered long term in nature and will take some time to fully mature and develop. However, these type of changes will improve the business continuity testing process and reduce the potential risk to LASERS should an unforeseen disaster occur.</p>	<p>business owner staff in the testing process. This has been assigned a medium priority with a target completion date of December 31, 2021.</p> <p>March 2022 Update (Executive): The Chief Administrative Officer, Chief of Staff, Audit Division Director, and IT Division Director met on December 2021, to discuss this report as well as the goals for an upcoming disaster recovery test, which was completed at the end of January 2022. The report mentions the business continuity team lead working with IT and other division process owners relative to the business continuity. Since the issuance of this report, the role of business continuity team lead has been assumed by the Chief Administrative Officer who worked with IT on facilitating a disaster recovery test which included using the Fiscal and Member Services Divisions to test critical processes. Future disaster recovery tests will follow the same protocol whereby the Chief Administrative Officer will meet with IT and determine the processes to be tested and what divisions will need to be involved with the goal of eventually testing all critical processes.</p> <p>The January 2022 disaster recovery test resulted in the following recommended enhancements to the disaster recovery testing protocols:</p> <ol style="list-style-type: none"> 1.Incorporate simulated scenarios into the testing approach and process. <ul style="list-style-type: none"> •Incorporate documentation after every test that cover the major processes and are stored to \\diskextend\IS\Projects\Disaster Recovery Tests. •Recovery process documentation is stored to X:\BC Plan\Division Specific Tasks and Procedures\IT\DR Documents •RPO and RTO are in the following doc (Page 26) X:\BC Plan\Business Continuity Plan\2021 Business Continuity Plan

<i>Observation #</i>	<i>Observation</i>	<i>Recommendation</i>
		<p>Summary.pdf\</p> <p>2.Incorporate and utilize non-IT staff and business process owners into the testing process and rotate testers periodically.</p> <ul style="list-style-type: none"> •During the January 2022 DR Test, both the Member Services and Fiscal Services staff ran processes to verify they were able to complete specific tasks such as Employee and Member Payroll. It should be noted that it was observed that there is no current way to send the payroll files to the bank. This is planned for review as a possible enhancement to the DR process. <p>3.Include additional production systems into the testing process. The current DR testing encompasses SOLARIS, JD Edwards, Optimus, and Network Shares. In addition, due to the move to Microsoft 365 cloud services, the staff also has access and use of Microsoft Outlook for email and Microsoft Teams for chat & video conversations.</p> <p>4.Expand the level of testing performed on the critical production systems.</p> <ul style="list-style-type: none"> •With the increased availability of multiple systems, see above, the scope of testing has increased to include SOLARIS, JD Edwards, Optimus, and Network Shares. <p>5.Establish criteria to measure the success and expected outcome from each testing exercise.</p> <ul style="list-style-type: none"> •SOLARIS <ul style="list-style-type: none"> oEvaluate if the system is available, member data is accessible, and member payroll can be completed to the point of generating the bank file. •JD Edwards <ul style="list-style-type: none"> oEvaluate if the system is available, financial data is accessible,

<i>Observation #</i>	<i>Observation</i>	<i>Recommendation</i>
		<p>and employee payroll can be completed to the point of generating the bank file.</p> <ul style="list-style-type: none"> •Optimus <ul style="list-style-type: none"> oEvaluate if the system is available, and member documents are accessible. •Network Shares <ul style="list-style-type: none"> oVerify the network shares are accessible. <p>It should be noted that some of these areas are considered long term in nature and will take some time to fully mature and develop. However, these types of changes will improve the business continuity testing process and reduce the potential risk to LASERS should an unforeseen disaster occur.</p> <p>August 2022 Update (Audit Services): The LASERS business continuity team has created a disaster recovery testing plan that documents the proposed quarterly testing and a menu of testing options that are available. Prior to each test, the business continuity team will draft a Scope Document and DR Test Checklist that will utilize this testing plan. As new tests are created, the business continuity team will make all necessary updates to the disaster recovery testing plan. This item is now closed.</p>

Fiscal

1316 Required Minimum Distribution Review

01C	<p>In one instance a member that terminated in October 2012 who met the requirements for an RMD, did not receive a distribution since Empower Retirement did not receive the termination date until January 2013. An ancillary procedure to run the RMD</p>	<p>Member Services should work with Empower Retirement to ensure that an ancillary RMD process is developed. Member Services agrees with the recommendation and responded that Empower Retirement will be notified of the importance of</p>
-----	---	---

<i>Observation #</i>	<i>Observation</i>	<i>Recommendation</i>
	<p>process after the calendar year end (but prior to the deferral deadline of April 1st for first year RMD recipients) would identify individuals that are due an RMD, but were not identified initially due to timing.</p>	<p>establishing an ancillary process to catch late retirees.</p> <p>September 2014 Update: Fiscal suggests moving the target completion date to June 30, 2015 as this process just recently transitioned to them and they need time to work through it themselves work with Empower Retirement. Member Services replied to Fiscal in early September stating that they have not sent anything to Empower Retirement as they were waiting on confirmation from tax counsel on beneficiary related calculations.</p> <p>March 2016 Update (Fiscal): We have not had time to obtain information from Empower Retirement due to new projects in the responsible area (Affordable Care Act compliance, JDE upgrade, etc.). Fiscal will contact Empower Retirement to obtain data issued by them and any logic documents they can provide to assist in the performance of testing. From there, Fiscal will see what additional changes should be made on their part. We will communicate our findings and conduct testing on their 2016 RMDs. Recommend new target completion date of February 28, 2017.</p> <p>February 2017 Update (Fiscal): At this point, Fiscal has not verified that Empower has an ancillary process in place to run the RMD process after the calendar year end but before April 1st. However, after the final review of the data referenced in Project 1316 Required Minimum Distribution Review - Observation 1, Recommendation 1 (Item #117), Fiscal will work with Empower to see if they have a process in place to run RMDs after the year end. If not, then Fiscal will set up meetings/calls, as needed, to have them put the process in place for 2017. Request new completion date of April 30, 2018 to allow for process changes and to verify data up to April 1, 2018.</p>

<i>Observation #</i>	<i>Observation</i>	<i>Recommendation</i>
		<p>August 2018 Update (Fiscal): Based upon our testing, it appears that Empower does not update their RMD recipient listing after they run the report that is sent to us in August each year for verification. An email was sent to Empower to confirm this, but no response has been received. We will continue to work with them requesting that they perform an ancillary process in early March of each year to catch anyone that terminated late in the previous year who should've received an RMD. For LASERS, we will run a report (Benefit Payees Added during period) the 1st few days of March for the periods of 8/1/PY thru 2/28/CY and filter for retirement dates in the PY that were processed after the Empower RMD report was generated. A letter will be sent to anyone that was missed and we will request Empower to issue the RMD before the April deadline. For 2017, 3 were missed however 1 took a large withdrawal prior to the April deadline. Attached is a spreadsheet showing the research/confirmation done for 2017. Fiscal feels we will have to continue performing our own validation in early March each year. Request an updated target completion date of May 31, 2019, to allow us to verify Empower's process works correctly for 2018.</p> <p>August 2019 Update (Fiscal): After meeting with Empower in December 2018 to discuss the various concerns LASERS had with the RMD process, it was decided that LASERS would switch to Empower's "Full Service" RMD processing, which was approved in late March 2019. This will eliminate the manual verification done on Excel spreadsheets emailed to us from Empower. This will take effect for the 2019 RMD process. Based on information received, LASERS will need to continue the verification of RMDs for members who are 70 1/2 and have a retirement date in the prior year, yet the date was not submitted to Empower until the current year. Fiscal will need to update procedures for performing this verification utilizing the reports available in the processing center under the new full</p>

<i>Observation</i>	<i>Observation</i>	<i>Recommendation</i>
#		
		<p>service plan. Due to this change in process we recommend a new target completion date of July 31, 2020.</p> <p>September 2020 Update (Fiscal): Fiscal is utilizing the reports from Empower's "Full Service" RMD process to verify that Empower is issuing RMD's to member's that meet RMD requirements. Procedures for the process are being drafted and will be complete by December 31, 2020.</p> <p>January 2021 Update (Fiscal): We have started the procedures, but have not be able to finish them because of issues with the Empower's RMD report. The report has not been updated for the Secure Act age increase to 72 and the 2020 RMD report show withdrawals for 2019 instead of 2020. Fiscal plans to discuss with Empower improvements to the RMD report so that procedures can be finalized. We ask for this date be extended to January 31, 2022.</p> <p>February 2022 Update (Fiscal): The procedures have been updated and provided to audit. Fiscal believes that this item should be closed.</p>
1423	JD Edwards System Upgrade Project	
01	<p>The Audit Services Division contracted with a third party vendor, Q Software, to perform a review of the JD Edwards user security access and role configuration. This occurred immediately prior to the implementation of the upgrade. After the completion of their review, Q Software submitted a report that outlined areas for improvement. There were some items that LASERS was able to address prior to the upgrade implementation. For the remaining items, a discussion was held between Fiscal, IT, Audit Services, and Q Software to determine whether they required correction prior to the upgrade implementation or post implementation. It was determined that the remaining items</p>	<p>Fiscal should work with IT and Audit Services to perform a review of the JD Edwards user security configuration after the upgrade is complete. Upon completion of this review, changes to the configuration should be made as deemed necessary.</p> <p>Update (Fiscal): Fiscal feels this item can now be closed. We understand that a follow up security audit may be performed in the '17-18 fiscal year to ensure that agreed upon roles/accesses remain. I believe Audit has all the necessary documentation associated with the security audit.</p>

<i>Observation</i>	<i>Observation</i>	<i>Recommendation</i>
#		
	<p>were not critical enough to delay the upgrade and a detailed analysis should be performed by LASERS after the upgrade project is complete to determine what changes are necessary to further improve the security configuration.</p>	<p>Update (Audit Services): Project 1802 JD Edwards User Security Review has been completed which satisfies the outlined recommendation. Refer to the final documentation associated with this project for further details on the results of this review.</p>
2119	Property Control Review	
01A	<p>While reviewing LASERS inventory being tracked in JDE, it was identified that tablets and cell phones were not included. LASERS Inventory Policy, section IV, states that “The JD Edwards inventory system will also keep track of the following computer hardware acquisitions less than \$5000: laptops, personal computers, tablets, and cell phones.” Omitting tablets and cell phones from the inventory system increases the risk that staff may not know when items are misplaced or stolen.</p> <p>Cell phones and tablets with cellular service have historically been tracked by IT for security management purposes using Air Watch. IT has recently transitioned the management of all cell phones and tablets with cellular service from Air Watch to Microsoft Intune and has plans to add tablets without cellular service, laptops, and eventually desktop computers.</p>	<p>Fiscal should make the necessary procedure updates to begin tracking tablets and cell phones in JDE, in order to be in compliance with the LASERS Inventory Policy. Fiscal agrees with this recommendation. Fiscal has input all phones and is in the process of inputting tables into JDE Inventory. The phones have been reconciled to the Verizon bill and a list provided by IT. Fiscal is waiting on a tablet inventory list to reconcile the tablets listed in JDE. Once the reconciliations are complete, we will finalize updates to procedures.</p> <p>April 2022 Update (Fiscal): Fiscal has completed our portion of the procedures. Waiting on IT's portion to complete procedures.</p> <p>June 2022 Update (Audit Services): Fiscal has provided reconciliation procedures and an example of a reconciliation they performed, along with email correspondence with IT related to items that did not reconcile. Audit Services performed an independent reconciliation and identified three items that did not reconcile. Fiscal made the appropriate updates in JDE to resolve these items (see LASERS Inventory Report 06102022). This item can be closed.</p>
01B	<p>While reviewing LASERS inventory being tracked in JDE, it was identified that tablets and cell phones were not included. LASERS Inventory Policy, section IV, states that “The JD Edwards inventory system will also keep track of the following</p>	<p>Fiscal should work with IT to identify all cell phones and tablets owned by LASERS and add these items to JDE. Fiscal agrees with this recommendation. Fiscal is in the process of working with IT to identify all cell phones and tablets. These items are being</p>

<i>Observation #</i>	<i>Observation</i>	<i>Recommendation</i>
	<p>computer hardware acquisitions less than \$5000: laptops, personal computers, tablets, and cell phones.” Omitting tablets and cell phones from the inventory system increases the risk that staff may not know when items are misplaced or stolen.</p> <p>Cell phones and tablets with cellular service have historically been tracked by IT for security management purposes using Air Watch. IT has recently transitioned the management of all cell phones and tablets with cellular service from Air Watch to Microsoft Intune and has plans to add tablets without cellular service, laptops, and eventually desktop computers.</p>	<p>added to the JDE Inventory. At this time all cell phones have been entered into JDE and reconciled to the Verizon bill and a list provided by IT. Fiscal is waiting on IT to provide an inventory list of tablets to be entered into JDE before this can be completed.</p> <p>April 2022 Update (Fiscal): Fiscal has worked with IT and identified all tablets and cell phones based on the Verizon bill and items purchased through Accounts Payable. All items identified have been added to JDE as a part of our inventory list and are in Intune. A reconciliation process is being reviewed by IT now.</p> <p>June 2022 Update (Audit Services): Audit Services has verified that all cell phones and tablets have been added to JDE. Please see updates associated with Observation 1, Recommendation 1 for additional details.</p>
03	<p>According to the LASERS Surplus Procedures, when IT devices have been designated for disposal/surplus, the data will be wiped clean and then placed in a designated location until disposal/surplus. Periodically, the Inventory Designee will check this location to determine if there are enough items to organize a pickup.</p> <p>Procedures also state that items are accounted for and written down to show the recipient the quantity of items they will be picking up. A surplus form is completed and kept on file, which lists each item’s description, asset number, LAS number, and serial number. JDE is updated by removing the location of the device so that it is blank. Inventory items are disposed of through a journal entry and the equipment status is set to “Fully Disposed”. Receipts from the organization picking up the items are saved electronically.</p> <p>Complete and accurate documentation resulting from</p>	<p>Fiscal should work with all affected parties to review and make the necessary updates to the procedures relating to the surplus/disposal process. While performing this review, some items for consideration include the following:</p> <ul style="list-style-type: none"> •Approval form (currently in development) that authorizes items to be disposed/surplused. •Surplus form (detailing asset information that can be tied back to JDE), including the date of disposal/surplus and signature of the LASERS staff member responsible for the disposal/surplus. •Acknowledgement of the organization receiving the items. •Notation if funds/credits are to be received. •Disposal journal entry with report showing items were updated with a “disposed” status in JDE. •When items are designated as needing to be disposed of as opposed to surplused, two LASERS staff members should sign the surplus form to confirm disposal. <p>Fiscal agrees with this recommendation. Fiscal has completed</p>

<i>Observation #</i>	<i>Observation</i>	<i>Recommendation</i>
	<p>disposal/surplus activities are important to keep for accountability purposes. During this engagement, documentation related to previous disposal/surplus activities was reviewed. The following types of example discrepancies were identified:</p> <ul style="list-style-type: none"> •A surplus form did not exist for three of the seven disposal/surplus activities reviewed. •Of the 18 items selected to review which were designated as “disposed/surplused” in JDE, eight items could not be found in the disposal/surplus documentation. 	<p>the development of procedures and forms for the surplus/disposal process.</p>

Fiscal - SOLARIS

1122 Required Minimum Distribution Process

01	<p>During this review, it was identified that RMDs are not being processed by LASERS for DROP beneficiaries in the same manner as members. The current process for members includes sending correspondence near the beginning of the calendar year, informing them of the RMD that should be withdrawn during the year. LASERS sends correspondence, near the end of the year, informing the member if they have taken the minimum amount required or not. Included in the correspondence is a summary of the factors used to calculate the RMD amount, withdrawals during the year, and remaining balance to be distributed (if any). LASERS will then issue an RMD payment in late December, if the member did not withdraw at least the minimum amount.</p> <p>The current process for beneficiaries includes sending correspondence near the end of the calendar year which states that the individual may need to make important decisions regarding withdrawals from their account and that LASERS staff is unable to advise them about the decisions due to the complexities of tax issues.</p>	<p>Once a response is received from LASERS tax counsel, Member Services should work with IT and Legal to modify the current RMD process, as necessary. Member Services, Legal, and IT agree with this recommendation. A response has been received from LASERS tax counsel stating that beneficiaries should be handled in the same manner as retirees. Additionally, IT stated that the recommendation is technically feasible and can be scheduled once business rules are submitted. The target completion date will depend on the business priority placed on this recommendation. Beneficiaries were included in the 2011 RMD process; however, there are two situations in which SOLARIS does not properly determine the correct life expectancy when calculating the RMD amount:</p> <ul style="list-style-type: none"> • When a member dies prior to age 70.5 and the sole beneficiary is the deceased member’s spouse, an RMD is not due until the member would have attained age 70.5. In this situation, the RMD is calculated over the life of the surviving spouse. • When a member dies after attaining age 70.5, the RMD should be calculated on the longer of either the beneficiaries single life expectancy or the member’s life expectancy (based on the
----	--	---

<i>Observation #</i>	<i>Observation</i>	<i>Recommendation</i>
		<p>member's age at death), reduced by one for each year from death.</p> <p>It should be noted that TFS Bug 23227 has been entered by Member Services to address these items.</p> <p>STATUS UPDATE: This item remains open. Beneficiaries were included in the 2011 RMD process; however, there are two situations in which SOLARIS does not properly determine the correct life expectancy when calculating the RMD amount:</p> <ul style="list-style-type: none"> - When a member dies prior to age 70.5 and the sole beneficiary is the deceased member's spouse, an RMD is not due until the member would have attained age 70.5. In this situation, the RMD is calculated over the life of the surviving spouse. -When a member dies after attaining age 70.5, the RMD should be calculated on the longer of either the beneficiaries single life expectancy or the member's life expectancy (based on the member's age at death), reduced by one for each year from death. <p>Since the formula to calculate an individual's RMD amount includes multiplying the life expectancy factor by the account balance as of the previous calendar year end, deriving an incorrect life expectancy will cause the RMD amount to be incorrect. It should be noted that TFS Bug 23227 has been entered by Member Services to address these items. Member Services should prioritize TFS Bug 23227 and work with IT to ensure that RMD amounts are calculated accurately in these scenarios. Member Services and IT are in agreement with this recommendation and noted the complexity of the calculation. Member Services is continuing to work with IT on TFS Bug 23227 to ensure the proper calculations are performed in accordance with IRS provisions. The priority for this item has been set as high with a revised target completion date of December 31, 2012. The SOLARIS RMD process is not correctly handling the following</p>

<i>Observation #</i>	<i>Observation</i>	<i>Recommendation</i>
		<p>situation: When a member dies after attaining age 70.5, the RMD should be calculated on the longer of either the beneficiaries single life expectancy or the member's life expectancy (based on the member's age at death), reduced by one for each year from death.</p> <p>April 2022 Update (Audit Services): As part of the FYE 2022 testing of LASERS RMDs, Audit Services confirmed the issues cited in this observation have been addressed.</p>
<p><u>IT</u></p> <p>1604</p>	<p>IT Security Management Review</p>	<p>IT should evaluate the current environment and establish policies and procedures to create an effective log management program.</p> <p>The corrective action plan for this item is noted below.</p> <p>Immediate Remediation Action Plan (COMPLETED) If there are reasons to believe that a security anomaly has occurred, the Adaptive Security Appliance (ASA) and anti-malware logs will be reviewed and anomalies will be addressed by the IT Security Administrator. Currently, this will remain a manual process. In addition, Malware reports will be generated weekly to identify ongoing security risks and will be followed up on by the IT Security Administrator.</p> <p>Further Remediation Planned IT plans to perform the following additional corrective action to address this item: •A review will be done of the NIST infrastructure logging recommendations and a standard IT policy for governance of logging along with applicable supporting procedures will be</p>

03

According to the National Institute of Standards and Technology (NIST) Special Publication (SP) 800-92, a log is a record of the events occurring within an organization's systems and networks. Logs are composed of log entries; each entry contains information related to a specific event that has occurred within a system or network. Many logs within an organization contain records related to computer security. These computer security logs are` generated by many sources, including security software, such as antivirus software, firewalls, and intrusion detection and prevention systems; operating systems on servers, workstations, and networking equipment; and applications.

The number, volume, and variety of computer security logs have increased greatly, which has created the need for computer security log management-the process for generating, transmitting, storing, analyzing, and disposing of computer security log data. Log management is essential to ensuring that computer security records are stored in sufficient detail for an appropriate period of time. Routine log analysis is beneficial for identifying security incidents, policy violations, fraudulent activity,

<i>Observation</i>	<i>Observation</i>	<i>Recommendation</i>
<i>#</i>		
	<p>and operational problems. Logs are also useful when performing auditing and forensic analysis, supporting internal investigations, establishing baselines, and identifying operational trends and long-term problems.</p> <p>A fundamental problem with log management that occurs in many organizations is effectively balancing a limited quantity of log management resources with a continuous supply of log data. Log generation and storage can be complicated by several factors, including a high number of log sources; inconsistent log content, formats, and timestamps among sources; and increasingly large volumes of log data. Log management also involves protecting the confidentiality, integrity, and availability of logs. Another problem with log management is ensuring that security, system, and network administrators regularly perform effective analysis of log data.</p> <p>Additionally, NIST recommends that organizations should:</p> <ul style="list-style-type: none"> Establish policies and procedures for log management. Prioritize log management appropriately throughout the organization. Create and maintain a log management infrastructure. Provide proper support for all staff with log management responsibilities. Establish standard log management operational processes. <p>According to IT, the monitoring of logs only occurs if an issue arises that requires a review of the logs to help identify how the problem occurred. For IT to continuously monitor LASERS logs for potential security weaknesses and other issues, IT would have to currently perform this manually.</p>	<p>developed that will address, at a minimum, the following:</p> <ul style="list-style-type: none"> o What is monitored with logging software. o What is monitored without logging software. o Validation of process. o Notification structure for failure to follow policy. <p>•An evaluation and recommendation will be made of available software to effectively aggregate and manage logging based on current best practices.</p> <p>August 2017 Update (IT): At this time, LASERS IT has reviewed QRadar, Splunk, and Microsoft Azure services (OMS). All solutions have pros and cons either expensive to purchase or expensive to implement/maintain. Further review and testing is needed to determine the best value for LASERS. Request change of target date to June 30, 2018.</p> <p>September 2018 Update (IT): LASERS IT has implemented a log management solution with vendor support to assist with refining the alerting process. After this refining process is complete, a process for how the system is managed will be developed if needed. Request change of target date to March 31, 2019.</p> <p>April 2019 Update (IT): The draft is not complete at this time. Please extend the timeline to June 30, 2019.</p> <p>September 2019 Update (IT): QRadar has been implemented and systems are continuing to be added for analysis. At present, too many false messages are presented to investigate regularly. LASERS has contracted with an external provider to assist with the continued setup and tuning of QRadar this fiscal year. Definition for what devices/systems are monitored and which rules apply will be documented in the</p>

<i>Observation #</i>	<i>Observation</i>	<i>Recommendation</i>
		<p>software configuration. An update will be provided by December 31, 2019.</p> <p>February 2020 Update (IT): QRadar monitoring is continuing to be refined. Currently the stats are as follows:</p> <p>Daily received messages: 20 million Potential offenses needing research: 10-15/day</p> <p>The goal of the implementation of log tracking has been to a) implement a solution and b) analyze everything that produces logs. The implementation of a policy and procedures is secondary. The challenge has been to analyze every potential offense with current staff resources. Work is continuing with our partner to remove false positives from the daily offenses, but this is a slow process.</p> <ul style="list-style-type: none"> •Security: authentication, thread analysis, thread blocking, •Application Services: application, database, email, file share, file transfer, web, •Infrastructure: firewall, hypervisor, wireless points, <p>An update will be provided by December 31, 2020.</p> <p>December 2020 Update (IT): Refinement of the QRadars monitoring system is continuing. Recent updates have narrowed the alerts almost to a manageable regular reviewable amount (< 10 / Day). When reached, a process will be put in place to define the review process. An update to be provided by March 30, 2021.</p> <p>June 2021 Update (IT): The refinement is an ongoing process. Any formal review process</p>

<i>Observation</i>	<i>Observation</i>	<i>Recommendation</i>
#		<p>is pending the completion of the Incident Response (IR) process. Further updates pending the IR process completion. An update will be provided March 31, 2022.</p> <p>August 2022 Update (IT): Over the last two years, IT implemented and configured the LASERS SIEM (Security Information and Event Management) system, Q-Radar. The system monitors all servers (domain controllers, application servers, web application proxy servers, data base servers, exchange servers, transport servers, file servers, system center configuration manager, and ADFS). In addition to servers, the system monitors security services such as Carbon Black, Mimecast, Azure, Defender for EndPoint, Cisco Identity Service Engine, wireless access points, and host hypervisors (VMWare). The system has been tuned to identify suspicious activity which brings alerts to the attention of the security team to be researched and mitigated as needed. As new systems are added or upgraded, they are added to the SIEM (ex. The Palo Alto firewall was added when it was implemented). All security alerts that require attention are reviewed at the bi-weekly security briefing with the IT Deputy Director. Any alerts that are not informational or false positives would require the Incident Response Plan to be initiated. IT is recommending closing this item.</p>
13	<p>A LASERS employee can access their email on their mobile device in two ways. One way is to utilize the LASERS webmail website which requires them to log into their account the same way they would if they were at home using their computer. This can be tedious for users who frequently check their email. To solve this problem, LASERS IT implemented the AirWatch software that securely makes their LASERS email readily available on their mobile device. To utilize AirWatch, the user must be approved and also consent to allowing IT to utilize</p>	<p>IT should develop and implement a review and monitoring process to ensure all users and devices connected to LASERS via AirWatch are in compliance with the IT controls and requirements.</p> <p>Immediate Remediation Action Plan (COMPLETED) All AirWatch controls of requiring a passcode have been corrected. Email controls and the control to disallow "jailbroken" phones to connect to LASERS email has been verified. There</p>

Observation

#

Observation**Recommendation**

AirWatch to set controls on their device.

According to IT procedure, the AirWatch application is configured to require a device to have a passcode in order to connect to their LASERS email. This is an important control because without a passcode, if a device is lost or stolen, someone outside of LASERS would have instant access to LASERS information. To ensure security rules are enforced, IT uses the AirWatch management console to establish and monitor the security access and device controls for all approved users.

During this review, it was identified that the device passcode requirement was not enforced for 20 of the 26 devices enrolled in AirWatch. The lack of passcode enforcement does not mean that these devices did not in fact have a passcode, but simply the IT control to require a passcode was not enabled for all devices. It should be noted that during this review IT updated the AirWatch control to now require all devices to have a passcode.

were no exceptions noted. The term "jailbroken" refers to a process of removing software restrictions placed on the device by either the manufacturer or carrier/seller. Default restrictions are placed on devices by manufacturer and carriers to secure the core code and file system of the device against malicious activity. Breaking these default restrictions is called "Jail Breaking" a device and can allow malicious and unsecure code or apps to run on the device.

Further Remediation Planned

IT plans to perform the following additional corrective action to address this item:

- A standard IT policy for governance of mobile devices on the LASERS network along with applicable supporting procedures will be developed that will address, at a minimum, the following:
 - o When mobile devices are allowed on the LASERS network.
 - o Required safeguards for LASERS data on mobile devices.
 - o Allowable exceptions.
 - o Exception process including documentation and approval process.
 - o Validation of process.
 - o Notification structure for failure to follow policy.
- A standard procedure for management of mobile devices will be developed to include, at a minimum, the following:
 - o Pre-upgrade assessment of impact to LASERS environment.
 - o Post-upgrade functionality regression testing which includes a post-upgrade report delivered to the IT Tech Support manager.
 - o Notification to the IT Security Administrator of any changes made to the mobile device management system to ensure that all security policies with the system remain in effect.

September 2017 Update (IT):

The immediate problem with AirWatch was resolved. The development of the process is pending. Please adjust the

<i>Observation #</i>	<i>Observation</i>	<i>Recommendation</i>
		completion date to June 2018 to account for any issues with product implementation.
		September 2018 Update (IT): Currently being reviewed. Request change of target date to March 31, 2019.
		April 2019 Update (IT): The IT process is currently in review and should be internally finalized within the month. Please update the completion to June 30, 2019.
		September 2019 Update (IT): The process is in draft. A review of the process is planned in the 4th quarter of 2019. An update will be provided by December 31, 2019.
		January 2020 Update (IT): The process is in draft but staff have not had the opportunity to complete the work necessary to finalize this process. An update to be provided by June 30, 2020.
		August 2020 Update (IT): LASERS IT has reassessed this item. The current system AirWatch is configured to enforce all current controls. However, with the move to Microsoft 365 email, the integrated solution, Microsoft InTune, provides more granular controls for managing many of the Microsoft 365 products. LASERS IT is currently configuring and planning a pilot of this new system to potentially replace AirWatch. At this time, the start and duration of the pilot is unknown as the project is in early testing. Any documentation for the controls will be managed in the Microsoft 365 system, similar to group policies. For the AirWatch solution, this item can be considered closed. Further updates on the InTune solution will be

<i>Observation #</i>	<i>Observation</i>	<i>Recommendation</i>
		<p>provided by June 30, 2021.</p> <p>June 2021 Update (IT): LASERS is currently migrating to Microsoft InTune. Once all migration is complete, a new review can be discussed to verify all necessary controls are in place. An update will be provided March 31, 2022.</p> <p>July 2022 Update (IT): LASERS has completed a migration from AirWatch to Microsoft Intune. Microsoft Intune includes the following features:</p> <ul style="list-style-type: none"> • Ensuring devices have a passcode setup. • Ability to wipe enterprise data from a device or the entire device, if necessary. • Tracking of devices in case they are lost or stolen. • Ability to detect devices that have been modified (e.g., jailbroken) which poses significant security risks and disallow them from establishing a connection. <p>Microsoft Intune was reviewed by Audit Services, confirming that the implementation of Microsoft Intune was successful and all LASERS owned cell phones and iPads are successfully being managed by this MDM solution. IT plans to add all LASERS-owned laptops and desktops to Microsoft Intune, which will be confirmed in a future project. Also, since this project IT has implemented Microsoft Office 365 for email, which added additional security (i.e., multi-factor authentication when accessing a LASERS email account). This item is now closed.</p>
14	<p>The roles and responsibilities of overseeing LASERS IT security is currently divided between multiple employees at LASERS. This separation of duties is inherently riskier than having a centralized person to oversee the various security roles and processes. A decentralized security oversight increases the risk</p>	<p>IT should evaluate the current security oversight management function and determine which IT staff manages each role, their responsibilities, and their authority. An analysis of this would help determine the necessary changes needed to increase the effectiveness of the IT security management oversight function</p>

<i>Observation</i>	<i>Observation</i>	<i>Recommendation</i>
#	<p>that the application of security policies and procedures will be inconsistent, thus increasing the difficulty of ensuring the security and protection of LASERS systems and information.</p> <p>The security oversight could be centralized to one individual who would oversee the team and ensure that all policies are standardized, implemented, and adhered to; however, they may not necessarily perform all of the task they are overseeing. This person would have a holistic view of the IT security risks facing LASERS and be able to identify technologies and implement processes to help minimize those risks. This person would have an understanding of how this change would affect the overall IT security environment which is governed by the LASERS IT policy.</p>	<p>IT plans to review the existing management structure and various IT security roles and responsibilities and changes will be recommended, as needed, to increase the overall effectiveness of IT security management and oversight.</p> <p>August 2017 Update (IT): At this time, all focus has been directed toward writing and maintaining policies for governance of IT (with a focus on security). After these activities are complete and the open items closed out, this item will be addressed. Depending on the length of time to address the remaining topics, this date is only an estimate. Request change of target date to June 30, 2018.</p> <p>September 2018 Update (IT): Further review of this item is being considered and a recommended next course of action will be made by the end of calendar year 2018.</p> <p>February 2019 Update (IT): The annual process review did not take place in December, as planned, due to operational and Optimus Phase 3 project requirements. We are currently evaluating the needs of IT and what the division can effectively accomplish on a regular basis. More analysis is needed with potential IT structure changes and/or request for positions to fill this need. Requesting a change of date to June 30, 2019.</p> <p>August 2019 Update (IT): The role of the security administrator has been moved to report to the IT Deputy Director. With this change, a change in scope will occur. Previously the focus has been centered on networking products. The focus now is the holistic security of LASERS. But this change will take time to implement as staff are limited and the</p>

<i>Observation #</i>	<i>Observation</i>	<i>Recommendation</i>
		<p>current security administrator has too many responsibilities for an organization this size. Step one is to pull the role out of day-to-day network support activities. This is targeted at the end of the year (December 31, 2019). Next the role will be integrated with security dealing with all application services starting with the changes for MyLASERS. Further out the role will be integrated in the other key application systems (Solaris, JDE, and Optimus). The current goals for this fiscal year are as follows: Multi-Factor Authentication (MFA) for all external systems (if available), draft an Incident Response Plan (IRP), develop a regular security debriefing, and define processes for a limited Service Organization Control (SOC) review. These changes will take the remainder of this fiscal year. Please set the target for December 31, 2019, for another update.</p> <p>January 2020 Update (IT): The process is continuing with the security administrator taking on a more holistic approach to IT. The first step in this will be a this role taking on the project manager duties for the CBI review of MyLASERS. Other than this, there has been no formal definition of process surrounding the duties of security oversight at this time. This process will continue to evolve as this role evolves. An update to be provided by June 30, 2020.</p> <p>September 2020 Update (IT): The process is continuing with the security administrator taking on a more holistic approach to IT. This will be an ongoing process that takes years to implement and is never actually complete. About a year ago the security administrator reporting structure was moved to the IT Deputy director which provides the role the holistic view/authority over all of IT for security related topics. With this change in reporting, the role has now taken on some direct involvement in applications (which accounts for two thirds of IT). Unfortunately with this change, many duties of the security role</p>

<i>Observation #</i>	<i>Observation</i>	<i>Recommendation</i>
		<p>are unable to be completed due to the need for additional staffing resources. With the retirement of an IT staff member, that position has been reallocated for a junior security role. IT is in the process of filling that position. It is unknown at this time if the reduction in one area to fill this new security need will have a negative impact on IT services, but security was deemed a critical need.</p> <p>December 2020 Update (IT): IT has hired a junior security administrator to assist our current security administrator. The current plans are for the new role to come up to speed on the LASERS environment. Early next year (2021) the duties of each security role will be evaluated and potentially reworked.</p> <p>June 2021 Update (IT): The latest is the Deputy IT Director has taken direct ownership of the security team and focused on coming up to speed with security best practices. The current activities are focused on the development of the Incident Response (IR) plan which has elements of security oversight. For example, a daily situation report is being considered for the cyber security team instead of relying on the opinion / knowledge of one individual. Some of these concepts are being identified in the IR plan. This oversight will be an ongoing process to define the team / individual / agency processes. Also of note, a review of the IT security policy is scheduled next after the IR plan. An update will be provided March 31, 2022.</p> <p>August 2022 Update (IT): Technical security responsibilities are consolidated with the IT Security Administrator. Two years ago a junior security administrator was hired onto the team. In the past few months, both role job descriptions were updated to provide for moving these positions to official Louisiana Civil Service Information</p>

<i>Observation #</i>	<i>Observation</i>	<i>Recommendation</i>
		Security (InfoSec) roles. This change is in process with LA Civil Service and should be completed in the coming month. Both positions report to the IT Deputy Director for security, which includes quarterly security planning, project management for security, and bi-weekly security reviews. The two redefined positions will be Information Technology InfoSec Engineer and Information Technology InfoSec Analyst 3. IT is recommending closing this item.

Member Services - SOLARIS

AH-2111 2021 Minimum Benefit Cost-of-Living Adjustment (MB COLA) Verification Testing

- 01A Audit Services performed testing to verify that the 2021 MB COLA was applied to the correct individuals and for the correct amount. In general, the eligibility criteria for receiving the COLA as of the July 1, 2021 effective date are as follows:
- The retiree must be at least sixty years of age.
 - The retiree must have thirty years of service credit and been retired for at least fifteen years.
 - The retiree must receive a monthly retirement benefit of less than \$1,450 dollars.
 - The retiree had not participated in the Deferred Retirement Option Plan or had not chosen an Initial Benefit Option.

During this testing, sixteen individuals were determined to be eligible for the 2021 MB COLA, but were not setup in SOLARIS to receive the COLA. According to Member Services, this occurred because the query used to derive the individuals eligible for the 2021 MB COLA unintentionally excluded them since their records contained data anomalies. The two main data anomalies were the existence of multiple service retirement memberships and missing dates of birth. The 2021 MB COLA was correctly applied to the account for these sixteen individuals account prior to the effective date of the COLA.

Member Services should take the necessary action to ensure the payees cited in this observation have been properly corrected. Member Services agrees with this recommendation. The one payee who was missed in year 2009 and needs to be corrected is in progress of being notified and added to the upcoming interim and November 2021 monthly payroll.

December 2021 Update (Audit Services):
Confirmed the discrepancy identified for the 2009 COLA has been properly corrected.

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

Furthermore, due to the differences identified during the testing of the 2021 MB COLA, Audit Services executed similar automated testing scripts against the 2009 MB COLA to confirm accuracy. One individual was identified who met the requirements of 2009 MB COLA, but was not setup in SOLARIS to receive the COLA. Member Services is in the process of making the appropriate corrections to this record.

Third Party

2005 Custodian Bank Review

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

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

- Tax Documentation - required tax documentation is tracked via BNY Mellon's documentation management system, which serves

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

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

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

- Immediate corrections to the process: Internal controls supporting the reporting for clients impacted for 2020 COR solicitation have been enhanced and will protect against manual review/manipulation prior to the preparation of the 8802 applications. The master list will also be used to prepare a password protected SharePoint tracking file for the receipt of COR's from the IRS.
- Experienced Staff person assigned: Amy Momeyer has been assigned to the LASERS relationship as a dedicated Tax Client Contact. Main responsibilities include maintaining frequent and regular communication as it pertains to Tax Documentation and

<i>Observation</i>	<i>Observation</i>	<i>Recommendation</i>
#	<p>as a central monitoring mechanism for all client required tax documents.</p> <ul style="list-style-type: none"> •Tax Reclaim Recovery - the timeframe for collection of tax reclaims varies per source country; there is no average collection period (also called the average refund delay (ARD)). •Reporting - BNY Mellon provides reports to assist with tax reclaims and is continuing to develop those. These are available to be sent via email or by accessing their online portal. <p>The foundation of this service rests on the processing of all necessary and required documentation with the source country tax authorities. Further details on BNY Mellon's tax relief and recovery service can be found in Appendix A</p> <p>During this review, there were two areas of improvement identified regarding the tax documentation portion of this process. The details are as follows:</p> <p>a.BNY Mellon annually submits a request to the Internal Revenue Service (IRS) for a Certification of Residency (COR) in the United States on behalf of LASERS. This certification is required in order to reclaim taxes in certain foreign countries. According to BNY Mellon, in October 2018, they performed an extensive analysis of what clients required the COR documentation and, while working on this analysis, the tax specialist accidentally removed LASERS from the list of in-scope clients. This caused the 2019 COR related documentation to not be requested from LASERS. Therefore, the COR was not received from the IRS, which caused some Relief at Source taxes not to be reclaimed. BNY Mellon agreed to reimburse LASERS for the transactions impacted by this error and the reimbursements have been completed. It should be noted that this COR incident was discovered by the Investments Division at the end of June 2019 which was shortly before the start of the custodian bank review by Audit Services. BNY Mellon worked</p>	<p>outstanding reclaim activity.</p> <ul style="list-style-type: none"> •Reclaim Clean up (CMS (Legacy System) reclaims added to NEXEN) •Current Reporting enhancements: Tax Dashboard provides visual reporting to provide a more user-friendly reporting tool. •SLD/SLA proposed: Currently working collaboratively with LASERS to update previous overall Service Level Description as well as implement a Service Level Agreement specific to BNY Mellon Tax Services. •Going forward: Monthly Global Documentation/Tax meeting to review pending tax reclaims and documentation with Service Director and Dedicated Tax contact to ensure accurate and timely flow of required documentation. BNY Mellon has provided further detail around further enhancements to Tax Services through their 2020 Roadmap. <p>September 2020 Update (BNY Mellon and LASERS Investments):</p> <p>The updates for the items outlined in the response is as follows:</p> <ul style="list-style-type: none"> •Immediate corrections to the process: Internal controls supporting the reporting for clients impacted for 2020 COR solicitation have been enhanced and will protect against manual review/manipulation prior to the preparation of the 8802 applications. The master list will also be used to prepare a password protected SharePoint tracking file for the receipt of COR's from the IRS. <p>Update (August 2020): BNY Mellon confirmed this has been completed. (CLOSED)</p> <ul style="list-style-type: none"> •Experienced Staff person assigned: Amy Momeyer has been assigned to the LASERS relationship as a dedicated Tax Client Contact. Main responsibilities include maintaining frequent and

<i>Observation #</i>	<i>Observation</i>	<i>Recommendation</i>
	<p>with the IRS to expedite the receipt of the COR which was received on July 26, 2019. Furthermore, BNY Mellon and LASERS have been working together to establish safeguards to better ensure that this type of issue does not occur in the future.</p> <p>b.BNY Mellon tracks required tax documentation via their Documentation Management System (DOORS) and generates a monthly report from this System to help clients identify any missing and invalid tax documentation. According to BNY Mellon, the DOORS monthly report became available for clients in April 2019; however, LASERS Investments Division received their initial report in December 2019. When exploring the initial DOORS report, LASERS found that the expansive list included duplicative, outdated, and unclear information. Since LASERS uses this report to assist with monitoring documentation related to the tax reclaims process, it is essential that this report contain accurate, reliable, and useful information. The incorrect or untimely communication of required tax documentation may result in delayed or uncollectible tax reclaims. It should be noted that BNY Mellon is continuing to work on improving the DOORS report. Furthermore, BNY Mellon plans to continue working on the development of a tax document strategic workflow that will provide continual status on documents which will provide more accurate reporting for missing documentation. In the meantime, BNY Mellon offers manual updates to existing reporting and monthly meetings to confirm documentation status.</p>	<p>regular communication as it pertains to Tax Documentation and outstanding reclaim activity.</p> <p>Update (August 2020): BNY Mellon and LASERS Investments confirmed this has been completed. (CLOSED)</p> <p>•Reclaim Clean up (CMS (Legacy System) reclaims added to NEXEN).</p> <p>Update (August 2020):</p> <ul style="list-style-type: none"> -BNY Mellon Tax Services has confirmed that LASERS is scheduled to transfer any remaining reclaim activity on CMS (Legacy Platform) to GSP (Current Platform) effective September 2020. The exact date is to be confirmed. (OPEN) -BNY Mellon and LASERS Investments has confirmed that CMS reclaim activity is currently available through reclaim reporting within NEXEN. (CLOSED) <p>•Current Reporting enhancements: Tax Dashboard provides visual reporting to provide a more user-friendly reporting tool.</p> <p>Update (August 2020): BNY Mellon and LASERS Investments confirmed this has been completed and is active within the NEXEN online portal. (CLOSED)</p> <p>•SLD/SLA proposed: Currently working collaboratively with LASERS to update previous overall Service Level Description as well as implement a Service Level Agreement specific to BNY Mellon Tax Services.</p> <p>Update (August 2020):</p> <ul style="list-style-type: none"> -BNY Mellon and LASERS Investments has confirmed that the SLA related to tax services is in place and effective as of February 27, 2020. (CLOSED)

<i>Observation #</i>	<i>Observation</i>	<i>Recommendation</i>
		<p>-BNY Mellon and LASERS Investments has confirmed that the SLD is currently under review for additional edits around mention of the tax services SLA as well as our monthly discussion and various other points. (OPEN)</p> <p>•Going forward: Monthly Global Documentation/Tax meeting to review pending tax reclaims and documentation with Service Director and Dedicated Tax contact to ensure accurate and timely flow of required documentation. BNY Mellon has provided further detail around further enhancements to Tax Services through their 2020 Roadmap.</p> <p>Update (August 2020):</p> <p>-BNY Mellon and LASERS Investments has confirmed these meetings are taking place on a monthly basis with Celeste Funderburk, Amy Momeyer, Jeri Seils, and Christopher Carroll. Meetings are currently scheduled for the 4th Tuesday of every month. (CLOSED)</p> <p>-BNY Mellon and LASERS Investments has confirmed that BNY Mellon has also provided an additional tax services overview along with demonstration and navigation of our tax dashboard capability, as well as our 2020 tax services roadmap. (CLOSED)</p> <p>-BNY Mellon will be looking to provide an update as to the tax services 2020 roadmap in the September/October 2020 timeframe. (OPEN)</p> <p>Update (January 2021):</p> <p>The updates for the items that were open as of the August/September 2020 Update is as follows:</p> <ul style="list-style-type: none"> • Reclaim Clean up (CMS (Legacy System) reclaims added to NEXEN). <p>Updates:</p>

<i>Observation</i>	<i>Observation</i>	<i>Recommendation</i>
#		
		<p>- August 2020: BNY Mellon Tax Services has confirmed that LASERS is scheduled to transfer any remaining reclaim activity on CMS (Legacy Platform) to GSP (Current Platform) effective September 2020. The exact date is to be confirmed.</p> <p>- January 2021: BNY Mellon has confirmed that this has been completed. This item is closed.</p> <p>• SLD/SLA proposed: Currently working collaboratively with LASERS to update previous overall Service Level Description as well as implement a Service Level Agreement specific to BNY Mellon Tax Services.</p> <p>Updates:</p> <p>- August 2020: BNY Mellon and LASERS Investments has confirmed that the SLD is currently under review for additional edits around mention of the tax services SLA as well as our monthly discussion and various other points.</p> <p>- January 2021: This has been confirmed by BNY Mellon and Investments that the changes related to tax services have been completed. This item is closed.</p> <p>• Going forward: Monthly Global Documentation/Tax meeting to review pending tax reclaims and documentation with Service Director and Dedicated Tax contact to ensure accurate and timely flow of required documentation. BNY Mellon has provided further detail around further enhancements to Tax Services through their 2020 Roadmap.</p> <p>Updates:</p> <p>- August 2020: BNY Mellon will be looking to provide an update as to the tax services 2020 roadmap in the September/October 2020 timeframe.</p> <p>- January 2021: The updates to the tax services are still in progress. Please update the target completion date to December 31, 2021. (OPEN)</p>

<i>Observation #</i>	<i>Observation</i>	<i>Recommendation</i>
		<p>Update (March 2022): The updates for the items that were open as of the January 2021 Update is as follows:</p> <ul style="list-style-type: none"> • Going forward: Monthly Global Documentation/Tax meeting to review pending tax reclaims and documentation with Service Director and Dedicated Tax contact to ensure accurate and timely flow of required documentation. BNY Mellon has provided further detail around further enhancements to Tax Services through their 2020 Roadmap. <p>Updates: - August 2020: BNY Mellon will be looking to provide an update as to the tax services 2020 roadmap in the September/October 2020 timeframe.</p> <p>- January 2021: The updates to the tax services are still in progress. Please update the target completion date to December 31, 2021.</p> <p>- February 2022: Investments received the Tax Roadmap in February 2022. Investments has confirmed that no outstanding items on the Tax Roadmap are critical. They are mostly enhancements to what is already in place. This item is closed.</p>



THIS PAGE LEFT BLANK INTENTIONALLY.



Results of 2022 Audit Committee Satisfaction Survey

Question	Yes	No	Comments
1. Do you feel that the organizational placement of the audit services division is appropriate?	4	0	
2. Does the charter ensure that internal auditors have free and unrestricted access to records, information, locations and employees to perform their audits?	4	0	
3. Is the evaluation and update of the audit services division charter every three years sufficient?	4	0	
4. Are the quantity and type of projects, as outlined in the annual audit plan, appropriate and reasonable?	4	0	
5. Are your suggestions for areas to be audited included in the audit plan?	4	0	
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?	4	0	
7. Is the content of the audit reports provided to the audit committee adequate?	4	0	Very good reports.
8. Is the current reporting process to track and follow-up on open observations sufficient?	4	0	
9. Is the communication of the customer service evaluation results (completed by management) to the audit committee sufficient?	4	0	
10. To your knowledge, is the audit services director a valued member of the management team?	4	0	He is doing a great job.
11. Are you satisfied with the overall professionalism and conduct of the audit services division?	4	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	
13. Are you satisfied with your understanding of the audit services division's purpose and role at LASERS?	4	0	

Question	Yes	No	Comments
14. Do you find the overall effectiveness of the audit services division to be satisfactory?	4	0	
15. To your knowledge, is the audit services division objective and independent in fulfilling its duties?	4	0	
16. Please provide in the space below feedback concerning questions that may need to be re-worded or removed.	N/A	N/A	

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

EXTERNAL REVIEWS

2214 Judicial Branch of Louisiana

The survey had no responses.

BOARD OF TRUSTEES:

Judge William Kleinpeter, *Chair*
Shannon Templet, *Vice Chair*
Thomas Bickham
Virginia Burton
Charles F. Castille

Comm'r Jay Dardenne
Byron P. Decoteau, Jr.
Rep. Phillip DeVillier
Ternisa Hutchinson
Amy A. Mathews

Barbara McManus
Sen. Barrow Peacock, *Designee*
Sen. Edward Price
Hon. John Schroder

Cindy Rougeou, *Executive Director*



THIS PAGE LEFT BLANK INTENTIONALLY.



EXECUTIVE SUMMARY OF AUDIT REPORTS

2214 Judicial Branch of Louisiana (External Review)

This was a planned engagement on the fiscal year end 2022 Audit Plan. The fieldwork for this engagement was completed on June 9, 2022. The Judicial Branch of Louisiana, the Supreme Court of Louisiana, and the Judicial Administrator's Office (hereafter to be collectively referred to as the Judicial Branch of Louisiana or JBLA) are three separate LASERS reporting agencies that employ approximately 566 LASERS members.

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

1. Incorrect amount of unused leave certified for one retiree.
2. Two individuals not being enrolled in the correct retirement plan.

OBSERVATION #1

During this review, it was determined that an incorrect amount of unused leave was certified for one retiree which caused an error in the leave converted into service credit granted to the member upon retirement. For this individual, the unused leave amount was overstated by approximately 300 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 requires a secondary review of the payroll system compared to the leave form prior to submitting to LASERS. It should be noted that during this review the agency has provided the corrected leave form to LASERS for this retiree.

RECOMMENDATION #1 (CLOSED)

The agency should work with LASERS staff, as necessary, to properly resolve the retiree cited in this observation. Target completion date is September 14, 2022.

AGENCY RESPONSE

The agency agrees with this recommendation. As noted above, the agency has already sent a corrected leave certification form to LASERS for this retiree. The agency has also put a secondary review of the leave to be verified before sending the form to LASERS for certification per the recommendation.

BOARD OF TRUSTEES:

Judge William Kleinpeter, *Chair*
Shannon Templet, *Vice Chair*
Thomas Bickham
Virginia Burton
Charles F. Castille

Comm'r Jay Dardenne
Byron P. Decoteau, Jr.
Rep. Phillip DeVillier
Ternisa Hutchinson
Amy A. Mathews

Barbara McManus
Sen. Barrow Peacock, *Designee*
Sen. Edward Price
Hon. John Schroder

Cindy Rougeou, *Executive Director*

RECOMMENDATION #2 (CLOSED)

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. Target completion date is October 21, 2022.

AGENCY RESPONSE

The agency agrees with this recommendation. The agency has already put a secondary review of the leave to be verified before sent to LASERS for certification per the recommendation.

OBSERVATION #2

According to the LASERS Employer's Guide to Retirement (Chapter 18: Judicial Retirement Plans), the Judicial Employees 2 and Judicial Employees 3 (JUD2/JUD3) retirement plan only pertain to judges whose first employment making them eligible for one of the four state retirement systems (LASERS, TRSL, LSERS, or LSPPRS) was on or after January 1, 2011. Court officers are excluded from these plans and became part of the rank-and-file Regular Employee plans. The Employer's Guide to Retirement includes a listing of specific positions which qualify as judges under the Judicial Employees 2 and Judicial Employees 3 retirement plans. Of the positions listed, the title of Commissioner is not included and therefore an employee with this title should be enrolled in a rank-and-file plan.

During this review, it was noted that the agency did not correctly enroll two individuals with the position title of Commissioner in a rank-and-file plan, but instead enrolled them in a Judicial 2 or Judicial 3 plan. The effect of this is that these employees are contributing into a plan that has a higher employee contribution rate of thirteen percent compared to the eight percent rate of the rank-and-file plans. Additionally, the members were also subject to the higher benefit accrual rate of two and a half percent plus one percent for all years as a judge as compared to the rank-and-file plan accrual rate of two and a half percent.

RECOMMENDATION #1 (CLOSED)

The agency should work with LASERS Member Services staff to correct the enrollment of these two individuals into the appropriate rank-and-file plan. Target completion date is October 21, 2022.

AGENCY RESPONSE

The agency agrees with this recommendation. The agency has already spoken with the two members to inform them of the plan error and plan changes to their contributions. The agency will be sending written confirmation along with the LASERS documentation to the current and former plan enrolled members for follow up. The agency has already changed the currently active employee's plan to the required plan.

RECOMMENDATION #2 (CLOSED)

The agency should improve their enrollment process to ensure that individuals are enrolled in the correct retirement plan based on their position eligibility and any prior LASERS service. Procedures should be updated accordingly. Target completion date is November 30, 2022.

AGENCY RESPONSE

The agency agrees with this recommendation. The agency will put a secondary verification in place via report each month to ensure new employees are enrolled in the appropriate plan.

2301E Funding Actuarial File Review (FYE 2022)

This was a planned engagement on the fiscal year end 2023 Audit Plan. The fieldwork for this engagement was completed on September 27, 2022.

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.

2305 Nonrecurring (One-Time) Supplemental Benefit Payment

This was a planned engagement on the fiscal year end (FYE) 2023 Audit Plan. The fieldwork for this engagement was completed on October 26, 2022.

Act 656 (SB 5) was approved in the 2022 General Session of the Louisiana Legislature authorizing a one-time supplemental benefit payment for eligible retirees, beneficiaries, and survivors. In general, the following eligibility requirements had to be met as of June 30, 2022:

- Retired for at least one year.
- At least 60 years of age.

The amount of the one-time supplemental payment should equal the eligible individual's current monthly benefit or \$2,000, whichever is less. Furthermore, the payment was to be made no later than September 15, 2022.

LASERS issued the individual payments to eligible recipients before the statutorily set deadline of September 15, 2022. Audit Services worked with Member Services to verify that the one-time supplemental payment was

applied to the correct individuals and for the correct amount. All exceptions identified during the independent testing by Audit Services have been resolved.

Member Services will continue to run queries for the foreseeable future to identify anyone that may be potentially due a payment. This is necessary because changes to a recipient's record can occur through the normal course of business which results in them being deemed eligible for the one-time supplemental benefit payment. Audit Services will also perform testing to identify any exceptions on an ongoing basis as part of our continuous auditing program.

2308 Louisiana Department of Wildlife and Fisheries (External Review)

This was a planned engagement on the fiscal year end (FYE) 2023 Audit Plan. The fieldwork for this engagement was completed on November 1, 2022. The LDWF employs approximately 705 LASERS members. No reportable issues were identified during this review.

2309 Component Unit Financial Report (CUFR) and Funding Actuarial Valuation Report Review

This was a planned engagement on the fiscal year end (FYE) 2023 Audit Plan. The fieldwork for this engagement was completed on September 29, 2022.

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.

Both of these reports are reviewed by various personnel at LASERS before being finalized and presented to the LASERS Board of Trustees.

Overall, it was determined that within reason:

- The calculations in the fiscal year end (FYE) 2022 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.

NOTICE AND AGENDA
Investment Committee Meeting
Thursday, December 8, 2022
1:00 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 17, 2022, meeting of the Investment Committee (**Action Item**)
Amy Mathews, Chair

V. NEW BUSINESS

1. LSV Emerging Markets Equity Portfolio Review
Scott Kemper, Partner & Director, Client Portfolio Services
James Owens, Partner
2. Monthly Performance Review
Bobby Beale, CFA, CAIA – Chief Investment Officer
3. Investment Division Annual Report
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.



THIS PAGE LEFT BLANK INTENTIONALLY.



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

November 17, 2022

The Investment Committee of the Louisiana State Employees' Retirement System met on Thursday, November 17, 2022, in the fourth floor Board Room of the Retirement Systems Building located at 8401 United Plaza Boulevard, Baton Rouge, Louisiana. Amy Mathews, Committee Chair, called the meeting to order at 12:30 p.m. Jennifer Adams, recording secretary, conducted roll call.

ROLL CALL

Members present: Mr. Thomas Bickham, Ms. Virginia Burton, Mr. Charles Castille, Mr. Byron Decoteau, Ms. Ternisa Hutchinson, Judge William Kleinpeter, Ms. Amy Mathews, Ms. Barbara McManus, Senator Barrow Peacock, Mr. Julius Roberson – Designee, Louisiana State Treasurer and Ms. Shannon Templet

Members absent: Commissioner Jay Dardenne and Representative Barry Ivey

Staff present: Ms. Cindy Rougeou, Executive Director; Ms. Tina Vicari Grant, Executive Counsel; Mr. Trey Boudreaux, Chief of Staff; Ms. Beth Labello, Executive Staff Officer; Ms. Morgan Robertson, Attorney; Mr. Logan Davis, IT Technical Support Analyst; Mr. Jonathan Lyle, IT Analyst; Mr. Johnathon Sprouse, IT Director; Investment Staff: Mr. Bobby Beale, Chief Investment Officer; Ms. Laney Sanders, Mr. Reeves Pearce, Mr. Jacques Brousseau, Ms. Celeste Funderburk, Ms. Alisa Lacombe and Ms. Jennifer Adams

Also present: Mr. Eric Harnish, NEPC (via Zoom); Mr. Frank Jobert, RSEA and Ms. Shelley Johnson, Foster and Foster

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

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

REGULAR BUSINESS

The committee considered the minutes of the October 27, 2022, Investment Committee meeting. **Ms. Templet moved, seconded by Mr. Bickham, to approve minutes of the October 27, 2022, Investment Committee meeting. With no further discussion, and no objections, the motion carried.**

NEW BUSINESS

GTCR Portfolio Review & Fund XIV Discussion

Mr. Collin Roche gave a Firm Overview presentation detailing LASERS fund investments to date. Mr. Roche also presented information on GTCR Fund XIV.

GTCR XIV Discussion & Recommendation

Ms. Laney Sanders and Mr. Eric Harnish with NEPC, who joined via Zoom, reviewed and discussed the fund with the Board.

Judge Kleinpeter moved, seconded by Mr. Bickham, Senator Peacock abstained, to commit up to \$125 million to the GTCR Fund XIV. With no further discussion, and no objections, the motion carried.

Monthly Performance

Mr. Beale reviewed the Total Plan performance. He stated that due to the early meeting, performance remained preliminary. The monthly return for October 2022, was 3.3%. This put the Total Plan FYTD return as of October 2022 at -0.5%.

Annual Report

Mr. Beale presented Annual Reports including the Internal Funds Report, Total Plan Trading Reports, Proxy Voting Reports, Class Action Litigation Report, Withholding Tax Reclaim Report and the Custodian Report as required by the Statement of Investment objectives.

OTHER BUSINESS

Board and staff briefly discussed recent crypto related events. Staff will analyze the fund and report back to the Board. Mr. Beale stated that upon initial review, there was one very small exposure in one private equity fund.

No other business was brought before the committee and the meeting adjourned at 1:44 p.m.

LASERS INVESTMENT COMMITTEE

PROPOSED 2023 AGENDA ITEMS

JANUARY 18 & 19

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

FEBRUARY 16

- Performance Review

MARCH 23

- Performance Review

APRIL 27 (*Legislative Session convenes 4/10*)

- Performance Review

MAY 18

- Performance Review

JUNE 22 (*Legislative Session adjourns 6/8*)

- Performance Review

JULY 27

- Performance Review

AUGUST 24

- Review of Self-Directed DROP
- Optional Retirement Plan
- Performance Review

SEPTEMBER 28

- Performance Review

OCTOBER 26

- Performance Review

NOVEMBER 16

- Performance Review
- Internal Funds Portfolio Review
- Annual Trading Report
- Annual Proxy Report
- Class Action Litigation Report
- Withholding Tax Reclaim Report
- Annual Custodian Review

DECEMBER 14

- Performance Review
- Investment Division Annual Report

*All agenda items are subject to change

BOLD items require a quorum



THIS PAGE LEFT BLANK INTENTIONALLY.



NOTICE AND AGENDA
Management Committee Meeting
Thursday, December 8, 2022
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 17, 2022, Management Committee Meeting
(Action Item)
Thomas Bickham, Management Committee Chair
2. Executive Counsel's Report
 - a. Legislative Update
Tina Grant, Executive Counsel

V. NEW BUSINESS

1. Review and Approval of Alternate Physicians to the State Medical Board **(Action Item)**
Megan Jones, Retirement Benefits Supervisor
2. Chief Administrative Officer's Comments
 - a. Monthly Operating Budget Report
 - b. Monthly Pension Administrative Report
Travis McIlwain, Chief Administrative Officer
3. Chief of Staff's Comments
Trey Boudreaux, Chief of Staff
4. Executive Director's Comments
Cindy Rougeou, Executive Director

5. Executive Session

- a. Approval of the December 2022 Disability Retirement Report (***Action Item***)
Megan Jones, Retirement Benefits Supervisor
- b. Discussion of the Board Self-Evaluation
Judge William Kleinpeter, 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 17, 2022**

The Management Committee of the Louisiana State Employees' Retirement System met on Thursday, November 17, 2022, in the fourth floor Board Room of the Retirement Systems Building, located at 8401 United Plaza Boulevard, Baton Rouge, Louisiana.

Mr. Thomas Bickham, Committee Chair, called the meeting to order at 1:54 p.m. Roll was called by Ms. Beth Labello, recording secretary.

Members present: Mr. Thomas Bickham, Ms. Virginia Burton, Mr. Charles Castille, Mr. Byron Decoteau, Ms. Ternisa Hutchinson, Judge William Kleinpeter, Ms. Amy Mathews, Ms. Barbara McManus, Senator Barrow Peacock, Mr. Julius Roberson (designee of the Treasurer), and Ms. Shannon Templett

Members absent: Commissioner Jay Dardenne and Representative Barry Ivey

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; Ms. Tonja Normand, Outgoing Public Information Director; Ms. Mallory Sharp, Public Information Director; Ms. Tricia Gibbons, Retirement Benefits Administrator; Mr. Ryan Babin, Audit Director; Ms. Morgan Robertson, Attorney; Mr. Johnathon Sprouse, IT Director; Ms. Megan Jones, Retirement Benefits Supervisor; Mr. Logan Davis, IT Technical Support Analyst; Mr. Jonathan Lyle, IT Infosec Analyst; and Ms. Beth Labello, recording secretary

Also present: Ms. Shelley Johnson, Foster & Foster and Mr. Frank Jobert, RSEA

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

Public Comment

Mr. Bickham called for public comment. No public comments were made.

Regular Business

Mr. Bickham called for approval of the October 27, 2022, Management Committee minutes. **Ms. McManus moved, seconded by Mr. Castille, to approve the minutes. With no objection or discussion, the motion carried.**

Mr. Bickham called for a motion to go into Executive Session. **Ms. McManus moved, seconded by Ms. Templet, to go into Executive Session for the purpose of discussing the November 2022 Disability Retirement Report. With no objection or discussion, the motion carried.**

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

Ms. Templet moved, seconded by Judge Kleinpeter, to recommend the Board approve the November 2022 Disability Retirement Report. With no objection or discussion, the motion carried.

In the Executive Counsel's report, Ms. Grant stated that LASERS continues to meet and work with the directors of other state retirement systems on the proposed COLA reform bill; however, there are no new developments to report this month.

Ms. Rougeou announced that there will be an upcoming meeting with Senator Cortez to discuss the proposed legislation.

New Business

Ms. Grant discussed the proposed Foster & Foster contract renewal. The contract would commence on January 1, 2023 and expire on December 31, 2028. There are no substantial changes with regards to the scope of services; however, there will be some graduated fee increases over the next few years. **Ms. McManus moved, seconded by Judge Kleinpeter, to renew the Foster & Foster contract for six years, with changes as presented. With no objection or discussion, and one abstention by Senator Peacock, the motion carried.**

The board self-evaluation was distributed. Ms. Rougeou stated the evaluation is due by December 2, 2022, to Judge Kleinpeter either via mail, or through Survey Monkey. A link to the evaluation will be emailed to the Trustees.

Mr. Boudreaux, on behalf of Mr. McIlwain, reviewed the Chief Administrative Officer's Comments. He stated that the Governmental Accounting Standards Board (GASB) regularly conducts post-implementation surveys on pension standards and NASRA has notified its member retirement administrators of GASB's request for feedback relative to GASB Statement No. 67 (Financial Reporting for Pension Plans) and GASB Statement No. 68 (Accounting and Financial Reporting for Pensions). The Fiscal Division is currently working on this survey.

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

Ms. Rougeou reviewed the Executive Director's comments.

Other Business

There was no other business to discuss.

Adjournment

The meeting adjourned at 2:11 p.m.

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

ANESTHESIOLOGY

JOHN	BRASWELL	BATON ROUGE	LA
ALPESH	PATEL	BATON ROUGE	LA

FAMILY MEDICINE

BRIAN	SMITH	OLLA	LA
HEATHER	GUILLOT	ALEXANDRIA	LA
ROXANNE	BOYD	LECOMPTE	LA

GENERAL PRACTICE

RALPH	ABRAHAM	RAYVILLE	LA
-------	---------	----------	----

INTERNAL MEDICINE

CHARLES	ASWELL III	VILLE PLATTE	LA
PAT	BASS	SHREVEPORT	LA
HANNAH	BUNCH	BATON ROUGE	LA
JAMES	RATLIFF	BATON ROUGE	LA

NEPHROLOGY

MICHAEL	ROPPOLO	BATON ROUGE	LA
---------	---------	-------------	----

NEUROLOGICAL SURGERY

ILYAS	MUNSHI	LAFAYETTE	LA
-------	--------	-----------	----

NEUROLOGY

PATRICK	GLYNN	LACOMBE	LA
---------	-------	---------	----

OPHTHALMOLOGY

ROBERT	MASON	BATON ROUGE	LA
--------	-------	-------------	----

ORTHOPEDICS

DERYK	JONES	JEFFERSON	LA
-------	-------	-----------	----

ORTHOPEDIC SURGERY

MICHAEL	HINTON	LAKE CHARLES	LA
---------	--------	--------------	----

PHYSICAL MEDICINE & REHABILITATION

BRETT	ROTHAERMEL	NEW ORLEANS	LA
-------	------------	-------------	----

PSYCHIATRY

ABDUL	KHAN	BATON ROUGE	LA
-------	------	-------------	----



THIS PAGE LEFT BLANK INTENTIONALLY.



December 2022 Management Committee Meeting Chief Administrative Officer's Comments

Fiscal

- The January 2023 benefit payments will have an effective date of Sunday, January 1, 2023. Financial institutions may not make the funds available until the next business day, January 3, 2023, due to January 1 being on a weekend, and January 2 being on a holiday.
- Retirees may notice a change in their benefit payment starting January 1 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 myLASERS.
- Postlethwaite & Netterville completed their audit of the 2022 GASB 68 Employer Pension Report and issued an unqualified opinion. 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 21, 2022 to 2,400 retirees. RMD payments will be issued on Friday, December 20.
- 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.



This page left blank intentionally.



December 2022 Management Committee Meeting Chief of Staff's Comments

Information Technology

Cybersecurity

- The December cybersecurity newsletter covered the topic of "Protect What You've Earned."
- The cybersecurity training video for staff this month is "Power Up: Keeping data private & secure."
- There are no new or unusual data security incidents reported for November.

Misc.

- IT is interviewing for several open development positions.
- End-of-the-year annual processes are underway, and IT Project Planning for 2023 has started.

Member Services

- A feature of the newly installed phone system is the Soft Phone, an internet browser-based phone application that allows staff to conduct normal business communications in lieu of using a physical phone. This feature is now available for all staff to use. This application is useful both in office and while teleworking offsite. Staff can conduct business with members and agencies using their LASERS work phone number, and additional tracking measures are now available for statistical purposes.
- Working with IT, Member Services installed a computer in the lobby to provide members with additional options when visiting as a walk-in. The computer has secure access to myLASERS accounts and the LASERS website. This provides members with a convenient way to conduct simple business without having to wait for a face-to-face visit with an analyst.
- Recent comments from members:

- *“There are many rumors regarding IBO. This (DROP vs IBO Breakout Session) webinar has certainly made me think twice. I'll be looking into IBO further.”*
- *“The entire staff is professional and knowledgeable. It was truly a pleasure to work with Susan [Goodrich].”*
- *“Derek [Harris] listened attentively. He's a value-added asset to LASERS!”*

December 2022 Management Committee Meeting Executive Director's Comments

Executive Director

Board Holiday Celebration

- The Board Holiday Celebration is tonight at 6 PM.

PUBLIC RETIREMENT SYSTEMS ACTUARIAL COMMITTEE

- PRSAC is scheduled to meet on December 15. Our actuarial valuation will be presented for approval at this meeting.

Board Workshop

- The Board Workshop will be January 18 – 19, at Lod Cook on the campus of LSU.

Out of Office

- I will be out of the office December 19 – 22.
- Our office will be closed December 23, 26, 30 & January 2.

Public Information Division

- The Beam was mailed to members in November.
- PID worked with the Investments Division on the annual investment report's design, layout, and printing.
- Holiday / Year-End Messaging – PID will remind retirees and benefit recipients of the January 1 benefit payment through the website, email, and social media.
- PID is continuing to recruit for the vacant Public Information Officer 1/2/3 position
- The latest issue of our employee newsletter, *The Link*, is on the Board Portal.



THIS PAGE LEFT BLANK INTENTIONALLY.



Web & Social Media Report

AS OF NOVEMBER 22, 2022



FACEBOOK

**2,511
FOLLOWERS**



TWITTER

**717
FOLLOWERS**



YOUTUBE

**727
SUBSCRIBERS**



**MEMBER CONNECTION
EMAIL**

**69,243
CONTACTS**

WWW.LASERSONLINE.ORG

**WEBSITE USERS:
9,203**

**TOTAL PAGEVIEWS:
30,640**

**MOST SEARCHED TERM:
"DROP"**

**MOST VISITED PAGE:
BOARD OF
TRUSTEES**

TOP PERFORMING EMAIL TO MEMBERS:



Member Connection Newsletter



[THE BEAM]

Read the Fall 2022 issue!



FACEBOOK POST WITH MOST ENGAGEMENT & REACH:



Louisiana State Employees Retirement System

Published by Sprout Social • November 2 at 11:28 AM •

Is your contact information up-to-date with LASERS? 📧

It is critical to keep your contact and beneficiary information up to date so we can send important documents and information to you in a timely manner.

Retirees: Make sure your mailing address is current with LASERS by December 30. Form 1099-R for 2022 will be mailed to retirees no later than January 31, 2023. You can check your mailing address online in myLASERS. Submit Form 01-02: Contact Information Update to LASERS... [See more](#)

It may be time to
**UPDATE YOUR
INFORMATION**
LEARN MORE



This page left blank intentionally.



NOTICE AND AGENDA
Board Meeting
Thursday, December 8, 2022
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 17, 2022, Board Meeting Minutes (**Action Item**)
Judge William Kleinpeter, 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**)
Amy Mathews, Investment Committee Chair
4. Report and Recommendations of the Management Committee (**Action Item**)
Thomas Bickham, 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 Preference Forms
Trey Boudreaux, Chief of Staff
3. Nominations for the 2023 Board Chair (**Action Item**)
Judge William Kleinpeter, Board Chair

4. Nominations for the 2023 Board Vice Chair (**Action Item**)
Judge William Kleinpeter, Board Chair

5. Presentation of Plaques
Cindy Rougeou, Executive Director

VI. OTHER BUSINESS

1. LASERS New Employee(s)
Cindy Rougeou, Executive Director

VII. ADJOURNMENT

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

**Louisiana State Employees' Retirement System
Regular Board Meeting
November 17, 2022**

The Board of Trustees of the Louisiana State Employees' Retirement System met on Thursday, November 17, 2022, in the fourth floor Board Room of the Retirement Systems building, 8401 United Plaza Boulevard, Baton Rouge, Louisiana.

Judge William Kleinpeter, Board Chair, called the meeting to order at 2:11 p.m. Roll call was conducted by Ms. Beth Labello, recording secretary.

Members present: Mr. Thomas Bickham, Ms. Virginia Burton, Mr. Charles Castille, Mr. Byron Decoteau, Ms. Ternisa Hutchinson, Judge William Kleinpeter, Ms. Amy Mathews, Ms. Barbara McManus, Senator Barrow Peacock, Mr. Julius Roberson (designee of the Treasurer), and Ms. Shannon Templet

Members absent: Commissioner Jay Dardenne and Representative Barry Ivey

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; Ms. Tonja Normand, Outgoing Public Information Director; Ms. Mallory Sharp, Public Information Director; Ms. Tricia Gibbons, Retirement Benefits Administrator; Mr. Ryan Babin, Audit Director; Ms. Morgan Robertson, Attorney; Mr. Johnathon Sprouse, IT Director; Ms. Megan Jones, Retirement Benefits Supervisor; Mr. Logan Davis, IT Technical Support Analyst; Mr. Jonathan Lyle, IT Infosec Analyst; and Ms. Beth Labello, recording secretary

Also present: Ms. Shelley Johnson, Foster and Foster and Mr. Frank Jobert, RSEA

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

Regular Business

Judge Kleinpeter called for approval of the minutes of the October 27, 2022, Board Meeting. **Mr. Bickham moved, seconded by Ms. Templet, to approve the minutes. With no objection or discussion, the motion passed.**

Ms. Mathews reported the Investment Committee met on Thursday, November 17, 2022, and had the following item to report:

The Investment Committee recommended, and Ms. Mathews so moved, seconded by Ms. McManus, to recommend up to \$125 million commitment to GTCR XIV. With

no objection or discussion, and one abstention from Senator Peacock, the motion carried.

Mr. Bickham reported the Management Committee met on Thursday, November 17, 2022, and had the following items to report:

The Management Committee recommended, and Mr. Bickham so moved, seconded by Ms. McManus, to approve the November 2022 Disability Retirement Report. With no objection or discussion, the motion carried.

The Management Committee recommended, and Mr. Bickham so moved, seconded by Ms. McManus, to renew the Foster & Foster contract for six years (January 1, 2023 – December 31, 2028), with updates and fee increases, as presented. With no objection or discussion, and one abstention from Senator Peacock, the motion carried.

There were no administrative errors to report this month.

New Business

There was no new business to discuss.

Adjournment

With no other business to discuss, the meeting adjourned at 2:13 p.m.



Cindy Rougeou, Executive Director

Administrative Error Report

December 8, 2022

Member's Name:	Marshall Ann Davis
Agency:	Department of Education
Reason for Administrative Error:	Incorrect Retirement Application Submitted Allowed Member to Retire with IBO

Member's Name:	John Hurst
Agency:	LDH – Office of Behavioral Health
Reason for Administrative Error:	Reemployed Retiree Application Not Submitted Changed from Option 3 to Option 1A



Louisiana State Employees'
Retirement System

Date: November 16, 2022

To: Cindy Rougeou
Tina V. Grant

From: Tricia Gibbons

Subject: Administrative Error – Incorrect Application for Retirement Submitted

Member Information:

Name: Marshall Ann Davis SSN: xxx-xx-9130

This request for administrative error is for an employee with the Department of Education (00067). On 8/4/2022, we received Form 6-01, Application for Retirement with an effective retirement date of 8/13/2022. The preliminary calculation was completed on 8/24/2022. On 9/13/2022, we received Form 6-01A, Application for Retirement with Initial Benefit Option (IBO), and an administrative error letter from the agency.

The agency has requested that the member be allowed to retire with an IBO since the incorrect application was submitted due to agency error.

I recommend that this request be approved.

Recommendation of Executive Counsel - Tina V. Grant

Tina Vicari Grant
Tina Vicari Grant (Nov 16, 2022 09:42 CST)

Recommendation of Executive Director - Cindy Rougeou

Cindy Rougeou
Cindy Rougeou (Nov 16, 2022 10:13 CST)



LOUISIANA DEPARTMENT OF EDUCATION

September 13, 2022

Re: Marshall Ann Davis # XXX-XX-9130
0067 Agency Louisiana Department of Education

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

To Whom It May Concern:

Marshall Ann Davis termed with the Louisiana Department of Education on August 12, 2022 with a retirement date of August 13, 2022. Ms. Davis was given and submitted the wrong retirement form. Marshall Davis completed the LASERS Retirement Form 06-01 Application for Retirement and her intent was to complete the LASERS Retirement Form 06-01A Application for Retirement IBO.

This was an Administrative Error on the Louisiana Department of Education, Human Resources Office. The employee was give the wrong retirement form for completion.

I am asking, to please allow Marshall Davis to retire using the LASERS Retirement Form 06-01A Application for Retirement IBO.

Thanks,

Tangla Washington
Human Resources Manager
Louisiana Department of Education

Louisiana Believes

POST OFFICE BOX 94064 | BATON ROUGE, LA 70804-9064 | 1.877.453.2721 | WWW.LOUISIANABELIEVES.COM

Date: October 20, 2022

To: Cindy Rougeou
Tina V. Grant

From: Artie Fillastre *APF*
API

Subject: Administrative Error – Reemployed Retiree Application Not Submitted

Member Name: John Hurst

SSN: XXX-XX-3988

This request for administrative error is for an employee with the Agency # 00096–LDH–Office of Behavioral Health. The member retired and returned to work in January of 2022. At that time, no Re-employment of Retiree form was completed. In March of 2022, when the error was determined, the retiree was considered a rehired retiree under the provisions of Option 3 by default as defined by statute.

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

I recommend that this request be approved.

Approval of Executive Counsel – Tina V. Grant

Signature: *Tina Vicari Grant*
Tina.Vicari.Grant@Nov 3, 2022 09:52 CDT

Approval of Executive Director – Cindy Rougeou

Signature: *Cindy Rougeou*
Cindy.Rougeou@Nov 2, 2022 07:57 CDT

BOARD OF TRUSTEES:

Judge William Kleinpeter, *Chair*
Shannon Lemplet, *Vice Chair*
Thomas Bickham
Virginia Burton
Charles F. Castille

Comm'r Jay Dardenne
Byron P. Decobean, Jr.
Ternisa Hutchinson
Rep. Barty Ivey
Amy A. Mathews

Barbara McManus
Sen. Barrow Peacock, *Designer*
Sen. Edward Price
Hon. John Schrodter

Cindy Rougeou, *Executive Director*

LASERS Benefits Louisiana.

John Bel Edwards
GOVERNOR



Dr. Courtney N. Phillips
SECRETARY

State of Louisiana
Louisiana Department of Health
Office of Behavioral Health

October 12, 2022

TO: LASERS

FROM: Tonika Collins, HR Analyst-Payroll & Benefits

RE: Administrative Error

To Whom It May Concern:

Mr. John Hurst (*****3988) was rehired as a WAE Maintenance Repairer 2 on January 24, 2022. Due to an overturning of staff, the hiring desk failed to complete a Re-employment of Retiree form (10-2) for Mr. Hurst and the finalized copy was received after the appropriate window. Please consider this as an Administrative Error to support the enrollment of Mr. John Hurst into the appropriate retirement option.

Respectfully,
Brianne Carriqueas, ASST CEO

for Laura Beth Lott
Appointing Authority
Eastern LA Mental Health System
P.O. Box 498
Jackson La. 70748
Phone: 225-634-0259
Fax: 225-634-0576

Cc: Employee File



THIS PAGE LEFT BLANK INTENTIONALLY.





2022 Committee Assignments

Judge William Kleinpeter, Board Chair

Shannon Templet, Vice Chair

Management Committee

Thomas Bickham, Chair
**John Broussard/Philip Qualls
Virginia Burton
Charles Castille
Byron Decoteau
Representative Phillip DeVillier
*Barbara Goodson/Richard McGimsey
Ternisa Hutchinson
William Kleinpeter
Amy Mathews
Barbara McManus
Senator Ed Price/Barrow Peacock
Shannon Templet

Legislative Committee

Charles Castille, Chair
Thomas Bickham
**John Broussard/Philip Qualls
Virginia Burton
Byron Decoteau
Representative Phillip DeVillier
*Barbara Goodson/Richard McGimsey
Ternisa Hutchinson
William Kleinpeter
Amy Mathews
Barbara McManus
Senator Ed Price/Barrow Peacock
Shannon Templet

Investment Committee

Amy Mathews, Chair
Thomas Bickham
**John Broussard/Philip Qualls
Virginia Burton
Charles Castille
Byron Decoteau
Representative Phillip DeVillier
*Barbara Goodson/Richard McGimsey
Ternisa Hutchinson
William Kleinpeter
Barbara McManus
Senator Ed Price/Barrow Peacock
Shannon Templet

Audit Committee

Barbara McManus, Chair
Thomas Bickham
Virginia Burton
Ternisa Hutchinson
Byron Decoteau

*Designee – Commissioner - D of A

**Designee – Treasurer Schroder