

MEMORANDUM

TO: Audit Committee
Jon Strinden
Arvy Smith
Rebecca Dorwart

FROM: Jamie Kinsella, Internal Auditor

DATE: December 29, 2015

SUBJECT: **December 11, 2015 Audit Committee Meeting**

In Attendance:
Jon Strinden
Arvy Smith
Rebecca Dorwart
Representative Pamela Anderson
Jamie Kinsella
Julie McCabe
Sparb Collins
Sharon Schiermeister
Jason Ostroski
Thomas Rey
Brian Kiernan

The meeting was called to order at 10:02 a.m.

I. August 19, 2015 Audit Committee Minutes

The audit committee minutes were examined and approved by the Audit Committee.

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. There was an unusual fluctuation in hours which included 34 additional training. Internal Audit is still working on the Retiree Health Insurance Credit Audit, and Ms. McCabe will start training on the BCBS 2011-2013 Interest Calculation Reconciliation. Discussion followed regarding Benefit Payment audits. Management will be meeting to review and will bring more information to the Audit Committee in May.

- B. Audit Recommendations Status Report – As stated in the Audit Policy #103, the Internal Audit Division is to report quarterly to management and 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 during August 1, 2015 through October 31, 2015. Issues reported on the FYE 2015 audit reports for Benefits and Refunds will be on the next report.
- C. Benefit/Premium Adjustments Report – The quarterly benefit adjustment report was provided to the audit committee. The report is in two sections, Retirement and Insurance. This report has 8 retirement and 8 insurance adjustments. The adjustments resulted from a variety of reasons as shown on a report to the committee. It was noted that any benefit over or under payments found during the monthly benefit payment audit would be reflected in this report.
- D. FY 2015 Retirement Benefits and Refunds Executive Summary Reports - The Executive Summary Reports for the FY 2015 Retirement Benefits Audit and the FY 2015 Retirement Refunds Audit were provided to the committee for their information.
- E. 2015 Risk Assessment – The bi-annual risk assessment process was completed in October with the assistance of management. We reviewed each division or function and the primary business processes within each area, identifying risks, controls, and levels of risk for each process. This process assists Internal Audit in developing their 2016-2017 audit plan. The risk assessment document can also be used as a tool to assist management in their risk management activities.
- F. Internal Audit Plan 2016-2017 – A copy of the Internal Audit Plan for the 2016-2017 calendar was given to the audit committee for review. Suggestions for changes were made. A revised Audit Plan will be provided at the May meeting.

III. Administrative

- A. Audit Committee Meeting Date & Time – Ms. Kinsella provided a schedule of audit committee meetings for 2016. The next audit committee meeting is scheduled for February 25, 2016 at 10:00 a.m.
- B. Internship Update - The internship program was approved on November 3, 2015 by the Human Resource Management Services for 50% funding of the intern's hourly wage. The total funding will be for 720 hours at \$15 per hour for a total of \$5,400.

The posting closed December 4, 2015 and there are 5 applicants. We are in the process of preparing to interview all five.

IV. Miscellaneous

- A. CliftonLarsonAllen Audit Report Presentation – Thomas Rey and Jason Ostroski with Clifton Larson Allen presented their audit report via teleconference. The committee received a copy of the draft report in their board packets.

CLA IT review and results were given to the audit committee for review.

- B. Travel Expenditures Update – There are no travel expenditures incurred by the Board and/or Executive Director for out-of-state travel for the period August 1, 2015 through October 31, 2015.
- C. Risk Management Report - The Loss Control Committee provides quarterly to the Audit Committee a copy of the Loss Control Committee’s agenda from their last meeting as well as the approved minutes. Copies of the June 23, 2015 minutes and the agenda for the September 10, 2015 meeting were provided to the audit committee.
- D. Report on Consultant Fees - According to the Audit Committee Charter, the audit committee should “Periodically review a report of all costs of 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 actuary/consulting audit, legal, investment and administrative fees paid during the quarter ended June 2015 was attached for the audit committee’s information.
- E. Administrative Rules - The audit committee was given the proposed administrative rules that were developed by staff and approved by the board to present to the public for their comments. A hearing soliciting comments for the administrative rules proposed amendments, additions and deletions was held on November 10, 2015. The comment period was open through the close of business November 20th. Jan is working on the repeal of the RHIC rules and will be sending them to the Legislative Administrative Rules Committee which convenes on December 7, 2015.
- F. Publications – The September/October 2015 publications of the Tone at the Top were provided to the audit committee for their perusal.
- G. Webinars and CPE’s – Ms. Kinsella and Ms. McCabe have been participating in free Webinars that the Institute of Internal Auditors provides for their members. Each 1 hour webinar provides 1 hour of continuing professional education credits. The internal auditors have attended four webinars from July 1, 2015 through November 30, 2015. These webinars are held during the lunch hour so the internal auditors remain available to staff during normal business hours.

Meeting adjourned at 11:35 a.m.