

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
ANNUITY AND PENSION BOARD**

Minutes of the Administration and Operations Committee Meeting
held May 17, 2018

The meeting was called to order at 9:01 a.m.

Committee Members Present: Thomas Bell, Chair
 Martin Matson

Committee Members Not Present: Himanshu Parikh (arrived 9:02 a.m.)

ERS Staff Present: Bernard Allen, Executive Director
 Daniel Gopalan, Chief Financial Officer
 Melody Johnson, Deputy Director
 Kelly Reid, Chief Technology Officer
 David Silber, Chief Investment Officer
 Mary Turk, Business Operations Analyst
 Jan Wills, Board Stenographer

Others Present: Kyle Johnson, Dan Ludwig, Connie McDonald, Dan Slowik, Experis; Terry Siddiqui, DS Consulting Partners, Inc., Gust Petropoulos, Adecco.

(Mr. Parikh arrived at 9:02 a.m.)

Experis Internal Audit Reports. Mr. Bell advised that the Administration & Operations Committee may vote to convene in closed session on the following item (I.A.) as provided in Section 19.85(1)(d), Wisconsin State Statutes, to consider "strategy for crime detection and prevention." The Committee may then vote to reconvene in open session following the closed session.

IT Vulnerability Assessment Presentation. It was moved by Mr. Matson, and seconded by Mr. Parikh that the Committee convene in closed session. The Committee convened in closed session at 9:03 a.m. It was moved by Mr. Matson, and seconded by Mr. Parikh that the Committee reconvene in open session. The Committee reconvened in open session at 9:14 a.m.

Risk Assessment and Internal Audit Plan for Fiscal Year 2018. As a matter of information, Committee members received the Risk Assessment and Internal Audit Plan for Fiscal Year 2018. Mr. Ludwig presented an interpretation of the risks that affect the Employees' Retirement System. He said risks can be inherent or environmental, meaning those risks, such as market fluctuations and external IT security risks, are not necessarily under the control of the organization. He stated operational risks are ones the organization can control. He noted that interviews with the ERS management team were conducted in March and 10 non-IT processes and four IT processes were reviewed. Mr. Ludwig stated Experis used a new format this year, including adding more risks, which allows more transparency into their process. Mr. Slowik added that Experis wants the ERS to be aware of any risks before they would occur. Mr. Ludwig compared risk ratings between last year and this year. Discussion ensued. Mr. Johnson discussed IT General Controls, Vulnerability Assessment, Social Engineering, and Business Continuity. As a matter of

information, Committee members received an Internal Audit Update. Mr. Ludwig concluded by saying they are on target to complete audits of the Investment Management and Vendor Management processes for the second quarter.

Approval of A&O Committee Audit Charter and Internal Audit Charter. Mr. Allen noted that the only change to the two documents was the date change to May 2018. It was moved by Mr. Matson, seconded by Mr. Parikh, and unanimously carried, to approve the A&O Committee Audit Charter and Internal Audit Charter.

IT Projects Portfolio. As a matter of information, Committee members received the ERS IT Portfolio Report dated May 17, 2018. Ms. Reid updated the Committee on the technology projects and a snapshot of the IT portfolio as of May 17, 2018.

Organizational/Personnel Update. As a matter of information, Committee members received a copy of the Organizational/Personnel Update dated May 17, 2018. Ms. Johnson reported that vacancies for the Pension Accounting Manager, ERS Server Administrator, Records Technician II and Administrative Assistant II positions will be filled by the end of summer.

There being no further business, Mr. Bell adjourned the meeting at 10:15 a.m.

Bernard J. Allen
Secretary and Executive Director

(NOTE: All proceedings of the Annuity and Pension Board Meetings and related Committee Meetings are recorded. All recordings and material mentioned herein are on file in the office of the Employees' Retirement System, 789 N. Water Street, Suite 300.)