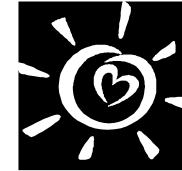


BOARD OF GOVERNORS

Audit Committee Meeting Minutes – August 4, 2022

1055 W. 7th Street, Los Angeles, CA 90017



L.A. Care
HEALTH PLAN

Members

Alvaro Ballesteros, MBA, *Chairperson*
Layla Gonzalez
Stephanie Booth, MD

Management/Staff

John Baackes, *Chief Executive Officer**
Augustavia J. Haydel, Esq., *General Counsel*
Marie Montgomery, *Chief Financial Officer*

Guests

Rosie Procopio, *Audit & Assurance Managing Director,*
Deloitte & Touche

State and local officials continue to impose or recommend measures to promote social distancing to reduce transmission of the COVID 19 virus. It is prudent to use caution in protecting the health of the public, L.A. Care's employees and its members where adequate virtual means exist to permit the meeting to occur by teleconference/videoconference with the public being afforded the ability to comment in real time. The Board of Governors and all legislative bodies of the L.A. Care Health Plan, and the Board of Directors and all legislative bodies of the Joint Powers Authority will continue to meet virtually and the Boards will review that decision on an on-going basis as provided in the Brown Act. Members of the public had the opportunity to listen to the meeting via teleconference, and share their comments via voicemail, email, or text.

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
CALL TO ORDER Alvaro Ballesteros	<p>On behalf of Alvaro Ballesteros, MBA, <i>Committee Chairperson</i>, who experience technical difficulty, Board Member Booth called to order the L.A. Care Audit Committee and the L.A. Care Joint Powers Authority Audit Committee meetings at 4:11 p.m. The meetings were held simultaneously. She welcomed everyone to the meetings.</p> <p>For those who provided public comment for this meeting by voice message or in writing, we are really glad that you provided input today. The Committee will hear your comments and we also have to finish the business on our Agenda today. If you have access to the internet, the materials for today's meeting are available at the lacare.org website. If you need information about how to locate the meeting materials, please let us know.</p> <p>Information for public comment is on the Agenda available on the web site. Staff will read the comment from each person for up to three minutes.</p>	

APPROVED

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<p>The Chairperson will invite public comment before the Committee starts to discuss an item. If the comment is not on a specific agenda item, it will be read at the general Public Comment item 2 on today's agenda.</p> <p>Board Member Booth provided information on how to submit a public comment live and directly using the "chat" feature.</p>	
APPROVE MEETING AGENDA Alvaro Ballesteros	<p>Today's Agenda was approved as submitted.</p>	Approved unanimously by roll call. 3 AYES (Ballesteros, Booth and Gonzalez)
PUBLIC COMMENT	<p>There was no public comment.</p>	
APPROVE MEETING MINUTES Alvaro Ballesteros	<p>The December 13, 2021 meeting minutes were approved as submitted.</p>	Approved unanimously by roll call. 3 AYES
CHAIRPERSON'S REPORT	<p>There was no report from the Chairperson.</p>	
CHIEF EXECUTIVE OFFICER/CHIEF FINANCIAL OFFICER REPORT	<p>There was no CEO Report.</p> <p>Marie Montgomery, <i>Chief Financial Officer</i>, introduced Afzal Shah, <i>Deputy Chief Financial Officer</i>, and welcomed him to his first Audit Committee meeting.</p> <p>She also introduced Angela Bergman, <i>Controller</i>, and Doris Lai, <i>Senior Director, Accounting and Financial Services</i>.</p>	
COMMITTEE ISSUES		
<p>Presentation of Audit Plan for Fiscal Year 2021-22</p>	<p>Rosie Procopio, <i>Lead Client Service and Audit & Assurance Partner, Deloitte & Touche (D&T)</i>, provided a summary of the Audit Plan for FY 2021-22.</p> <ul style="list-style-type: none"> • Deloitte & Touche presented the Audit Plan for FY 2021-22. (<i>Contact Board Services to obtain a copy of the plan.</i>) 	

APPROVED

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<ul style="list-style-type: none"> • The audit for FY 2020-21 went smoothly, as reported at the last meeting. Deloitte was able to accelerate the audit timeline through expanded interim procedures, implementation of new procedures in claims and other medical expenses and increased use of data analytics and other audit technology. • The proposed FY 2021-22 Audit process is adapted to changes within L.A. Care and macroeconomic environment to consider the impact of the evolving COVID-19 pandemic during preliminary risk assessment. • Annual debrief and assessment sessions were held with L.A. Care management and staff. • Discussed with management team the preliminary risk assessments. The level of claims incurred but not reported (IBNR) is still a significant risk. • D&T issued a diversity and inclusion report. D&T will continue to focus on quality, innovation and technology. • D&T has the tools and a team that is analytic and technology driven, which increases the quality of work they do. • Other planned procedures will include: <ul style="list-style-type: none"> ○ Virtual control walkthroughs. ○ Ongoing evaluation of nature and timing of procedures and use of audit technology. ○ Continued evaluation of new accounting standards. ○ Continue to communicate with management on a regular basis throughout the year for timely identification and resolution of accounting and other matters. <p>Board Member Booth asked about D&T testing. Ms. Procopio responded that D&T will test for risk and areas of adjustments.</p> <p>Ms. Procopio noted that the industry is experiencing high inflation rate (30-50%). The proposed Audit Fee for FY 2021-22 is \$404,895, excluding expenses.</p>	

APPROVED

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
<ul style="list-style-type: none"> Accept Audit Plan for Fiscal Year 2021-22 (AUD A) 	<p><u>Motion AUD A.0822</u> To accept the Audit Plans of Deloitte & Touche’s of L.A. Care’s financial statements for the fiscal year 2021-22, as presented, and authorize execution of the engagement letter.</p>	<p>Approved unanimously by roll call. 3 AYES</p>
<p>ADJOURNMENT</p>	<p>The Chair adjourned the meeting at 4:31 pm.</p>	

Respectfully submitted by:
Malou Balones, *Board Specialist III*
Victor Rodriguez, *Board Specialist II*
Linda Merkens, *Senior Manager, Board Services*

APPROVED BY:

Al Ballesteros, MBA, *Chairperson*

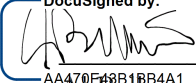
Date Signed: _____

APPROVED

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
<ul style="list-style-type: none"> Accept Audit Plan for Fiscal Year 2021-22 (AUD A) 	<p><u>Motion AUD A.0822</u> To accept the Audit Plans of Deloitte & Touche’s of L.A. Care’s financial statements for the fiscal year 2021-22, as presented, and authorize execution of the engagement letter.</p>	<p>Approved unanimously by roll call. 3 AYES</p>
<p>ADJOURNMENT</p>	<p>The Chair adjourned the meeting at 4:31 pm.</p>	

Respectfully submitted by:
Malou Balones, *Board Specialist III*
Victor Rodriguez, *Board Specialist II*
Linda Merkens, *Senior Manager, Board Services*

APPROVED BY:

DocuSigned by:

AA470E48B1BB4A1
Al Ballesteros, MBA, *Chairperson*
Date Signed: 1/6/2023 | 3:18 PM PST

APPROVED