OPERATIONS OVERSIGHT COMMITTEE
TERMS OF REFERENCE

Composition

1) The Operations Oversight Committee will be comprised of three Commissioners appointed by the Retirement Board, upon the recommendation of the President.

2) The Executive Director may designate a staff member to provide administrative support to the Operations Oversight Committee.

Operational Rules

3) The Operations Oversight Committee will adhere to the following operational rules:
   a) The presence of a majority of Operations Oversight Committee members shall constitute a quorum;
   b) All actions of the Operations Oversight Committee shall be by an affirmative vote of the majority of the members present at a meeting of the Operations Oversight Committee, provided a quorum is present;
   c) All actions of the Operations Oversight Committee shall be approved by the Retirement Board, unless otherwise provided herein;
   d) The Operations Oversight Committee shall meet semi-annually, or as deemed necessary by the Operations Oversight Committee or Chair of the Operations Oversight Committee; and
   e) The Operations Oversight Committee shall periodically review its terms of reference and advise the Governance Committee with respect to modifications, as appropriate.

4) The Operations Oversight Committee shall establish other operational rules, procedures, calendars, and agendas for the Committee, as necessary, provided they are consistent with the City Charter, Ordinances, and the policies of the Board.
Duties and Responsibilities

Audits and Examinations

5) The Operations Oversight Committee will:
   a) Receive presentations from the financial auditor regarding the annual audited financial statements, review any responses of management, and recommend any appropriate actions to the Board. Alternatively, the Committee may determine that it is more effective for the Retirement Board to receive such presentations directly, and that the Board review any responses of management and determine appropriate actions;
   b) Ensure that any management letter that may be issued as part of the annual audit of the Retirement System is addressed by staff and reported to the Board;¹
   c) Receive reports on periodic audits performed by internal or external auditors and the implementation of any recommended actions resulting from these audits; and
   d) Serve as the liaison and provide the appropriate forum for handling all policy‐related matters with respect to audits, examinations, investigations, or inquiries of the City Controller and other appropriate local, state, or federal agencies.

Annual Planning and Budgeting Process

6) The Operations Oversight Committee will:
   a) Review the Annual Department Budget proposal recommended by the Executive Director to ensure that resource requests are reasonable and consistent with SFERS’s resource constraints, priorities, investment performance, and current environmental and economic conditions;
   b) Adopt a “two reading” process, including the Operations Oversight Committee and Board, for requests to approve the Department Budget. This process will ensure that plan members and other interested parties have an opportunity to provide input into the budget recommended by the Operations Oversight Committee;
   c) Approve the current year Department Budget, with revisions as deemed necessary;
   d) Recommend the Department Budget to the Board for approval.

Other

7) The Operations Oversight Committee will:
   a) Review any significant changes in accounting practices or policies that may have an impact on the Fund;

¹ The Retirement Board and the Operations Oversight Committee will address all SFERS audit letters, although it is noted that the auditor in fact issues any letters to the City Controller.
b) Review any special reports or presentations the City Auditor/Controller or other auditor may provide concerning the internal controls of the System;

c) Receive financial reports prepared by staff on the financial position of the System including unaudited financial statements and expenses;

d) Report regularly to the Board on its activities; and

e) Perform any other duties that are assigned to it by the Board.

Review

8) The Board shall review these terms of reference at least every five years.

History