



MEMORANDUM

TO: Audit Committee
Mona Rindy
Adam Miller
Julie Dahle
Dirk Wilke
Senator Tim Mathern

FROM: Shawna Piatz, Chief Audit Executive

DATE: May 10, 2021

SUBJECT: **May 10, 2021 Audit Committee Meeting**

In Attendance:

Mona Rindy
Julie Dahle
Adam Miller
Dirk Wilke
Dean DePountis
Shawna Piatz
Scott Miller
Derrick Hohbein
Rebecca Fricke
Sarah Marsh

The meeting was called to order at 3:00 p.m. by Ms. Rindy. The committee began the meeting with approving the prior Audit Committee minutes.

I. February 8, 2021 Audit Committee Minutes

- A. The Audit Committee minutes were examined. Ms. Dahle motioned approval of the minutes. The motion was seconded by Ms. Rindy. This was followed and approved by voice vote.

II. Internal Audit Reports

- A. Quarterly Audit Plan Status Report – A summary of the Internal Audit staff time spent for the past quarter was included with the Audit Committee materials. Of the total hours reported, 55.23% was spent in audit, 18.22% in consulting, and 26.55% in administrative hours. A large portion of the audit hours were spent on auditing the retirement program, as we are reviewing 100% of the new BDS's work and a sample of the rest. The Retirement Program hours has remained fairly steady Internal Audit continues to perform a more thorough compliance

review of the retirement accounts. The consulting hours were largely attributable to Internal Audit's assistance with vested employer contribution reconciliations, plan to plan transfer reconciliations and various reviews and reconciliations for the Benefits and Accounting divisions. Internal Audit continued to work on the Deferred Compensation Audit this quarter.

A status update was provided on the 2020 – 2021 Audit Plan for each area of review. Along with the work done in the Retirement Benefit and Refund Payments audit, Internal Audit continued to work on the Deferred Compensation audit and assisted with numerous consulting projects.

- B. Retirement Benefit Payment Status Report – Information was provided to the Audit Committee, which summarizes the accuracy percentages of the retirement benefit and refund payments. The report shows the number of new retirees or refunds each month, the total number of new retirees or refunds audited and whether issues identified were procedure, system, compliance, or employer issues. An accuracy rate of 97.56% was achieved fiscal YTD as of May 2021 for new retirement benefit payments, which was above the 97% goal. 100% J&S and Single Life benefits continue to be the largest new retiree benefit categories. An accuracy rate of 88.31% was achieved fiscal YTD as of May 2021 for retirement refunds, which is below our 97% goal. However, a limited number of retirement refunds were audited and a portion of the sample was focused on those refunds in which a known system issue may have occurred.
- C. Benefit/Premium Adjustments Report – The quarterly benefit adjustment report was provided to the Audit Committee. The report is in several sections, each representing the type of corrections. These adjustments are considered errors, not adjustments made in the normal course of business. The dollar amount and number of errors remained relatively stable from the prior quarter.
- D. Outstanding Issues Status Report – As stated in the Audit Policy #103, the Internal Audit Division is to report quarterly to management and to the Audit Committee, the status of the audit recommendations of the external auditors, as well as any found by the Internal Auditor. The report has been updated to reflect what has been accomplished February 1, 2021 through April 30, 2021. Staff reviewed the one outstanding recommendation with the committee. One item was closed from the prior quarter. We expect this last item will be resolved over the next quarter. Staff have been proactive about addressing recommendations as they are made in which case they would not be included on this report.

III. Administrative

- A. 2020 Chief Audit Officer (CAO) Annual Performance Evaluation – The CAO's Annual Performance Evaluation has been completed and is ready for approval of the Audit Committee. The evaluation was reviewed and discussed. Once completed, Ms. Dahle made a motion to adjust the Chief Audit Officer's overall rating to fall within the range of 3.59 to 3.63. The motion was seconded by Mr. Wilke, followed by voice vote and approved.

- B. Audit Committee Meeting Date & Time – The next Audit Committee meeting is scheduled for Monday, August 16, 2021 at 3:00 p.m. Discussion was held regarding the format of this meeting and it was decided that the meetings would continue to be held virtually at this time.
- C. External Audit Updates – The State Auditor’s Office has issued the PERS financial statement audit RFP for FY 2021 – 2023. The contract has been awarded to CliftonLarsonAllen and preliminary audit work has been started. This was provided to the Audit Committee for their information.

IV. Miscellaneous

- A. Travel Expenditures – There were no out-of-state travel expenditures incurred by the Executive Director or Board for the period February 1, 2021 through April 30, 2021. This was provided for the Audit Committee’s information.
- B. Risk Management Report – Updates were presented to the Audit Committee related to the Loss Control Committee activities. The Audit Committee was provided the minutes from the Loss Control Committee’s April 7, 2021 meeting and the agenda for the June 30, 2021 meeting. The Loss Control Committee reviewed a number of action items for the previous quarter including an update on the distribution of agency laptops, FileNet and disaster recovery training, outstanding audit recommendations, quarterly office inspections that had been conducted and agency incident reports.
- C. Report on Consultant Fees – According to the Audit Committee Charter, the Audit Committee should “Periodically review a report of all costs and payments to the external financial statement auditor. The listing should separately disclose the costs of the financial statement audit, other attest projects, agreed-upon-procedures and any non-audit services provided.” A copy of the report showing the consulting, investment and administrative fees paid during the quarter ended June 2021 was provided for the Audit Committee's information.
- D. CPEs and Webinars – A report on the continuing professional education webinars, luncheon meetings and seminars Internal Audit participated in for the period February 1, 2021 through April 30, 2021 was provided to the committee. The Chief Audit Executive attended five webinars and virtual conferences.

Meeting adjourned at 3:45 p.m, by Ms. Rindy.