



Louisiana State Employees'
Retirement System

Board Book



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NOTICE AND AGENDA
Audit Committee Meeting
Thursday, September 28, 2023
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 June 22, 2023, meeting of the Audit Committee **(Action Item)**
Virginia Burton, Chair
2. FYE 2024 Audit Projects Status Update
Ryan Babin, Audit Director

V. NEW BUSINESS

1. External Audit Report for FYE 2023 **(Action Item)**
Bonnie Marcantel, EisnerAmper
2. Building Fund Audit Report for FYE 2023
Ryan Babin, Audit Director
3. Audit Staff Continuing Education Report for FYE 2023
Ryan Babin, Audit Director
4. Semi-Annual Review of Open Items Report
Ryan Babin, Audit Director
5. Customer Service Evaluation Survey Results
Ryan Babin, Audit Director
6. Reports to be Reviewed
Ryan Babin, Audit Director

7. Audit Director's Comments
Ryan Babin, Audit Director

8. Executive Director's Comments
Trey Boudreaux, Executive Director

VI. OTHER BUSINESS

VII. ADJOURNMENT

NOTE: If you have a disability and require a reasonable accommodation to fully participate in this meeting, please contact the LASERS Board Secretary prior to the close of business on Tuesday, September 26, 2023, via email at boardsecretary@lasersonline.org or by telephone at (225) 922-0600 to discuss your accessibility needs.

**Louisiana State Employees Retirement System
Audit Committee Meeting
June 22, 2023**

The Audit Committee of the Louisiana State Employees Retirement System met on Thursday, June 22, 2023, in the fourth floor Board Room of the Retirement Systems Building located at 8401 United Plaza Boulevard, Baton Rouge, Louisiana.

Ms. McManus, Board Vice Chair, on behalf of Ms. Burton, Committee Chair, called the meeting to order at 12:31 p.m. Roll was called by Ms. Beth Labello, recording secretary.

Members Present: Mr. Thomas Bickham, Mr. Byron Decoteau, and Ms. Ternisa Hutchinson

Members Absent: Ms. Virginia Burton

Staff Present: Mr. Ryan Babin, Audit Director; Mr. Trey Boudreaux, Chief of Staff; Mr. Travis McIlwain, Chief Administrative Officer; Ms. Tina Grant, Executive Counsel; Mr. Bobby Beale, Chief Investment Officer; Mr. Artie Fillastre, Chief Fiscal Officer; Mr. Johnathon Sprouse, IT Director; Mr. Jonathan Lyle, IT Technical Support Specialist; Mr. Logan Davis, IT Technical Support Analyst; and Ms. Beth Labello, recording secretary

Also Present: Trustees: Mr. Charles Castille; Judge William Kleinpeter, Ms. Amy Mathews, Ms. Barbara McManus, and Ms. Shannon Templet
Others: Mr. Frank Jobert, RSEA; and Ms. Bonnie Marcantel, Mr. Johnathan Honore, and Ms. Courtney Robertson, EisnerAmper

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

Public Comment

There were no public comments.

Regular Business

Ms. McManus called for approval of the minutes of the March 23, 2023, Audit Committee Meeting. **Mr. Bickham moved, seconded by Mr. Decoteau, to approve the minutes. With no objection or discussion, the motion carried.**

Mr. Babin reviewed the FYE 2023 Audit Projects Status Report. **Mr. Bickham moved, seconded by Mr. Decoteau, to approve the FYE 2023 audit plan changes as presented. With no objection or discussion, the motion carried.**

New Business

Ms. Marcantel, Director with EisnerAmper, who merged with Postlethwaite & Netterville (P&N), introduced Mr. Johnathan Honore, and Ms. Courtney Robertson as her colleagues. Ms. Marcantel gave an introductory presentation on the Fiscal Year 2023 External Audit.

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

Mr. Babin reviewed the fiscal year 2024 Audit Plan, including an overview of the multi-year plan. **Ms. Hutchinson moved, seconded by Mr. Bickham, to recommend the Board approve the 2024 Audit Plan, as presented. With no objection or discussion, the motion carried.**

Mr. Babin reviewed the customer service evaluation survey summary, which consisted of all positive responses.

Mr. Babin reviewed the executive summary of audit reports.

Other Business

No other business was discussed.

Adjournment

The meeting adjourned at 1:04 p.m.

FYE 2024 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. This project is currently on hold until the upcoming Employer Self-Service project is started. Related to #19 below.	N/A	5/17/2021	
02	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	
03	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 finalized.	N/A	2/10/2022	
04	IT	Managed Detection and Response Solution	Audit Services is participating in this project initiated by IT to migrate towards a solution that provides 24x7 monitoring of our networks, endpoints, etc., designed to help detect, respond, and recover from cyber attacks. As part of this project, possible vendors will be evaluated and, upon selection/approval, the implementation phase will be completed. Project 2317 - fieldwork being performed.	N/A	11/16/2022	
05	IT	Microsoft OneDrive Implementation	Audit Services is participating in this project initiated by IT to implement Microsoft OneDrive (cloud based file hosting solution) for use by LASERS staff. Project 2320 - fieldwork being performed.	N/A	3/9/2023	
06	Investments/Fiscal	Investment manager review	Project 2321 Kohlberg Kravis Roberts (KKR) - COMPLETED.	Jan-Mar	3/20/2023	8/29/2023
		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	⁵ N/A

FYE 2024 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
07	Member Services/Fiscal	2314 Louisiana Housing Corporation	Completed.	N/A	2/3/2023	7/25/2023
		2322 Louisiana Tech University	Completed.	N/A	4/5/2023	8/16/2023
		2407 Southern University Baton Rouge	Fieldwork being performed	N/A	7/14/2023	
		2408 Southeastern Louisiana University	Fieldwork being performed	N/A	8/16/2023	
08	Member Services/Fiscal	Employer Agency Queries	This project consists of a monthly evaluation of automated testing on employer agencies related to proper enrollment of members and rehired retirees and leave reporting for retirees.	Jul-Jun	N/A	
			This project consists of the development of new automated testing for employer agencies.	Jul-Jun	N/A	
09	Audit Services	Fraud Investigations	Project 2488 - fieldwork being performed.	Jul-Jun	7/5/2023	
10	Member Services/Fiscal/IT	myLASERS and Workspace (FYE 2024)	This project will consist of review and testing of 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.	Jul-Jun		
11	IT	IT Security and Other Related Initiatives (FYE 2024)	Audit Services plans to have involvement in LASERS IT security and other IT related initiatives during FYE 2024. Individual projects will be created and resources assigned for each initiative/change where audit is involved.	Jul-Jun	N/A	
		Network Port Control Implementation	LASERS recently implemented Cisco Identity Services Engine (ISE), a solution used to manage endpoint, user, and device access to network resources at LASERS. Recently, Cisco introduced port control into this solution, a feature LASERS is currently working to implement. Once implemented, this feature will allow IT to control what devices are allowed to connect to the ethernet ports at the LASERS office. Audit Services is consulting with IT as this feature is implemented. Project 2409 - fieldwork being performed.	N/A	8/16/2023	

FYE 2024 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
		Domain Name Server (DNS) Enhancement	Currently, LASERS has redundant internet lines with Cox and Rev which allows LASERS to failover in the event of an internet outage with our main provider. This project will enhance LASERS DNS which hosts our external websites and connections like VPN by adding redundancy, advanced DNS security, and provide a path to failover DNS to our DR environment during a disaster. Project 2410 - fieldwork being performed.	N/A	8/15/2023	
12	Member Services/Fiscal/IT	SOLARIS (Pension Administration System)	IT is planning to work with Member Services and Fiscal to analyze the existing SOLARIS bugs and change requests to identify select ones to address. Audit's involvement will vary depending on the scope of work scheduled in this area.	Jul-Jun		
13	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 2406 - fieldwork started.	Jul-Jun	7/11/2023	
14	Fiscal/IT	Pension Payroll	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.	Jul-Sep		
15	Member Services	Annuitant Verifications (International and Over Age Certain Age)	Project 2403 - fieldwork being performed.	Jul-Sep	8/28/2023	
16	Investments/Fiscal	Investment manager review	Project 2405 Warburg Pincus - fieldwork being performed.	Jul-Sep	7/5/2023	
17	Fiscal	External Financial Statement Audit Report and Funding Actuarial Valuation Report Review	This is an annual project that consists of a review of the external financial statement audit report and the funding actuarial valuation report. A cross comparison to the funding actuarial valuation report is also performed as part of this project. Project 2411 - fieldwork being finalized.	Sep	9/1/2023	

FYE 2024 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
18	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.	Sep-Dec		
19	Fiscal/IT	Employer Self-Service (ESS)	This is phase of the ESS project which includes upgrades to security and branding to match myLASERS. 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 2024 has not been finalized yet.	Oct-Dec		
20	Investments/Fiscal	Internally Managed Portfolio Review		Oct-Dec		
21	Audit Services	Audit Charter and Policy Compliance Review	This project will consist of the annual assessment of compliance and completion of the items outlined in the Audit Committee Charter, Audit Services Division Charter, and the Audit Resolution Policy and Procedures. This project will also consist of reviewing these documents to determine if any updates are needed which is formally required every three years.	Oct-Dec		
22	Member Services/Fiscal/IT	Actuarial Experience Study File Review	This project will consist of testing the experience study data files before being submitted to the System Actuary.	Nov-Dec		
23	Investments/Fiscal	Investment manager review		Jan-Mar		
24	Audit Services	Internal Audit Standards	The Institute of Internal Auditors (IIA) is proposing revisions to the Standards which will tentatively become effective January 1, 2025. This project will consist of establishing a roadmap to maintain compliance with the Standards and beginning the initial phase of implementation.	Jan-Mar		

FYE 2024 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
25	Member Services	Benefit Calculation Review		Jan-Mar		
26	All Divisions	Continuous Auditing of Various Processes	Continuous Auditing Queries performed in the following areas: <ul style="list-style-type: none"> - Accounting Processes (SOLARIS) - Accurint Search Activity - Benefits - Death - Disability - Membership - Refunds - Service Purchases - Transfers 			
			This is the project for the research of the exceptions identified during this testing.	Jul-Jun	N/A	
			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 2401E - fieldwork being finalized.	Jul-Sep	7/11/2023	
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>				
		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.				
	Audit Services				N/A	
		<u>UNBUDGETED PROJECTS</u>				

FYE 2024 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
	Audit Services	These projects will consist of those not planned at the start of the fiscal year.			N/A	
		PERCENTAGE OF HOURS ALLOCATION				
		85.24%	Budgeted Projects			
		1.71%	Follow up Activities			
		4.67%	Unbudgeted Projects			
		8.38%	Administrative Time			
		PERFORMANCE MEASURES				
		Audit Committee Satisfaction Survey	Feedback will be used to identify improvements.			
		External Quality Assessment (Peer) Review	Performed once every five years and should receive a "generally complies" rating which is the highest offered.			
		Training hours per auditor	Each auditor must obtain 40 hrs of continuing education each fiscal year.			
		STAFFING RESOURCES				
				<u>LASERS</u>		
		<u>Name and Position</u>	<u>Certifications</u>	<u>Audit Experience (Approx.)</u>		
		Ryan Babin, Audit Director	Certified Public Accountant (CPA), Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA)	20 years		
		Reece Babin, Staff Auditor	CISA	6 years		
		Nicole Xue, Staff Auditor		5½ years		
		Laura Sena, Staff Auditor	CPA, CIA, CISA	4 years		

**RETIREMENT SYSTEMS' BUILDING
MANAGEMENT PARTNERSHIP**

Financial Statements with Supplementary Information

June 30, 2023

(With Independent Auditors' Report Thereon)

RETIREMENT SYSTEMS' BUILDING MANAGEMENT PARTNERSHIP

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis	4 - 5
Basic Financial Statements:	
Balance Sheet	6
Statement of Revenues and Expenses	7
Statement of Changes in Net Position	8
Statement of Cash Flows	9
Notes to the Financial Statements	10 - 11
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	12 - 13
Schedule of Findings and Management Corrective Action Plan	14
Status of Prior Year Findings	15

Independent Auditors' Report

Retirement Systems' Building Management Partnership
Baton Rouge, Louisiana

Opinion

We have audited the accompanying financial statements of Retirement Systems' Building Management Partnership (the Partnership), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Partnership's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Partnership as of June 30, 2023, and the respective changes in its net position and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Partnership 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS 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 financial statements. In performing an audit in accordance with GAAS 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 financial statements, 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 financial statements.
- 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 Partnership'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership'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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 and 5 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 14, 2023, on our consideration of the Partnership's internal control over financial reporting and on our tests of

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

Griffin & Furman, LLC

August 17, 2023

RETIREMENT SYSTEMS' BUILDING MANAGEMENT PARTNERSHIP

Management's Discussion and Analysis

For the Year Ended June 30, 2023

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

Financial Highlights

- Net position increased \$408,134 for the year ended June 30, 2023 to \$3,526,523.
- Revenue over expenses in the current fiscal year increased by \$160,532 to \$572,275.
- Operating expenses decreased \$25,778 from 2022 to \$1,102,511 primarily due to a decrease in insurance expense.
- There were \$164,141 in distributions of capital assets to the partners during the current fiscal year.

Overview of the Financial Statements

The explanation of the financial statements is as follows:

Balance Sheet – This statement presents the assets, liabilities, and net position as of June 30, 2023.

Statement of Revenue and Expenses – This statement presents the results of the Partnership's operations during the year ended June 30, 2023. It discloses the net revenues over expenses.

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

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

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

Retirement Systems' Building Management Partnership Financial Analysis

The Partnership was created for the purpose of managing and maintaining the immovable property, owned by partners located at 8401 United Plaza Boulevard, Baton Rouge, Louisiana. Rental revenue is used to pay the Partnership expenses and build up equity to meet unforeseen needs and planned upgrades to the building and grounds. Revenue over expenses for the year ended June 30, 2023 amounted to \$572,275, an increase of \$160,532 compared to \$411,743 for the year ended June 30, 2022. Expenses were \$1,102,511 for the year ended June 30, 2023 as compared to \$1,128,289 for the year ended June 30, 2022, a decrease of \$25,778.

RETIREMENT SYSTEMS' BUILDING MANAGEMENT PARTNERSHIP

Management's Discussion and Analysis

For the Year Ended June 30, 2023

Condensed Balance Sheets as of June 30:

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Total assets	\$ 3,549,089	3,150,157	398,932
Current liabilities	22,566	31,768	(9,202)
Net position	<u>3,526,523</u>	<u>3,118,389</u>	<u>408,134</u>
Total liabilities and net position	\$ <u>3,549,089</u>	<u>3,150,157</u>	<u>398,932</u>

Net position increased \$408,134 from 2022 to 2023. The increase in unrestricted net position is primarily due to the increase in net income in the current year.

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

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Operating revenues	\$ 1,674,786	1,540,032	134,754
Operating expenses	<u>1,102,511</u>	<u>1,128,289</u>	<u>(25,778)</u>
Revenues over expenses	572,275	411,743	160,532
Distributions	<u>(164,141)</u>	<u>(498,183)</u>	<u>334,042</u>
Change in unrestricted net position	\$ <u>408,134</u>	<u>(86,440)</u>	<u>494,574</u>

Revenue over expenses in the 2023 fiscal year increased \$160,532 or 39% from 2022.

Capital Improvements

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

Requests for Information

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

RETIREMENT SYSTEMS' BUILDING MANAGEMENT PARTNERSHIP

Balance Sheet

June 30, 2023

Assets

Current assets:

Cash and cash equivalents \$ 322,441

Total current assets 322,441

Other assets:

Cash designated for long-term purposes 3,226,648

\$ 3,549,089

Liabilities and Net Position

Accounts payable \$ 22,566

Unrestricted net position:

Teachers' Retirement System of
Louisiana (50% interest) \$ 1,763,262

Louisiana State Employees' Retirement
System (50% interest) 1,763,261

Total unrestricted net position 3,526,523

\$ 3,549,089

See accompanying notes to the financial statements.

RETIREMENT SYSTEMS' BUILDING MANAGEMENT PARTNERSHIP

Statement of Revenues and Expenses

For the Year Ended June 30, 2023

Revenues:			
Rent - related party	\$	1,530,539	
Interest income		144,227	
Other income		<u>20</u>	
Total revenues			1,674,786
Expenses:			
Repairs and maintenance		504,746	
Utilities		379,735	
Payroll expense		122,302	
Management fee		38,796	
Other expenses		<u>56,932</u>	
Total expenses			<u>1,102,511</u>
Revenues over expenses			<u>\$ 572,275</u>

See accompanying notes to the financial statements.

RETIREMENT SYSTEMS' BUILDING MANAGEMENT PARTNERSHIP

Statement of Changes in Net Position

For the Year Ended June 30, 2023

	Teachers' Retirement System of Louisiana	Louisiana State Employees' Retirement System	Total
	<u> </u>	<u> </u>	<u> </u>
Balance, June 30, 2022	\$ 1,559,195	1,559,194	3,118,389
Add:			
Revenues over expenses	286,137	286,138	572,275
Deduct:			
Distributions	<u>(82,070)</u>	<u>(82,071)</u>	<u>(164,141)</u>
Balance, June 30, 2023	\$ <u>1,763,262</u>	<u>1,763,261</u>	<u>3,526,523</u>

See accompanying notes to the financial statements.

RETIREMENT SYSTEMS' BUILDING MANAGEMENT PARTNERSHIP

Statement of Cash Flows

For the Year Ended June 30, 2023

Cashflows from operating activities:

Rents received	\$	1,530,539
Interest received		16,761
Other fees and revenue		20
Cash paid to suppliers		<u>(1,100,993)</u>

Net cash provided by operating activities 446,327

Cashflows from investing activities:

Interest received		127,466
Transfers to cash designated for long-term purposes		<u>(339,554)</u>

Net cash used by investing activities (212,088)

Cashflows from financing activities:

Distributions to partners		<u>(164,141)</u>
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Net increase in cash and cash equivalents 70,098

Cash - beginning of year 252,343

Cash - end of year \$ 322,441

Reconciliation of revenues over expenses to net cash provided by operating activities:

Revenues over expenses \$ 572,275

Adjustments to reconcile operating loss to net cash used by operating activities:

Interest income included in investing activities \$ (127,466)

Changes in assets and liabilities:

Decrease in prepaid expenses	10,720
Decrease in accounts payable	<u>(9,202)</u>

Total adjustments (125,948)

Net cash provided by operating activities \$ 446,327

See accompanying notes to the financial statements.

RETIREMENT SYSTEMS' BUILDING MANAGEMENT PARTNERSHIP

Notes to the Financial Statements

June 30, 2023

(1) Summary of Significant Accounting Policies

(a) Business Operation of Partnership

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

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

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

(b) Basis of Accounting

The Partnership has prepared its financial statements in accordance with accounting principles generally accepted in the United States of America. The financial statements are prepared using the accrual basis of accounting, under which expenses are recorded when liabilities are incurred and revenues are recorded in the accounting period they are earned and become measureable.

(c) Use of Estimates

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

(d) Cash and Cash Equivalents

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

(e) New Accounting Pronouncement

In June 2017, the GASB issued Statement No. 87, Leases effective for fiscal years beginning after December 15, 2019. In May 2020, the GASB issued Statement No. 95 which changed the effective date for Statement No. 87 to fiscal years beginning after June 15, 2021. The objective of the Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Since the Partnership does not have leases, the implementation of this standard did not require any changes to the Partnership's financial reporting requirements.

RETIREMENT SYSTEMS' BUILDING MANAGEMENT PARTNERSHIP

Notes to the Financial Statements

June 30, 2023

(2) Unrestricted Designations

Unrestricted designations represent funds that the management and managing partners of the Retirement Systems' Building Management Partnership have designated to provide a reserve for maintenance emergencies and building improvements. Total unrestricted designations, presented as "cash designated for long-term purposes" on the balance sheet, was \$3,226,648 at June 30, 2023.

(3) Cash and Cash Equivalents

Under state law, the Partnership may deposit funds in demand deposit, interest bearing demand deposit, money market, or time deposit accounts with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. The Partnership had cash and cash equivalents (book balances), including cash designated for long-term purposes, totaling \$3,549,089 at June 30, 2023.

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

At June 30, 2023, the Partnership had \$3,626,611 in deposits (collected bank balances) of which \$250,000 was covered by Federal Deposit Insurance Corporation. The remainder was collateralized by securities held by the custodial bank in the Partnership's name, in the amount of \$3,376,611.

(4) Related Party Transactions

The partners agree on the amount of rent to be paid annually. The total amount of rent paid for the year ended June 30, 2023 was \$1,530,539. Teachers' Retirement System of Louisiana paid \$830,369 and Louisiana State Employees' Retirement System paid \$700,170 for the year ended June 30, 2023.

(5) Management Fee

The Partnership has a management agreement for \$3,233 per month in effect through June 30, 2023. However, either party may cancel this management agreement for any reason effective thirty days after receipt of written cancellation notice. The total amount of management fees paid for the year ended June 30, 2023 was \$38,796. The Partnership reimburses the manager for all payroll and security guard costs based on approvals of the partners.

(6) Subsequent Events

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

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

Retirement Systems' Building Management Partnership
Baton Rouge, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Retirement Systems' Building Management Partnership (the Partnership), as of and for the year then ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Partnership's basic financial statements and have issued our report thereon dated August 14, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Griffin & Furman, LLC

August 17, 2023

RETIREMENT SYSTEMS' BUILDING MANAGEMENT PARTNERSHIP

Schedule of Findings and Management Corrective Action Plan

June 30, 2023

Summary of Audit Results:

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

RETIREMENT SYSTEMS' BUILDING MANAGEMENT PARTNERSHIP

Status of Prior Year Findings

June 30, 2023

Not applicable



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Continuing Professional Education (CPE) hours for Audit Staff

Auditor	Fiscal Year End	Date	Description	CPE Hours
Hollie Cowell	2023	7/15/2022	Data Groups using the Cluster command (Galvanize)	1
		7/18/2022	Data Groups using the Cluster command (Galvanize)	1
		8/19/2022	Success Skills - Critical Thinking (Verracy)	1
		9/26/2022	IIA Baton Rouge Chapter and LSUCIA Annual Conference	8
		9/27/2022	IIA Baton Rouge Chapter and LSUCIA Annual Conference	8
		10/13/2022	State Civil Service Teleworking for Employees (CPTP)	1
		10/28/2022	Ethics Course for Louisiana CPAs in Non-Public Practice (LCPA)	3
		1/26/2023	Using a Framework to Guide an IT Security Review (AuditBoard)	1
		4/4/2023	Wash, Rinse, Repeat: Banking Crisis Again (IIA)	2
		6/7/2023	APPFA Spring 2023 Conference	8
		6/8/2023	APPFA Spring 2023 Conference	9
		6/9/2023	APPFA Spring 2023 Conference	2.5
		Total Hours for Fiscal Year		
Laura Sena	2023	7/14/2022	Tackling Fraud in Today's Dynamic Risk Environment (AuditBoard)	1

<i>Auditor</i>	<i>Fiscal Year End</i>	<i>Date</i>	<i>Description</i>	<i>CPE Hours</i>
		7/26/2022	Managing Cybersecurity Risk Against Ransomware Attacks (IIA)	1
		7/28/2022	2022 IT Audit Perspectives on the Top Technology Risks (Protiviti)	1
		8/16/2022	Sustainability Priorities Driving Global Change in Internal Audit Functions (IIA)	1
		8/29/2022	Ethics Course for Louisiana CPAs in Non-Public Practice (LCPA)	3
		9/26/2022	IIA Baton Rouge Chapter and LSUCIA Annual Conference	8
		9/27/2022	IIA Baton Rouge Chapter and LSUCIA Annual Conference	8
		10/11/2022	State Civil Service Teleworking for Employees (CPTP)	1
		2/23/2023	InfoSec Compliance Now Conference (AuditBoard)	3
		2/28/2023	Utilizing Technology to Advance Internal Audit and Stay Relevant in a New Risk Environment (Auditboard-)	1
		3/9/2023	How to Rapidly Enhance Your Controls With Software Integrations (AuditBoard)	1
		3/23/2023	Aligned Assurance (Protiviti)	1
		3/28/2023	Moving from Project to Product with Audit Analytics (IIA)	1
		4/6/2023	New COSO ESG Guidance: Internal Control Over ESG Operations, Compliance and Reporting (Protiviti)	1
		4/11/2023	Assessing the Results of Protiviti's 2023 Next-Generation Internal Audit Survey	1
		4/14/2023	Agile Auditing (Verracy)	1
		4/18/2023	What You Need to Know about the Proposed Changes to the Standards (IIA)	1.5

<i>Auditor</i>	<i>Fiscal Year End</i>	<i>Date</i>	<i>Description</i>	<i>CPE Hours</i>
		4/20/2023	Leveraging NIST to Its Fullest Potential (AuditBoard)	1
		4/25/2023	Proposed Changes to the Global Internal Audit Standards (EY)	1
		4/25/2023	How Internal Audit Can Master Pervasive Economic Uncertainty (IIA)	1
		4/26/2023	April ESG Event (Crowe)	1
		5/4/2023	Proposed Standards - Quality Assessment Challenges and Opportunities (IIA)	1.5
		5/18/2023	How Technology Can Transform Your Internal Audit Department (Crowe)	1
		5/23/2023	The Importance of Auditing Equity Factors in the Public Sector (IIA)	1
		6/1/2023	Delivering Value in IT Risk and Compliance Management (AuditBoard)	1
		6/22/2023	The Ethical Internal Auditor (AuditBoard)	1
		6/29/2023	How to Prioritize Governance in your Organization's ESG Strategy (EY)	1
		Total Hours for Fiscal Year		46

Nicole Xue

2023

		7/26/2022	Managing Cybersecurity Risk Against Ransomware Attacks (IIA)	1
		7/28/2022	2022 IT Audit Perspectives on the Top Technology Risks (Protiviti)	1
		9/27/2022	The Power of Analytics and Visualizations in Internal Audit (IIA)	1

<i>Auditor</i>	<i>Fiscal Year End</i>	<i>Date</i>	<i>Description</i>	<i>CPE Hours</i>
		10/6/2022	Digital Transformation and Tech Resilience: Impact and Solutions for Internal Audit (AuditBoard)	1
		10/11/2022	State Civil Service Teleworking for Employees (CPTP)	1
		10/18/2022	A Guide to Cybersecurity for Internal Auditing (IIA)	1
		11/3/2022	Integrating ESG Risk - What Boards and Senior Executives Want to Know (AuditBoard)	1
		11/16/2022	APPFA Professional Development Conference	8
		11/17/2022	APPFA Professional Development Conference	8
		11/18/2022	APPFA Professional Development Conference	3
		1/26/2023	Using a Framework to Guide an IT Security Review (AuditBoard)	1
		2/8/2023	Emerging Issues in Auditing Investments (IIA)	4
		3/2/2023	Cybersecurity Disclosures: What's Coming in 2023 (AuditBoard)	1
		3/28/2023	Moving from Project to Product with Audit Analytics (IIA)	1
		3/30/2023	The Business Value of Addressing the Coming SEC Rules on ESG (AuditBoard)	1
		4/6/2023	Fool Me Once: An In-Depth Look at Fraud in Today's Organizations (AuditBoard)	1
		4/20/2023	Leveraging NIST to Its Fullest Potential (AuditBoard)	1
		4/25/2023	How Internal Audit Can Master Pervasive Economic Uncertainty (IIA)	1
		5/11/2023	The Future of SOX and Internal Audit: Automation, Analytics, and Bots (AuditBoard)	1

<i>Auditor</i>	<i>Fiscal Year End</i>	<i>Date</i>	<i>Description</i>	<i>CPE Hours</i>
		5/25/2023	ESG Controls and Governance: Examining Critical Oversight Needs (AuditBoard)	1
		5/31/2023	ChatGPT and Generative AI - Risks and Ethical Concerns (IIA)	1.5
			Total Hours for Fiscal Year	40.5

Reece Babin

2023

7/22/2022	Strategies for Endpoint Security and Resilience (ISACA)	1
7/26/2022	Surviving a Ransomware Apocalypse (ISACA)	1
7/26/2022	FedRAMP Authorization – An Agency Perspective for Audit (Wolters Kluwer)	1
7/28/2022	2022 IT Audit Perspectives on the Top Technology Risks (Protiviti)	1
8/1/2022	Evaluating the Maturity of Your Privacy Program (ISACA)	1
8/2/2022	How To Satisfy Auditors & Meet Internal Efficiency Needs with Automated Controls Testing (ISACA)	1
8/23/2022	Automate Compliance by Design (ISACA)	1
8/26/2022	5G – Privacy Threats, Mitigating Mechanisms & Regulatory Means (ISACA)	1
8/29/2022	Mindshift: A New Approach to Risk & Compliance (ISACA)	1
8/29/2022	2022 ISACA Membership Survey (ISACA)	1
8/29/2022	The Need to Have Available Principle (ISACA)	1
9/1/2022	Secure. Seamless. Passwordless. (ISACA)	1
9/9/2022	Building a Best-In-Class Third-Party Risk Program (ISACA)	1

<i>Auditor</i>	<i>Fiscal Year End</i>	<i>Date</i>	<i>Description</i>	<i>CPE Hours</i>
		9/9/2022	ISACA's Blockchain Framework (ISACA)	1
		9/13/2022	Post-Dobbs Privacy & Compliance (ISACA)	1
		9/30/2022	How to Manage Your SaaS Footprint (ISACA)	1
		10/3/2022	Sneak Peek: Digital Trust Ecosystem Framework (ISACA)	1
		10/7/2022	Shrink the Attack Surface (ISACA)	1
		10/10/2022	State Civil Service Teleworking for Employees (CPTP)	1
		10/14/2022	Key Steps to Managing 3rd-Party Risk (ISACA)	1
		12/9/2022	How to Define & Operationalize Your Risk Management Strategy (ISACA)	1
		12/19/2022	Demystifying Linux (ISACA)	1
		1/9/2023	Combatting Business Email Compromise (ISACA)	1
		6/7/2023	APPFA Spring 2023 Conference	8
		6/8/2023	APPFA Spring 2023 Conference	9
		6/9/2023	APPFA Spring 2023 Conference	2.5
Total Hours for Fiscal Year				42.5

Ryan Babin

2023

		7/8/2022	Developing Others (CPTP)	1
		7/26/2022	Managing Cybersecurity Risk Against Ransomware Attacks (IIA)	1
		8/29/2022	Ethics Course for Louisiana CPAs in Non-Public Practice (LCPA)	3
		9/26/2022	IIA Baton Rouge Chapter and LSUCIA Annual Conference	8

<i>Auditor</i>	<i>Fiscal Year End</i>	<i>Date</i>	<i>Description</i>	<i>CPE Hours</i>
		9/27/2022	IIA Baton Rouge Chapter and LSUCIA Annual Conference	8
		10/10/2022	State Civil Service Managing Teleworkers (CPTP)	1
		2/10/2023	Latest Fraud Trends 2023 (Verracy)	1
		4/11/2023	Assessing the Results of Protiviti's 2023 Next-Generation Internal Audit Survey	1
		4/14/2023	Agile Auditing (Verracy)	1
		4/17/2023	2023 Houston IIA Annual Conference	8
		4/18/2023	What You Need to Know about the Proposed Changes to the Standards (IIA)	1.5
		4/20/2023	Leveraging NIST to Its Fullest Potential (AuditBoard)	1
		4/25/2023	How Internal Audit Can Master Pervasive Economic Uncertainty (IIA)	1
		5/12/2023	Root Cause Analysis (Verracy)	1
		5/18/2023	How Technology Can Transform Your Internal Audit Department (Crowe)	1
		5/31/2023	ChatGPT and Generative AI - Risks and Ethical Concerns (IIA)	1.5
		6/15/2023	High Performance Audit Teams (Wolters Kluwer)	1
		6/22/2023	Implementing the 2023 COSO Fraud Risk Management Guide (IIA)	1
Total Hours for Fiscal Year				42



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Engagement #
and Title

Item # Observation

Recommendation/Audit Comments

2215 Office of
Juvenile
Justice

01A 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.

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 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.

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.

The agency should continue to work with LASERS Member Services staff to correct the enrollment of these two individuals into the HAZ Plan. The agency agrees with this recommendation. As stated, the agency, through Human Resources, has already initiated the process to correct the two employees placed in the wrong retirement plan through administrative error letters and notifications to the employees affected. One employee/member has already been corrected into the Hazardous Duty plan and a payment arrangement has been set up with the Office of State Uniform Payroll to recoup underpaid retirement contributions. HR is still working with the other employee on rectifying the retirement plan and underpaid contributions. Please note that the two affected employees were both hired prior to the current measures that are currently in place to identify correct retirement plans for incoming employees. Target completion date is May 31, 2022.

September 2022 Update (Audit Services):
One item has been corrected and the other is in the process of being corrected.

February 2023 Update (Audit Services):
The item is still in progress. There is an outstanding balance of contributions owed to complete the remaining one individual's move to the HAZP plan.

August 2023 Update (Audit Services):
One item is still in progress since the agency needs to remit the necessary contributions to complete the admin error.

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

Engagement #
and Title

Item # Priority Observation

Recommendation/Audit Comments

2315	IRS Form W-4P Process Review	01B	2 - Medium	<p>Fiscal staff is generally only required to update federal income tax withholding information for payees when a new W-4P form is received by LASERS. However, the current work around process requires Fiscal to independently calculate and update a federal tax withholding in the following additional instances which results in an increased workload on Fiscal staff:</p> <ul style="list-style-type: none">•When a benefit is finalized with a one-time retro component.•After a one-time retro component has been paid.•Anytime a benefit amount changes outside of the benefit finalization process. <p>Updates to federal tax withholding resulting from new W-4P forms submitted in 2022 began taking effect with the April 1, 2022 payroll. A SOLARIS non-production environment was updated with functionality to capture the information from new W-4P forms received and derive the new federal tax withholding amount accordingly. IT created fixed tax withholding records in the SOLARIS production environment, via a batch process, based on the information in this non-production environment. Additionally, since the beginning of the work around process, Fiscal has maintained all federal tax withholding updates for payee records in a spreadsheet to keep track of information related to the calculation. The spreadsheet is used to ensure that federal tax withholding updates made in the SOLARIS production environment are correct and to keep track of payees that may possibly need to have their federal</p>	<p>Due to the manual nature of the current work around process, Fiscal should implement a process to independently verify the accuracy of federal tax withholding prior to each payroll run for all payment types covered by the W-4P form. Fiscal agrees with the recommendation and will work with Audit on assuming the responsibility for running and maintaining the ACL script developed by Audit which verifies the accuracy of Federal tax withholding prior to each payroll for all payment types covered by the Form W-4P. The priority for this item has been set as medium with a target completion date of July 31, 2023.</p> <p>August 2023 Update (Fiscal): Fiscal received the W-4P ACL script in late June 2023 along with an explanatory summary document. Fiscal has reviewed the summary document and performed their first testing as part of the July 2023 monthly payroll. The W-4P testing script will not be executed for interim payroll runs due to the following reasons:</p> <ul style="list-style-type: none">• Low volume of federal tax withholding differences expected.• IT's required involvement to make updates related to any differences.
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New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified. This report will be presented semi-annually to the Audit Committee.

withholding tax amount updated in the future.

In February 2023, a change was made to the work around process due to errors discovered in W-4P tax withholding calculations performed in the SOLARIS non-production environment where the payment includes one-time components. The process change now requires IT to use Fiscal's tracking spreadsheet to make updates to tax withholding records in the SOLARIS production environment. This change has increased the risk of error since manually maintained data is being used to update the federal withholding amount in the SOLARIS production environment for W-4P forms processed by Fiscal. It should be noted that Fiscal continues to enter information from W-4P forms into the non-production SOLARIS environment in order to ensure the data is stored electronically.

Starting in November 2022, Audit Services began performing independent testing to evaluate whether federal tax withholding amounts were being correctly calculated and in compliance with the new method required by the IRS. One-time testing included random sample selections of records to manually review and confirm new W-4P forms were properly processed. Ongoing automated testing is also being performed to independently calculate federal tax withholding amounts and compare with the actual amount withheld according to the SOLARIS Payment History data for payments covered by the W-4P form. The table below summarizes the approximate number of W-4P transactions processed by Fiscal via the work around process during each testing period and the number of exceptions

- Limited time available when completing the interim payroll process.

The decision to not perform testing for interim payroll is related to the current risk acceptance associated with the Form W-4P work around process; therefore, this item will remain open.

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

identified during testing that required updates to correct federal tax withholding errors on payee records. The monetary impact of the exceptions varied due to each payee's individual tax situation. Since the IRS does not appear to specify a tolerance for tax withholding errors, all exceptions were submitted to Fiscal for review and correction.

January 2023*:

New W-4P Forms Processed: N/A*

Benefit Changes Processed: N/A*

Total Transactions Processed: N/A*

of Exceptions: 37

Exception Rate: N/A*

*Initial testing in January 2023 included historical records starting with the April 2022 monthly payroll. Processing information not applicable since a snapshot of the data at the time it was processed with each historical payroll was not readily available.

February 2023:

New W-4P Forms Processed: 329

Benefit Changes Processed: 95

Total Transactions Processed: 424

of Exceptions: 4

Exception Rate: .9%

March 2023:

New W-4P Forms Processed: 279

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

Benefit Changes Processed: 130
Total Transactions Processed: 409
of Exceptions: 4
Exception Rate: .9%

April 2023:

New W-4P Forms Processed: 331
Benefit Changes Processed: 191
Total Transactions Processed: 522
of Exceptions: 8
Exception Rate: 1.5%

May 2023:

New W-4P Forms Processed: 313
Benefit Changes Processed: 211
Total Transactions Processed: 524
of Exceptions: 6
Exception Rate: 1.1%

Based on these independent testing results, the work around process appears to be generally effective in ensuring federal tax withholding amounts for new W-4P forms processed are correct. However, over a 4-month period, the work around process required Fiscal staff to review approximately 620 more records for possible updates to tax withholding amounts. This review process was not required prior to the work around and will not be required after SOLARIS is updated with the new tax functionality. Additionally, the longer the work around process is in place, there is an increased likelihood that the total transactions processed will continue to grow as

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

the population of payees with a new W-4P form increases. This will require additional time and effort to manage the work around process. Currently, there is not an agreed upon projected date as to when the work around process will no longer be necessary.

The following are example recommendations that would result in overall improvements to the current work around process and would more closely align the work around process with the functionality being planned for the SOLARIS production environment:

- Correcting the existing issues with the W-4P calculation process in the SOLARIS non-production environment.
- Create or update the appropriate tax entry in SOLARIS production immediately after a W-4P calculation is processed in the SOLARIS non-production environment. This could be accomplished via similar logic used in the batch process that creates/updates tax entries in the SOLARIS production environment prior to each monthly benefit payroll.
- Developing an automated process to identify and update tax withholding for payees whose benefit amount has changed as compared with the prior payroll and calculating their federal tax withholding based on the new W-4P process. This should eliminate the need for Fiscal to track and maintain information in a spreadsheet and Optimus.

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

INTERNAL REVIEWS

2310 Externally Managed Investments Reconciliation Process Review

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

Additional comments included:

- In response to “Was there a value-added benefit to your division as a result of this engagement?”
 - “We were able to clarify some procedures by providing additional verbiage.”
- In response to “Was there anything about the engagement you especially liked?”
 - “Good questions that resulted in us clarifying some procedures.”

BOARD OF TRUSTEES:

Shannon Templet, *Chair*
Barbara McManus, *Vice Chair*
Thomas Bickham
Virginia Burton
Charles F. Castille

Comm’r Jay Dardenne
Byron P. Decoteau, Jr.
Ternisa Hutchinson
Rep. Barry Ivey
Judge William Kleinpeter

Amy A. Mathews
Sen. Barrow Peacock, *Designee*
Sen. Edward Price
Hon. John Schroder

Bernard E. “Trey” Boudreaux, III, *Executive Director*



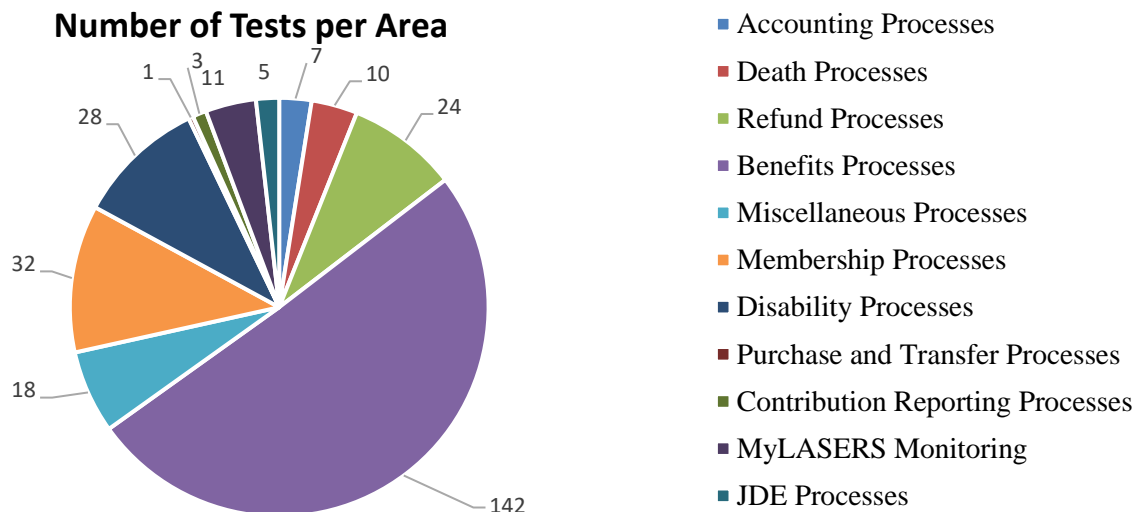
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EXECUTIVE SUMMARY OF AUDIT REPORTS

2301 Continuous Auditing

The continuous auditing project approach primarily consists of using automated testing techniques to review and analyze various processes at LASERS on a continual basis throughout the fiscal year. A couple of benefits to this approach are that it allows for confirmation that controls in place continue to function as intended and for a more timely identification of possible issues. The automated testing is performed at different intervals (i.e., daily, monthly, quarterly, annually) depending on the type of test, the area being tested, and the potential impact of the risk to LASERS. Issues identified are reviewed for validity and then provided to LASERS staff for verification and correction, when necessary. The following graphic is a breakdown of the 281 tests performed by the area tested and the number of tests in each area. For a description of the tests performed in each area, please see Appendix A.



In addition, 19 new testing scripts were developed this fiscal year in the areas of benefits, membership, disability, and MyLASERS monitoring.

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Comm'r Jay Dardenne
Byron P. Decoteau, Jr.
Ternisa Hutchinson
Rep. Barry Ivey
Judge William Kleinpeter

Amy A. Mathews
Sen. Barrow Peacock, *Designee*
Sen. Edward Price
Hon. John Schroder

Bernard E. "Trey" Boudreaux, III, *Executive Director*

AUTOMATED QUERIES OF VARIOUS PROCESSES FOR FISCAL YEAR END 2023

The automated queries performed during FYE 2022 identified the following:

- Approximately \$67,244.39 of overpayments due to various reasons of which \$65,501.15 has been collected as of the fiscal year end.
- Approximately \$3,009.75 of underpayments due to various reasons of which \$3,009.75 has been paid out as of the fiscal year end.
- Approximately 8,579 records contained issues which required follow-up corrective action.

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

Number of Data Corrections per Area		
Process Area	Issues Identified	Percentage of Total Issues Identified
Membership Processes	5,618	65.49%
Benefits Processes	1,503	17.52%
MyLASERS Monitoring	1,403	16.35%
Refund Processes	27	0.31%
Accounting Processes	12	0.14%
Disability Processes	6	0.07%
Miscellaneous Processes	5	0.06%
Death Processes	4	0.05%
Grand Total	8,579	100.00%

2302 Employer Agency Queries

This was a planned engagement on the fiscal year end (FYE) 2023 Audit Plan. This report provides a progress update of the queries performed on employer agencies. The fieldwork for this engagement was completed on June 27, 2023.

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

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

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

- Membership:
 - Individuals that are not enrolled and/or do not start contributing to LASERS on the date of hire.
 - Membership related information not properly reported to LASERS.
 - Membership related information in LaGov HCM System does not match SOLARIS.

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

Since these types of errors are typically found in a timelier manner than a traditional audit, the impact to LASERS and the individuals are mitigated. As noted in the engagement objectives, the focus is to ensure compliance with select statutory provisions. Additionally, non-compliance can result in a monetary recovery for LASERS. A total of 26 agency related issues were identified and the table below is a breakdown of the number and type of issues by agency. Furthermore, a total of 22 non-agency issues were identified which mostly related to data corrections.

Agency Number and Name	Number of Membership Related Issues	Number of Rehire Retiree Related Issues	Number of Retiree Leave Related Issues	Total Number of Issues
024 Louisiana Department of Revenue		1		1
051 LDH Office of Public Health		1	1	2
053 Department of Corrections	5	4		9
064 Office of Juvenile Justice		2		2
081 Grambling University	1			1
094 LDH Office of the Secretary, Management, and Finance	1			1
096 LDH Office of Behavioral Health			1	1
097 LDH Office for Citizens with Disabilities			1	1
115 Louisiana Special Education Center			1	1
175 Louisiana State Licensing Board of Contractors	1			1
218 Baton Rouge Community College	1			1
223 State Plumbing Board		3		3
248 Orleans Parish Criminal District Court	1			1
288 Department of Culture, Recreation, and Tourism	2	2		4
654 Tensas Basin Levee District	1			1
700 Department of Transportation and Development	3			3
Total Number of Issues	14	8	4	26

2303 Enterprise Risk Management (ERM) Consulting Project

During fiscal year end (FYE) 2023, LASERS took some additional steps to further mature the ERM function at LASERS. The ERM implementation project continues to be a multi-year endeavor and Audit Services will perform activities that are acceptable per the Institute of Internal Auditors' International Professional Practices Framework.

During this year's project, Audit Services performed the following related to the ERM program:

- Reviewed and provided feedback on the ERM report. This report outlines the key activities performed by the ERM function for the last two fiscal years as well as the results from the LASERS Risk Assessment performed this fiscal year.
- Reviewed and provided feedback on the updates to the LASERS ERM Guidelines and information related to the risk assessment process and activities.

A new project will be established for FYE 2024, and Audit Services will participate in consulting related activities as they arise.

2311 Asana Implementation

This was a planned engagement on the fiscal year end (FYE) 2023 Audit Plan. The fieldwork for this engagement was completed on June 19, 2023.

LASERS IT Division initiated a project to implement a project management software that offers a comprehensive solution for teams at LASERS to track and manage tasks, projects, and communications in one centralized platform. Projects at LASERS were previously managed by various methods and technologies that were manual and time-consuming for the project manager. As the size and complexity of projects have increased, it was becoming more challenging to manage them effectively, resulting in confusion of deadlines, lack of accountability and communication, and overall inefficiency. With a lack of a centralized tool to manage projects and tasks, LASERS projects faced potential delays, increased risks, and hindered productivity of our teams.

After completing a vendor analysis that compared the leading project management software, reviewing research completed by Info-Tech, an industry leading IT consulting and research group, and participating in a demo piloting software, LASERS proceeded with Asana. Asana is a leading project management software that provides a centralized system to track and manage all project-related information, including tasks, timelines, budgets, and resources.

Audit Services participated in a consulting role in the implementation of Asana. Audit Services performed the following key activities:

- Reviewed the vendor analysis completed by LASERS IT and confirmed that Asana was a leading project management tool and a fit for LASERS.
- Confirmed that Asana met LASERS security requirements and has obtained certain third-party security certifications.
- Participated in the pilot of Asana to confirm that this product aligns with LASERS security requirements and appeared to be an adequate tool for LASERS needs.
- Confirmed that user accounts and security components are configured and correctly assigned to LASERS staff.

2314 Louisiana Housing Corporation (External Review)

This was a planned engagement on the fiscal year end (FYE) 2023 Audit Plan. The fieldwork for this engagement was completed on July 12, 2023. LHC employs approximately 140 LASERS members.

During this review, one observation was noted relating to the LHC incorrectly reporting pay period begin and pay dates on the monthly agency contribution report.

OBSERVATION #1

The pay period and payment dates are being incorrectly reported on the Agency Contribution Report (ACR). According to the ACR file layout, the pay period dates should represent the period of time paid on earnings being reported. The payment date should be the pay date for the period of time paid in the earnings being reported.

A review of recent reports submitted to LASERS showed the pay period begin date was populated incorrectly on the February 2023 ACR file and the payment date was populated incorrectly on the December 2022 ACR file. It appears that an adjustment was made for one employee in February 2023 and another employee in December 2022, which caused the adjustment date to be populated as the pay period begin date in February 2023 and payment date in December 2022 for all employees on the monthly contribution file.

Incorrect reporting of pay period and payment dates can cause errors in producing retirement estimates for members, since LASERS computer system projects service credit based on pay periods, base, and earnings that have been reported by agencies.

RECOMMENDATION

The agency should evaluate the programming used to generate the Agency Contribution Report to determine the issues with populating the pay period and payment dates and make changes accordingly. The pay period begin and end dates should be populated with the first day and the last day for the month being reported, respectively. The payment date should be the pay date for the period of time paid in the earnings being reported. Target completion date is September 30, 2023.

AGENCY RESPONSE

The agency agrees with this recommendation. Our consultant, NextLevel Information Solutions, has worked with LASERS Fiscal staff to fix the report. A test file was run on July 31, 2023. All dates are populating correctly.

2321 Kohlberg Kravis Roberts (KKR)

KKR appears to fulfill their contractual and fiduciary duties to LASERS. The reviewed policies, procedures, and controls that KKR has in place appear to be effective.

During this review, LASERS audit staff interacted with various members of the KKR team and all personnel were professional and courteous. KKR fulfilled all requests for information related to LASERS investments and coordinated meetings with all key personnel.

There were no issues identified during this review.

2322 Louisiana Tech University (LA Tech)

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

1. Incorrect amount of unused leave certified for five retirees.
2. Ineligible earnings reported to LASERS.

OBSERVATION #1

During this review, it was determined that an incorrect amount of unused leave was certified for five retirees. Since unused leave is converted into service credit increments of tenths based on a range of days, these errors only affected the retirement benefit calculation for one individual. For this individual, the unused leave amount was understated by approximately 573 days. 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 reviews the agency's payroll system to calculate the remaining leave balance. A separate individual in Human Resources will take the remaining leave balances and use them to populate the form and submit it to LASERS. It should be noted that during this review the agency has provided the corrected leave forms to LASERS for these retirees.

RECOMMENDATION #1 (CLOSED)

The agency should work with LASERS staff, as necessary, to properly resolve the retirees cited in this observation. Target completion date is August 31, 2023.

AGENCY RESPONSE

The agency agrees with this recommendation. The agency has submitted the Certification of Unused Annual & Sick Leave forms with the corrected amounts to LASERS for the five retirees cited in this observation.

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 September 30, 2023.

AGENCY RESPONSE

The agency agrees with this recommendation. An HR staff member will begin immediately certifying unused leave balances for all LASERS retirees by checking final leave balances by two (2) methods. Method 1: View Time Off Balance on the Absence side in Workday; and Method 2: View Time Off Results by Period on the Payroll side in Workday. Once they complete this review and confirm that both balance amounts are the same, they will then forward to the Payroll Department for an additional verification of the unused leave balance.

The Absence Partner in Workday will now be responsible for verifying the unused leave balance amount that is reported to LASERS. The Benefits Manager will no longer hold this responsibility as the Absence Partner is the individual with access to the data in Workday.

OBSERVATION #2

During this review, it was determined that ineligible earnings were reported to LASERS for two individuals. The agency uses the wage type 'Tech-Activity Pay' interchangeably for both permanent/recurring and temporary/non-recurring pay. Per LASERS Liaison Memo 13-13 - Retirement Eligible Contributions and Wage Types, permanent/recurring wages types are generally considered LASERS eligible and temporary/non-recurring

wages types are generally considered not LASERS eligible. This error occurred because these two individuals received temporary/non-recurring Tech Activity Pay, but it was treated as permanent/recurring and subsequently reported to LASERS. The agency confirmed that the amount of ineligible earnings reported to LASERS for both individuals totaled \$1,200.

It should be noted that during this review the agency has taken a credit for the ineligible earnings reported to LASERS for these two individuals. The reporting of ineligible earnings to LASERS can impact the calculation of service credit and final average compensation.

RECOMMENDATION #1 (CLOSED)

The agency should identify and correct any earnings codes in their system that are not properly classified for retirement eligibility purposes. Furthermore, employees affected by any misclassification should be corrected. The agency should work with LASERS Fiscal staff to take the necessary steps to properly correct the records of any individuals impacted. Target completion date is September 30, 2023.

AGENCY RESPONSE

The agency agrees with this recommendation. The agency has reviewed all earnings to ensure proper classification for retirement eligibility purposes. The “Tech-Activity Pay” earning requires manual review for each employee who is enrolled in LASERS, to determine whether it is permanent/recurring and LASERS-eligible, or temporary/non-recurring and not LASERS-eligible. A new report has been created in Workday to assist with the manual review.

RECOMMENDATION #2 (CLOSED)

The agency should review their procedures and process currently in place and make any necessary updates to ensure that only LASERS eligible earnings are reported to LASERS. Target completion date is October 31, 2023.

AGENCY RESPONSE

The agency agrees with the recommendation. The agency has created a new report in Workday that will identify any employees enrolled in LASERS who are receiving “Tech – Activity Pay” earnings. The report will enhance the agency’s current payroll process, as they will be able to more quickly identify any earnings that need further review to determine whether they are LASERS eligible. For any earnings that are temporary/non-recurring, a manual adjustment will be made so that the LASERS calculations will only include the LASERS-eligible earnings.

2323 Proposed Updates to IIA Standards

Audit Services initiated this unbudgeted project to review the Institute of Internal Auditors (IIA) proposed updates to their Standards. Typically, updates to the Standards are minimal and would not require a special project to review; however, these proposed updates are substantial. The IIA released the updated draft Standards for a 90 day review and comment period that ended on May 30, 2023. This is a high-level summary of the proposed changes as outlined by the IIA.

New Structure

- Consolidating and streamlining six elements (Mission, Definition, Code of Ethics, Core Principles, Standards, and Implementation Guides) into the Standards.
- Aligning the Standards with the Principles.
- Adding considerations for implementation and evidence of conformance for each standard.

New Content

- Purpose of Internal Auditing.
- 15 Principles.
- Considerations for Implementation and for Evidence of Conformance.
- Considerations for public sector, small functions, and others.

Changes and Clarifications

- Emphasizing the board's role in governing the internal audit function.
- Clarifying the role of chief audit executives in managing the internal audit function.
- Incorporating new performance requirements to ensure quality of internal audit services, Quality = Conformance + Performance.
- Adding detailed steps to performing engagements.

Audit Services compared the proposed Standards to the current Standards and reviewed all changes. As part of this process, consideration was given to the potential changes in LASERS audit related policies and practices that may be necessary to maintain compliance with the Standards. At the end of this review, feedback was submitted to the IIA prior to the May 30th deadline.

The IIA is currently reviewing the input received during the comment period and determining what changes to make to the draft. Though we do not know what the final form of the proposed Standards will be, it is very likely that some form of new Standards will be tentatively published on January 1, 2024, with an effective date of 12 months after publication. Therefore, a project has been scheduled on the FYE 2024 Audit Plan to establish a phased implementation roadmap that will ensure overall compliance with the Standards is maintained along with completing the initial phase.

2388 Summary of Fraud Tips

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

CASES OPENED IN FYE 2023

#2301: (CLOSED)

A call was received on the fraud hotline from an individual who requested an update on their fraud case. This individual had previously completed and submitted a Forgery Packet to Fiscal claiming that their father's benefit payment check had been stolen and they would like it replaced. After LASERS investigated and approved this individual's forgery packet, a request was submitted to LASERS bank for review. LASERS bank approved this request, credited the monies back to LASERS, who in turn generated and sent a replacement check to the member. No further action is required on this case; therefore, it is considered closed.

#2302: (CLOSED)

LASERS received notification from JP Morgan Chase Bank regarding two unsuccessful attempts to cash fraudulently forged checks. Despite these attempts, no funds were lost by LASERS in these instances because of controls used by our bank to determine the validity of a check before issuing payment and they were identified as fraudulent. Audit Services provided the details for each of these cases to the Attorney General's office. After assessing the details of this case, the Attorney General's Office has decided to close this case due to insufficient evidence necessary to pursue any further action. Since no funds were lost by LASERS and the Attorney General's fraud investigation is closed, no further action will be taken and this case was closed.

#2303: (OPEN)

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

- Suspicious Authorization for Direct Deposit forms received.
- Power of Attorney (POA) form received and rejected.

It was determined that someone (bad actor) had used the myLASERS portal to submit several Authorization for Direct Deposit forms and a Designation of Beneficiary form. This person had the information required (i.e., social security number, date of birth, and zip code) to create a myLASERS account successfully in January 2021. Approximately six months after creating the myLASERS account, the bad actor submitted a Designation of Beneficiary form to update the beneficiary which is allowed since the retiree chose the Maximum option. Starting a few weeks after the beneficiary was changed, several Authorization for Direct Deposit forms were received via myLASERS over the next 18 months. In the fall of 2022, an Authorization for Direct Deposit form was received via myLASERS followed closely by a POA form that was rejected due to an unacceptable transmission method (fax). Fiscal placed the payee account on hold in order to investigate further. LASERS then attempted to contact the retiree and the person that submitted the POA request. Per the person that submitted the POA request, the member was exhibiting signs of dementia, was in a nursing home, and they were concerned that the member's myLASERS account may have been fraudulently accessed.

In October 2022, Legal received an updated POA form which was accepted. Next, an updated Authorization for Direct Deposit form completed by the verified POA was received and Fiscal corrected the retiree's bank account information and placed the member's payee account back to an active status. In addition to this, LASERS has taken the following actions related to this incident:

- The Louisiana Attorney General was contacted and LASERS has provided them with all requested information.
- Fiscal has made the following changes to strengthen the procedures in place to verify and process Authorization for Direct Deposit forms:

- The myLASERS Authorization for Direct Deposit form has been changed to include an area where the member must include their old routing and account number. This information is already required for the Authorization for Direct Deposit form accessed outside of myLASERS.
- A report was created that identifies payees in SOLARIS who have had more than three direct deposit changes within a timeframe selected (currently set at two months). This report will be run twice per month to search for payees who have a higher than normal number of direct deposit change requests, and any occurrences will be investigated.

The investigation of this case is ongoing.

#2304: (CLOSED)

Member Services contacted Audit Services regarding possible fraud relating to a member's myLASERS account. The member received an automatically generated letter from LASERS regarding the creation of a myLASERS account at the address on file in SOLARIS. After receiving this letter, the member called LASERS and stated that they did not create a myLASERS account. This individual's myLASERS account was suspended while LASERS investigated this issue.

Since the initial call received from the member, LASERS has contacted the member to inform them of the specific email address used to create the myLASERS account and inquired how the member wanted to handle their myLASERS account. The member has yet to respond to any of LASERS attempts to contact them; therefore, their myLASERS account will remain suspended until the member indicates their desire to pursue another course of action. While their myLASERS account is suspended, no login to this account can occur. Furthermore, notes have been made in the member's file regarding this situation to alert staff before processing any requests received.

Since the individual's myLASERS account is suspended and staff will be aware of this situation before processing any requests, no further action will be taken and this case was closed.

#2305 (OPEN)

LASERS received notification from JP Morgan Chase Bank regarding one unsuccessful attempt to cash a fraudulently forged check. Despite this attempt, no funds were lost by LASERS in this instance because of controls used by our bank to determine the validity of a check before issuing payment and it was identified as fraudulent. Audit Services provided the details for this case to the Attorney General's office and is currently under investigation.

#2306 (OPEN)

LASERS received notification from JP Morgan Chase Bank regarding three unsuccessful attempts to cash fraudulently forged checks. Despite these attempts, no funds were lost by LASERS in these instances because of controls used by our bank to determine the validity of a check before issuing payment and they were identified as fraudulent. Audit Services provided the details for each of these cases to the Attorney General's office and is currently under investigation.

UPDATES ON OPEN CASES FROM PRIOR FISCAL YEARS

#1805: (CLOSED)

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

Update

LASERS turned the collection process over to the Attorney General's Collections. Since the Attorney General's fraud investigation is closed and the overpayment is being pursued through collections, no further action will be taken and this case was closed.

#1807: (CLOSED)

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

Update

Fiscal was able to reclaim fourteen of the seventeen overpayments. The investigator at the Attorney General's Office concluded that this was not a fraudulent situation; therefore, the case was closed with their office. LASERS turned the collection process over to the Attorney General's Collections. Since the Attorney General's fraud investigation is closed and the overpayment is being pursued through collections, no further action will be taken and this case was closed.

#1808: (CLOSED)

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

Update

This case was sent to the Attorney General's office who opened a case but closed it with the understanding that the relative would set up a repayment plan. A repayment plan was setup with LASERS via a signed promissory note in September 2018. After a long period of no payments, LASERS turned over the promissory note to the Attorney General's Collections Office in October 2020. Since the Attorney General's fraud investigation is closed and the overpayment is being pursued through collections, no further action will be taken and this case was closed.

#1902: (CLOSED)

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

Update

According to the Attorney General investigator, five arrest warrants have been issued for the associated individuals. However, they currently reside in Texas; therefore, the investigator is coordinating with Texas law enforcement on this case. Additionally, there is a federal prosecution under way running in tandem to the Texan prosecution for the family members who committed retirement benefits fraud. Since this case is now in federal jurisdiction, it is considered closed by the Attorney General's Office. Therefore, no further action will be taken and this case was closed.

#2001: (CLOSED)

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

Update

After reassessing this case in the current fiscal year, the Attorney General's Office has decided to close this case due to insufficient evidence necessary to pursue any further action. LASERS turned the collection process over to the Attorney General's Collections. Since the Attorney General's fraud investigation is closed and the overpayment is being pursued through collections, no further action will be taken and this case was closed.

#2010: (CLOSED)

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

Update

After reassessing this case in the current fiscal year, the Attorney General's Office has decided to close this case due to insufficient evidence necessary to pursue any further action. Since no additional inquiry or information was received on this matter and the Attorney General's fraud investigation is closed, no further action will be taken and this case was closed.

#2013: (OPEN)

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

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

It was determined that someone (bad actor) used the Member Self-Service (MSS) portal to change a retiree's home address in our system by creating a new account in the portal. This person had the information required (i.e., social security number, date of birth, and zip code) to create such an account successfully. A few days after this address change, the bad actor faxed an Authorization for Direct Deposit form to LASERS requesting a bank account change for this retiree. The direct deposit account information was changed in our system which resulted in the next month's benefit being transferred to the fraudulent bank account. The fraudulent bank account was closed shortly thereafter which resulted in the inability to process the following month's payment. LASERS then contacted the retiree and it was confirmed that they did not authorize these changes.

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

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

participate in this service, which currently consists mostly of large banks. Credit Unions, Savings & Loans, and small banks are not covered.

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

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

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

Update

Regarding the LASERS related changes that were in progress, the updates are as follows:

- A critical mitigation will be the implementation of more modern security enhancements of the myLASERS (formerly MSS) website which is scheduled to be implemented before the end of calendar year 2020. A key security control within myLASERS that will mitigate this risk is the use of Multi-Factor Authentication (MFA). MFA improves security by requiring something you “Know” (ID & Password) and requiring something you “Have” (secret code sent to your phone via text message or voice call). By having these two factors, it increases the difficulty of an attacker to access your account as they not only need your ID/Password but must also have access to your phone, for example. MFA will be utilized at both account setup and login.

Update

The MFA security control has been implemented in myLASERS. This item is now closed.

- Automate the process of sending letters to the previous address on file for all address change requests processed for benefit recipients.

Update

The ability for benefit recipients to update their address in myLASERS is still disabled. The process to send a letter to the current and previous address for all address changes made in SOLARIS is in place. This item remains open.

- Automate notifications in myLASERS to notify members that an address change or direct deposit request was received and upon completion of the change.

Update

The notifications in myLASERS for these two items are in the process of being implemented. This item remains open.

The investigation of this case is ongoing.

2103 (CLOSED) and 2105 (CLOSED):

LASERS received notification from JP Morgan Chase Bank regarding multiple unsuccessful attempts to cash fraudulently forged checks. Despite these attempts, no funds were lost by LASERS in these instances because of controls used by our bank to determine the validity of a check before issuing payment and they were identified as fraudulent. Audit Services provided the details for each of these cases to the Attorney General's office for investigation. They have opened two cases and are in the process of performing an investigation. The investigation remains open.

Update

After assessing the details of this case, the Attorney General's Office has decided to close this case due to insufficient evidence necessary to pursue any further action. Since no funds were lost by LASERS and the Attorney General's fraud investigation is closed, no further action will be taken and this case was closed.

#2207: (CLOSED)

An email was sent to a LASERS Executive staff member claiming to be a LASERS vendor and requested a direct deposit account change. The bad actor completed and returned, via email, a Vendor Authorization for Direct Deposit change form. Upon receipt, a Fiscal staff member reached out directly to the vendor using the account information on file and the vendor confirmed that they did not originate this request. Legal, Audit Services, and IT were notified of this attempted phishing request and Fiscal denied the request. As a result of this incident, Fiscal added an additional security measure by updating their Vendor Authorization for Direct Deposit change form to require the old account and routing number in addition to providing a new one. This item was sent to the Attorney General's office and the case is currently under investigation.

Update

The Attorney General's Office has decided to close this case due to insufficient evidence necessary to pursue any further action. Since LASERS was not defrauded and the Attorney General's fraud investigation is closed, no further action will be taken and this case was closed.



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**NOTICE AND AGENDA
Investment Committee Meeting
Thursday, September 28, 2023
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 August 24, 2023, meeting of the Investment Committee
(**Action Item**)
Thomas Bickham, Chair

V. NEW BUSINESS

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

VI. OTHER BUSINESS

VII. ADJOURNMENT

There are no managers on the blackout list.



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

August 24, 2023

The Investment Committee of the Louisiana State Employees' Retirement System met on Thursday, August 24, 2023, in the fourth floor Board Room of the Retirement Systems Building located at 8401 United Plaza Boulevard, Baton Rouge, Louisiana. Thomas Bickham, 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, Ms. Amy Mathews, Mr. Rick McGimsey – Designee, Commissioner of Administration; Ms. Barbara McManus and Mr. John Broussard – Designee, Louisiana State Treasurer

Members absent: Representative Barry Ivey, Judge William Kleinpeter, Senator Barrow Peacock and Ms. Shannon Templet

Staff present: Mr. Trey Boudreaux, Executive Director; Ms. Tina Grant Vicari, Executive Counsel; Mr. Travis McIlwain, Chief of Staff; Ms. Beth Labello, Executive Staff Officer; Mr. Logan Davis, IT Technical Support Analyst; Mr. Barney Miller, IT Technical Support Analyst; Mr. Johnathon Sprouse, IT Director; Investment Staff: Mr. Bobby Beale, Chief Investment Officer; Mr. Darren Fournierat, Ms. Laney Sanders, Mr. Reeves Pearce, Mr. Jacques Brousseau, Ms. Celeste Funderburk and Ms. Jennifer Adams

Also present: Mr. David Barnes, NEPC; Mr. Tim Fitzgerald, NEPC and Mr. Joey David, Legislative Analyst

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

Mr. Bickham called for public comment. There were no public comments.

REGULAR BUSINESS

The committee considered the minutes of the July 27, 2023, Investment Committee meeting. **Ms. McManus moved, seconded by Mr. Castille, to approve minutes of the July 27, 2023, Investment Committee meeting. With no further discussion, and no objections, the motion carried.**

NEW BUSINESS

Annual Optional Retirement Plan/Self-Directed DROP Review

Ms. Sanders and Mr. Fitzgerald, NEPC, presented the annual review of the DROP/ORP plans.

Monthly Performance Report

Mr. Beale reviewed the Total Plan performance. He stated that the final monthly return for June 30, 2023, was 4.0%, making the Total Plan FYE return 11.7%. He also stated that the Total Plan return for July 31, 2023, was 2.3%.

OTHER BUSINESS

No other business was brought before the committee and the meeting adjourned at 1:04 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

- Private Markets Presentation: Collier Capital IX
- Private Markets Discussion & Recommendation
- Performance Review

MARCH 23

- Asset Allocation Discussion & Recommendation
- Performance Review

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

- Private Market Discussion & Recommendation: KPS
- Performance Review

MAY 18

- Gramercy Discussion & Recommendation
- Performance Review
- NEPC Contract Review & Recommendation

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

- Nomura Contract Review
- Performance Review
- NEPC Presentation & Contract Discussion

JULY 27

- LSV Emerging Market Equity Portfolio Review
- LSV Review & Recommendation
- 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



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NOTICE AND AGENDA
Management Committee Meeting
Thursday, September 28, 2023
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 August 24, 2023, Management Committee Meeting (**Action Item**)

Judge Will Kleinpeter, Management Committee Chair

2. Executive Counsel's Report

Tina Grant, Executive Counsel

V. NEW BUSINESS

1. **Executive Session**

- a. Review of the September 2023 Disability Retirement Report (**Action Item**)

Megan Jones, Retirement Benefits Supervisor

2. Presentation of Actuarial Report for June 30, 2023 (**Educational & Action Item**)

Shelley Johnson, Foster & Foster

3. Distribution of Draft Operating Budget for FY 2024-25

Travis McIlwain, Chief of Staff

4. Chief of Staff's Comments

- a. Monthly Operating Budget Report

- b. Benefits Payee Report

Travis McIlwain, Chief of Staff

5. Executive Director's Comments
Trey Boudreaux, Executive Director

VI. OTHER BUSINESS

VII. ADJOURNMENT

NOTE: If you have a disability and require a reasonable accommodation to fully participate in this meeting, please contact the LASERS Board Secretary prior to the close of business on Tuesday, September 26, 2023, via email at boardsecretary@lasersonline.org or by telephone at (225) 922-0600 to discuss your accessibility needs.

**Louisiana State Employees Retirement System
Management Committee Meeting
August 24, 2023**

The Management Committee of the Louisiana State Employees Retirement System met on Thursday, August 24, 2023, in the fourth floor Board Room of the Retirement Systems Building, located at 8401 United Plaza Boulevard, Baton Rouge, Louisiana.

Ms. Barbara McManus, on behalf of Judge Will Kleinpeter, Committee Chair, called the meeting to order at 1:11 p.m. Roll was called by Beth Labello, recording secretary.

Members Present: Mr. Thomas Bickham, Ms. Virginia Burton, Mr. Charles Castille, Mr. Byron Decoteau, Ms. Ternisa Hutchinson, Ms. Amy Mathews, Mr. Rick McGimsey (designee of the Commissioner), Ms. Barbara McManus, and Mr. John Broussard (designee of the Treasurer)

Members Absent: Representative Barry Ivey, Judge William Kleinpeter, Senator Barrow Peacock, and Ms. Shannon Templett

Staff Present: Mr. Trey Boudreaux, Executive Director; Mr. Travis McIlwain, Chief of Staff; Ms. Tina Grant, Executive Counsel; Mr. Bobby Beale, Chief Investment Officer; Ms. Tricia Gibbons, Retirement Benefits Administrator; Mr. Artie Fillastre, Chief Fiscal Officer; Ms. Mallory Sharp, Public Information Director; Mr. Johnathon Sprouse, IT Director; Mr. Ryan Babin, Audit Director; Ms. Morgan Robertson, Attorney; Mr. Logan Davis, and Mr. Barney Miller, IT Technical Support Analysts; Ms. Amanda Celestine, Executive Management Officer; and Ms. Beth Labello, Recording Secretary

Also Present: Ms. Shelley Johnson, Foster & Foster and Mr. Joey David, Legislative Analyst

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

PUBLIC COMMENT

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

REGULAR BUSINESS

Ms. McManus called for approval of the minutes of the July 27, 2023, Management Committee meeting. **Mr. Bickham moved, seconded by Mr. Castille, to approve the minutes. With no objection or discussion, the motion carried.**

In the Executive Counsel's report, Ms. Grant reported that Dr. Ralph Slaughter did in fact file an appeal in his latest lawsuit against LASERS.

NEW BUSINESS

Mr. Fillastre reviewed the Disability Excess Earnings Report. **Mr. Bickham moved, seconded by Mr. Castille, to approve the Disability Excess Earnings Report, as presented. With no objection or discussion, the motion carried.**

Ms. Gibbons reviewed the Annual Administrative Errors Summary Report. She stated that there were 58 errors. The top three errors were re-employed retirees, incorrect term dates, and late submittal of retirement applications. She also reviewed the errors broken down by agencies. The member services division continues to work with and educate the agencies to help prevent errors.

Mr. Boudreaux reviewed the proposed 2024 Board Meeting Schedule. He noted that a few of the meeting dates do not fall on the 4th week of the month due to holidays. **Mr. Bickham moved, seconded by Mr. Castille, to recommend the Board approve the 2024 Board Meeting Schedule, as presented. With no objection or discussion, the motion carried.**

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

Mr. Boudreaux reviewed the Executive Director's comments. He stated that Ms. Grant will serve as acting Executive Director during the LAPERS seminar.

Mr. Bickham moved, seconded by Mr. Castille, to recommend the Board approve travel for any Trustee interested in attending the RSEA Conference in Marksville, LA, on October 10-11, 2023. With no objection or discussion, the motion carried.

Mr. Bickham moved, seconded by Mr. Castille, to recommend the Board approve the August 2023 Disability Retirement Report. With no objection or discussion, the motion carried.

Mr. Bickham moved, seconded by Mr. Castille, to go into Executive Session for the purpose of reviewing the Executive Director's Performance Evaluation and reviewing the Executive Director's Goals for FY 2023-24. With no objection or discussion, the motion carried.

Mr. Bickham moved, seconded by Mr. Castille, to return to Regular Session. With no objection or discussion, the motion carried.

Mr. Bickham moved, seconded by Mr. Broussard, to recommend the Board accept the Annual Performance Evaluation of the Executive Director. With no objection or discussion, the motion carried.

Mr. Bickham moved, seconded by Mr. Castille, to recommend the Board accept the Executive Director's goals for FY 2023-24. With no objection or discussion, the motion carried.

OTHER BUSINESS

There was no other business to discuss.

ADJOURNMENT

The meeting adjourned at 1:49 p.m.



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September 2023 Management Committee Meeting Chief of Staff's Comments

Information Technology

Project Updates

- Ongoing projects include SOLARIS payroll updates, document management & workflow software upgrades, Windows 11 Pilot, and many security and maintenance projects.

Cybersecurity

- The August cybersecurity newsletter provided tips on how to protect yourself from phishing attacks.
- The cybersecurity training video for staff this month also covered phishing.

Misc.

- IT is hiring for several open development positions.

Fiscal

- Fiscal staff worked with EisnerAmper in completing the audit of LASERS financials for FYE 2023.
- The October 2023 benefit payments will have an effective date of Sunday, October 1, 2023; however, financial institutions may not make the funds available until the next business day, October 2, 2023, due to October 1 being on a weekend.
- Fiscal staff has begun preparation for the FY 2023 ACFR and PAFR. These reports are scheduled to be presented to the Board at the October Board Meeting.
- Fiscal staff has begun preparing the FY 2024/2025 Operating Budget. A draft of the Operating Budget will be distributed to the Management Committee at the September meeting with final approval at the October meeting.



LOUISIANA STATE EMPLOYEES'
RETIREMENT SYSTEM

8401 United Plaza Blvd. • Baton Rouge, LA 70809

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

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

Fiscal Division

OPERATING BUDGET REPORT

August 31, 2023

Category	2022-2023 Actual	2023-2024 Budget	Monthly Expenses	2023-2024 YTD Actual	Remaining Balance	2023-24 % of Budget	2022-23 % of Actual
Division Operating							
Personnel	\$ 16,383,646	\$ 17,919,900	\$ 1,319,663	\$ 2,300,071	\$ 15,619,829	13%	13%
Travel Expenses	73,414	169,600	19,999	42,277	127,323	25%	20%
Operating Services	3,448,933	3,889,500	122,783	1,973,857	1,915,643	51%	47%
Professional Services	402,669	491,000	45,273	69,840	421,160	14%	12%
Acquisitions	211,477	341,000	-	-	341,000	0%	2%
Total Division Operating	20,520,139	22,811,000	1,507,718	4,386,045	18,424,955	19%	18%
Project Operating							
Operating Services	461,385	600,000	-	98,144	501,856	16%	36%
Professional Services	57,730	1,950,000	-	-	1,950,000	0%	10%
Acquisitions	3,811	450,000	-	3,811	446,189	1%	10%
Total Project Operating	522,926	3,000,000	-	101,955	2,898,045	3%	17%
Total Operating	21,043,065	25,811,000	1,507,718	4,488,000	21,323,000	17%	18%
Investment Fees	28,964,823	31,500,000	2,208,596	4,417,927	27,082,073	14%	14%
GRAND TOTAL	\$ 50,007,888	\$ 57,311,000	\$ 3,716,314	\$ 8,905,927	\$ 48,405,073	16%	16%



Board of Trustees
Benefit Payees Added During Period
8/1/2023 - 8/31/2023

Regular

Under Age 55 at Retirement	14
Age 55-59 at Retirement	34
Age 60+ at Retirement	104
Total	152
Minimum Benefit	\$223
Maximum Benefit	\$11,995
Minimum Age	42
Maximum Age	87
Minimum Years Service	5
Maximum Years Service	41
Average Age	61
Average Service	24
Average Gross Benefit	\$3,258

Disability

Total	1
Minimum Benefit	\$2,134
Maximum Benefit	\$2,134
Minimum Age	42
Maximum Age	42
Minimum Years Service	19
Maximum Years Service	19
Average Age	42
Average Service	19
Average Gross Benefit	\$2,134

Survivor

Total	5
Minimum Benefit	\$300
Maximum Benefit	\$4,125
Minimum Age	37
Maximum Age	49
Minimum Years Service	11
Maximum Years Service	24
Average Age	44
Average Service	17
Average Gross Benefit	\$1,824

Beneficiary

Total	43
Minimum Benefit	\$207
Maximum Benefit	\$6,742
Minimum Age	48
Maximum Age	76
Minimum Years Service	5
Maximum Years Service	48
Average Age	60
Average Service	25
Average Gross Benefit	\$1,999

Drop Accruals

Total	13
Average Age	56
Average Service	26
Average Gross Benefit	\$4,026



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September 2023 Management Committee Meeting Executive Director's Comments

Executive Director

LAPERS

- This year, all LAPERS educational sessions were recorded and will be made available on the website once they have been edited.

LATEC Conference

- The 2024 LATEC Conference will be held at the Royal Sonesta in New Orleans, LA, February 7-9.
- A motion is required to allow Board Members to attend the conference.

Member Services Division

- Member Satisfaction Survey Results – First Half of 2023
 - Comment Cards for In-House Counseling (for visitors with and without scheduled appointments)

Overall Satisfaction	Poor	Fair	Average	Good	Excellent	Total	% Excellent Received
Quality of	0	0	1	11	408	420	97%

- Recent member comments:
 - Such a pleasant experience. Thank you for giving me a sense of peace about my situation.
 - Everyone here is knowledgeable, kind, helpful, and generally wonderful.

Public Information Division

- 2023 Board Election – Voting opened on Friday, September 22. Voting will close on Friday, October 27 at 4:30 p.m. Central Time.
- Agency Open Forum will be held Tuesday, October 3 at 9:30 a.m. in person and via live webinar. Over 100 agency reps (HR and payroll officers) are currently registered.
- LAPERS Conference – All recorded sessions will be posted on both the LASERS and LAPERS websites once they have been edited.
- New Investment Publication – PID is working with Investments on a new publication highlighting our investments in Louisiana and their economic impact.
- Employee Orientation Video Series – PID has completed the revamp of the New Employee Orientation video series. Videos are accessible to new staff through LEO and our intranet. Topics include a general welcome, human resources, policies, cybersecurity, FMLA, and agency branding.
- National Retirement Security Month – PID will promote topics such as educational seminars, Deferred Comp, and myLASERS through our website, email, and social media for National Retirement Security Month (October).
- Rachel Harvey, PIO 3, attended the American Advertising Federation Leadership Conference in August. She serves on the Board of Directors for the Baton Rouge Chapter and leads the AAF-BR Awards Committee.
- The Link Employee Newsletter – The latest issue is on the Board Portal.

Web & Social Media Report

AS OF SEPTEMBER 12, 2023



FACEBOOK

**2,618
FOLLOWERS**



X (FORMERLY TWITTER)

**705
FOLLOWERS**



YOUTUBE

**770
SUBSCRIBERS**



MEMBER CONNECTION
EMAIL

**66,673
CONTACTS**

WWW.LASERSONLINE.ORG

WEBSITE USERS:
12,059

TOTAL PAGEVIEWS:
44,232

MOST VISITED PAGE:
Member Forms

TOP PERFORMING E-MAIL TO MEMBERS:



Member Connection Newsletter

LASERS Reports 11.7% Investment Return

The Louisiana State Employees' Retirement System (LASERS) reported an 11.7% investment return for the 12-month period that ended June 30, 2023.

The System's total market value of investment assets stands at just over \$13.2 billion.

"The benefit of diversification is evident in our investment returns. Our Board of Trustees and staff strive to be forward-thinking, disciplined, and efficient while continuing to allocate assets for the long term. We are pleased with our plan performance and believe that LASERS is well positioned to meet its future goals and objectives," LASERS Chief Investment Officer Bobby Beale said.

"This year's 11.7% investment return and asset growth is a reflection of our System's dedicated team who work diligently to navigate the challenges posed by market volatility, economic shifts, and global uncertainties." LASERS Executive Director Trey Boudreaux said. "This success is attributable to the wise decision-making of our Board and to our exceptional investment team, always working to provide retirement security for our members."

[Read the Press Release](#)

— Connect With Us —

www.lasersonline.org



TOP PERFORMING FACEBOOK POST:



Louisiana State Employees Retirement System

Published by Sprout Social · August 28 at 2:58 PM ·

Today, LASERS reported an 11.7% investment return for the 12-month period that ended June 30, 2023. Our total market value of assets stands at just over \$13.2 billion.

"This year's 11.7% investment return and asset growth is a reflection of our System's dedicated team who work diligently to navigate the challenges posed by market volatility, economic shifts, and global uncertainties," LASERS Executive Director Trey Boudreaux said. "This success is attributable to the wise decision-making of our Board and to our exceptional investment team, always working to provide retirement security for our members."

Read the full press release here <https://bit.ly/3EgRPcf>



**11.7 %
INVESTMENT
RETURN**

FOR FISCAL YEAR ENDING JUNE 30, 2023

lasersonline.org



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NOTICE AND AGENDA
Board Meeting
Thursday, September 28, 2023
Immediately following Management Committee

The Board of Trustees will meet in the fourth floor Board Room of the Retirement Systems Building, immediately following the Management Committee Meeting.

I. CALL TO ORDER

II. ROLL CALL

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

IV. REGULAR BUSINESS

1. Approval of the August 24, 2023, Board Meeting Minutes (**Action Item**)
Shannon Templet, Board Chair
2. Report and Recommendations of the Audit Committee (**Action Item**)
Virginia Burton, Audit Committee Chair
3. Report and Recommendations of the Investment Committee (**Action Item**)
Thomas Bickham, Investment Committee Chair
4. Report and Recommendations of the Management Committee (**Action Item**)
Judge Will Kleinpeter, Management Committee Chair
5. Acknowledgement of Receipt of Administrative Errors Report/Documentation (**Action Item**)
Tina Grant, Executive Counsel

V. NEW BUSINESS

1. LASERS New Employee(s)
Trey Boudreaux, Executive Director

VI. OTHER BUSINESS

VII. ADJOURNMENT

NOTE: If you have a disability and require a reasonable accommodation to fully participate in this meeting, please contact the LASERS Board Secretary prior to the close of business on Tuesday, September 26, 2023, via email at boardsecretary@lasersonline.org or by telephone at (225) 922-0600 to discuss your accessibility needs.



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**Louisiana State Employees' Retirement System
Regular Board Meeting
August 24, 2023**

The Board of Trustees of the Louisiana State Employees' Retirement System met on Thursday, August 24, 2023, in the fourth floor Board Room of the Retirement Systems building, 8401 United Plaza Boulevard, Baton Rouge, Louisiana.

Ms. McManus, on behalf of Ms. Templet, Board Chair, called the meeting to order at 1:50 p.m. Roll call was conducted by Beth Labello, recording secretary.

Members Present: Mr. Thomas Bickham, Ms. Virginia Burton, Mr. Charles Castille, Mr. Byron Decoteau, Ms. Ternisa Hutchinson, Ms. Amy Mathews, Mr. Rick McGimsey (designee of the Commissioner), Ms. Barbara McManus, and Mr. Broussard (designee of the Treasurer)

Members Absent: Representative Barry Ivey, Judge William Kleinpeter, Senator Barrow Peacock, and Ms. Shannon Templet

Staff Present: Mr. Trey Boudreaux, Executive Director; Mr. Travis McIlwain, Chief of Staff; Ms. Tina Grant, Executive Counsel; Mr. Bobby Beale, Chief Investment Officer; Ms. Tricia Gibbons, Retirement Benefits Administrator; Mr. Artie Fillastre, Chief Fiscal Officer; Ms. Mallory Sharp; Public Information Director; Mr. Johnathon Sprouse, IT Director; Mr. Ryan Babin, Audit Director; Ms. Morgan Robertson, Attorney; Mr. Logan Davis, and Mr. Barney Miller, IT Technical Support Analysts; Ms. Amanda Celestine, Executive Management Officer; and Ms. Beth Labello, Recording Secretary

Also Present: Ms. Shelley Johnson, Foster & Foster

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

PUBLIC COMMENT

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

REGULAR BUSINESS

Ms. McManus called for approval of the minutes of the July 27, 2023, Board Meeting.

Ms. Mathews moved, seconded by Mr. Castille, to approve the minutes. With no objection or discussion, the motion passed.

Mr. Bickham reported the Investment Committee met on Thursday, August 24, 2023, and had no items to report.

Ms. McManus, on behalf of Judge Kleinpeter, reported the Management Committee met on Thursday, August 24, 2023, and had the following items to report:

Ms. McManus moved, seconded by Mr. Bickham, to approve the Disability Excess Earnings Report, as presented. With no objection or discussion, the motion passed.

Ms. McManus moved, seconded by Mr. Bickham, to approve the 2024 Board Meeting Schedule, as presented. With no objection or discussion, the motion passed.

Ms. McManus moved, seconded by Mr. Bickham, to approve the August 2023 Disability Retirement Report. With no objection or discussion, the motion passed.

Ms. McManus moved, seconded by Mr. Castille, to approve travel to the RSEA Conference on October 10-11, 2023, in Marksville, LA. With no objection or discussion, the motion passed.

Ms. McManus moved, seconded by Mr. Castille, to approve the Executive Director's Annual Performance Evaluation. With no objection or discussion, the motion passed.

Ms. McManus moved, seconded by Mr. Castille, to approve the Executive Director's FY 2023-24 goals. With no objection or discussion, the motion passed.

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

NEW BUSINESS

There was no other business to come before the Board.

ADJOURNMENT

With no other business to discuss the meeting adjourned at 1:55 p.m.



Trey Boudreaux, Executive Director

Administrative Error Report

September 28, 2023

Member's Name:	Carol LeDoux
Agency:	Louisiana State University
Reason for Administrative Error:	Reemployed Retiree Application Not Submitted Changed from Option 3 to Option 1A

Date: August 3, 2023

To: Trey Boudreaux
Tina V. Grant

From: Artie Fillastre APF
APF

Subject: Administrative Error – Reemployed Retiree Application Not Submitted

Member Name: Carol D LeDoux

SSN: XXX-XX-5386

This request for administrative error is for an employee with Agency # 00520–Louisiana State University – Ag Center. The member retired and returned to work in February 2022. At that time, no Re-employment of Retiree form was completed. In July 2023, 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 (Aug 9, 2023 10:10 CDT)

Approval of Executive Director – Trey Boudreaux

Signature: Trey Boudreaux
Trey Boudreaux (Aug 10, 2023 12:04 CDT)

BOARD OF TRUSTEES:

Shannon Templet, *Chair*
Barbara McManus, *Vice Chair*
Thomas Bickham
Virginia Burton
Charles F. Castille

Comm'r Jay Dardenne
Byron P. Decoteau, Jr.
Ternisa Hutchinson
Rep. Barry Ivey
Judge William Kleinpeter

Amy A. Mathews
Sen. Barrow Peacock, *Designee*
Sen. Edward Price
Hon. John Schroder

Bernard E. "Trey" Boudreaux, III, *Executive Director*

LASERS Benefits Louisiana.



HUMAN RESOURCE MANAGEMENT OFFICE
103 J. N. Norman Efferson Hall
110 LSU Union Square
Baton Rouge, LA 70803-0106
(225) 578-2258
Fax: (225) 578-8284
Website: www.lsuagcenter.com

July 31, 2023

To: LASERS

Re: Carol LeDoux

Dear Sir/Madam,

Due to an agency error by LSU AgCenter HRM, the form 10-2 was not submitted for this rehired retiree. Ms. LeDoux's rehire date with the LSU AgCenter was 2/14/2022. She has been working approximately 50% FTE since that time. The fault lies solely with this office. Please update your records to reflect her reemployment date of 2/14/2022 having selected Option 1A on the LASERS form 10-2.

If any additional information is needed, I may be reached at (225) 578-4631.

Sincerely,

Ryan Barnette
Benefits Manager

Enclosures



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2023 Committee Assignments

Shannon Templet, Board Chair

Management Committee

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

Investment Committee

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

Barbara McManus, Vice Chair

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