

# BOARD OF GOVERNORS

## Audit Committee Meeting Minutes–August 19, 2024, 1:00 PM

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

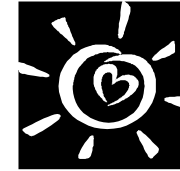
### Members

Hector De La Torre, *Chairperson*  
George Greene, Esq. \*  
Layla Gonzalez

\*Absent \*\*Teleconference

### Management/Staff

John Baackes, *Chief Executive Officer*  
Augustavia J. Haydel, Esq., *General Counsel*  
Afzal Shah, *Chief Financial Officer*  
Todd Gower, *Chief Compliance Officer*  
Terry Brown, *Chief Human Resources Officer*  
Noah Paley, *Chief of Staff*



**L.A. Care**  
H E A L T H P L A N

### Guests

Rosie Procopio, *Audit & Assurance Managing Director, Deloitte & Touche (D&T)*  
Justine Lee, *Manager, D&T*

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
CALL TO ORDER	Committee Chairperson, Hector De La Torre, called to order the L.A. Care Audit Committee and the L.A. Care Joint Powers Authority Audit Committee meetings at 1:03 p.m. The meetings were held simultaneously. He welcomed everyone to the meetings. He provided information on how to submit public comments.	
APPROVE MEETING AGENDA	Today's Agenda was approved as submitted.	Approved unanimously 3 AYES (De La Torre, Gonzalez, and Greene)
PUBLIC COMMENT	There was no public comment. No public comment	
APPROVE MEETING MINUTES	The December 21, 2023 meeting minutes were approved as submitted.	Approved unanimously 2 AYES (Gonzalez, and Greene) ABSTENTION (De La Torre)
CHAIRPERSON'S REPORT	There was no report from the Chairperson.	
CHIEF EXECUTIVE OFFICER/CHIEF FINANCIAL OFFICER REPORT	There was no CEO / CFO Report.	

**APPROVED**

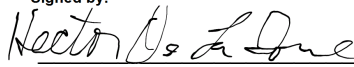
AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
<b>COMMITTEE ISSUES</b> <ul style="list-style-type: none"> <li><b>Presentation of the Audit Plan for FY 2023-24</b></li> </ul>	<p>Afza Shah, <i>Chief Financial Officer</i>, introduced Rosie Procopio, Audit &amp; Assurance Managing Director, Deloitte &amp; Touche (D&amp;T) who presented the Audit Plan for FY 2023-24.</p> <ul style="list-style-type: none"> <li>The FY 2022-23 audit went smoothly. Deloitte &amp; Touche 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.</li> <li>Deloitte &amp; Touche presented the Audit Plan for FY 2023-24 (<i>A copy of the Plan can be obtained nby contacting Board Services</i>).</li> <li>Planned Procedures for this year's audit will include: <ul style="list-style-type: none"> <li>Focus efforts on certain areas of significance to the audits.</li> <li>Obtain an understanding of all business cycles, including general information technology controls. Perform tests of certain relevant controls for each business cycle to determine whether such controls have been appropriately designed and implemented.</li> <li>Materiality will be the basis for planning the scope of audit of the financial statements. The determination of materiality is a complex issue requiring consideration of qualitative and quantitative factors. It is a matter of professional judgment taking into account the knowledge of the entity, the assessment of engagement risk, and the reporting requirements for the financial statements. The consideration of materiality is influenced by the perception of the needs of users of the financial statements.</li> <li>Deloitte Omnia audit platform will be used for more efficient and focused audit. This approach will alleviate common pain points while also resulting in tangible benefits for L.A. Care Health Plan.</li> <li>Use proprietary quantitative financial and benchmarking analysis capability to identify unusual trends in account balances and ratios.</li> <li>Engage in fraud discussions with certain members of senior management and others.</li> </ul> </li> </ul>	

**APPROVED**

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<ul style="list-style-type: none"> <li>○ Consider the potential for bias in judgments and estimates, including performing retrospective analysis of significant accounting estimates.</li> <li>○ Evaluate whether L.A. Care Health Plan has entered into any significant unusual transactions and, if so, the nature, terms, and business purpose (or lack thereof) of those transactions and whether such transactions involved related parties.</li> <li>○ Evaluate L.A. Care Health Plan's fraud risk assessment and controls over financial reporting. Test journal entries that exhibit characteristics of possible management override of controls, identified using electronic data interrogation techniques. Test design and implementation of controls over significant, unusual transactions, particularly those that result in late or unusual journal entries and controls over journal entries and adjustments made in the period-end financial reporting process.</li> <li>● 2024 Proposed Audit Fee is \$476,000, excluding expenses.</li> </ul> <p>The Audit timeline is targeted for end of the year and be done by the holidays, typically done by mid December.</p>	
<ul style="list-style-type: none"> <li>● <b>Accept Audit Plan for FY 2023-24</b></li> </ul>	<p><b><u>Motion AUD A.0824</u></b></p> <p><b>To accept the Audit Plans of Deloitte &amp; Touche's of L.A. Care's financial statements for the fiscal year 2023-24, as presented, and authorize execution of the engagement letter.</b></p>	<p><b>Approved unanimously</b></p> <p><b>3 AYES</b></p>
<b>ADJOURNMENT</b>	The Chair adjourned the meeting at 1:27 pm.	

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

APPROVED BY:

Signed by:  
  
3EB11DE38C194EB  
Hector De La Torre, *Committee Chairperson*  
Date Signed: 1/16/2025 | 1:24 PM PST

**APPROVED**