



SAN DIEGO CITY EMPLOYEES' RETIREMENT SYSTEM

MEMORANDUM

DATE: March 11, 2021

TO: Business and Governance Committee

FROM: Audit Committee Candidate Evaluation Ad Hoc Committee

SUBJECT: Ad Hoc Committee's Recommendation to Appoint Mia Harenski and Gary McCormick as Independent Non-Board Members on the Audit Committee

Recommendation

Appoint Mia Harenski and Gary McCormick as Independent Non-Board Members on the Audit Committee and to temporarily allow for an additional Independent Non-Board Member to serve on the Audit Committee until such time as a current Independent Non-Board Audit Committee Member's service ends.

Discussion

The SDCERS Audit Committee was formed by the SDCERS Board of Administration in October 2006 to assist the Board in fulfilling its oversight responsibilities for SDCERS' financial reporting process, system of internal controls, audit process, process for monitoring compliance with laws and regulations, and internal financial policies and procedures.

The SDCERS Audit Committee membership includes:

- One SDCERS Board Member,
- Three Independent Non-Board Members, and
- One member who may be either a Board Member or an Independent Non-Board Member.

The Audit Committee will have one vacancy in the Independent Non-Board Member category with Mr. Kitrosser finishing his term in March 2021. Additionally, Independent Non-Board Member, Mr. Kowieski, will be reaching his eight consecutive year limit in September 2022 and will be vacating his Audit Committee seat. As there are two well qualified candidates interested in serving on the Audit Committee now, it is recommended both candidates be appointed now, and for the Board to allow for a temporary exception to the Board's "Audit Committee Charter" and "Committee Charter" limiting the number of Independent Non-Board Members on the Audit Committee.

Appointment Process

The Board’s process for filling an Audit Committee vacancy requires the Business & Governance Committee to review the candidate information and make a recommendation to the Board; please see the attached “Board Process on Selection of Independent Non-Board Members of the Audit Committee.”

Pursuant to this process, the Business and Governance Committee Chair formed an ad hoc committee to review candidate information and provide this committee an appointment recommendation for the vacant seat. The ad hoc committee members are Bobbie Spoon and Paul Kaufmann.

Candidate Qualifications

Independent non-Board Members of the Audit Committee must possess the following qualifications:

Independent	Be independent of and have no financial interests in the SDCERS Trust Fund
Knowledgeable	Be knowledgeable in financial reporting issues
Experienced	Have substantial professional experience in one or more of the following areas of accounting, auditing, finance, investments, or corporate governance, which can be applied to a public pension plan

Candidate – Mia Harenski

Based upon the review of Ms. Harenski’s resume and meeting with Ms. Harenski to discuss her qualifications, the ad hoc committee summarizes her qualifications as follows:

Independent	Ms. Harenski is independent of and has no financial interests in the SDCERS Trust Fund
Knowledgeable	Ms. Harenski is knowledgeable in reporting issues as a <ul style="list-style-type: none">○ Certified Public Accountant○ American Institute of Certified Public Accountants, member○ California Society of Certified Public Accountants, member
Experienced	Ms. Harenski has substantial professional experience in the areas of accounting and auditing through her career experiences as a Partner with Considine and Considine.

Based upon the ad hoc committee’s review of Ms. Harenski’s resume and conversation, the ad hoc committee finds Ms. Harenski well qualified for an appointment as an Independent Non-Board Member on the SDCERS Audit Committee and recommends Ms. Harenski for appointment.

Candidate – Gary McCormick

Based upon the review of Mr. McCormick’s resume and meeting with Mr. McCormick to discuss his qualifications, the ad hoc committee summarizes his qualifications as follows:

Independent	Mr. McCormick is independent of and has no financial interests in the SDCERS Trust Fund
Knowledgeable	Mr. McCormick is knowledgeable in reporting issues as a <ul style="list-style-type: none">○ Certified Public Accountant○ American Institute of Certified Public Accountants, member○ California Society of Certified Public Accountants, member
Experienced	Mr. McCormick has substantial professional experience in the areas of accounting and auditing through his career experiences as a Partner with BDO and Deloitte & Touche, Regional Associate Director with the Public Company Accounting Oversight Board, and Chief Executive Officer of the Fraud Discovery Institute in San Diego.

Based upon the ad hoc committee’s review of Mr. McCormick’s resume and conversation, the ad hoc committee finds Mr. McCormick well qualified for an appointment as an Independent Non-Board Member on the SDCERS Audit Committee and recommends Mr. McCormick for appointment.

Conclusion

Appoint Mia Harenski and Gary McCormick as Independent Non-Board Members on the Audit Committee and to temporarily allow for an additional Independent Non-Board Member to serve on the Audit Committee until such time as a current Independent Non-Board Audit Committee member’s service ends.

Attachments