

MEMORANDUM

TO: Audit Committee
Jon Strinden
Arvy Smith
Rebecca Dorwart

FROM: Jamie Kinsella, Internal Auditor

DATE: March 24, 2015

SUBJECT: **February 18, 2015 Audit Committee Meeting**

In Attendance:

Jon Strinden
Arvy Smith
Rebecca Dorwart
Jamie Kinsella
Julie McCabe
Sparb Collins
Sharon Schiermeister
John Mongeon
Lance Rambousek

The meeting was called to order at 1:00 p.m.

I. November 19, 2014 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 is a new table added to the report entitled “Retirement Benefits & Refunds Audit; overall recap of results from July to the end of prior month.” This is to show the Audit Committee the potential number of errors in the total population of new retirees based on audit results to date.
- 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 November 1, 2014 through January 31, 2015.

- 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 eight retirement and four insurance adjustments.
- D. Internal Audit Report for 2014 – A copy of the Internal Audit Report for 2014 was given to the Audit Committee for their information. Discussion followed regarding new external auditors for 2015-2017.
- E. Internal Audit Plan for 2015 – A year ago an audit plan was developed for the 2014-2015 calendar year. The board was given an update on the progress of the two year plan. Discussion followed.

III. Administrative

- A. Audit Committee Meeting Date & Time – The next audit committee meeting is scheduled for May 20, 2015 at 10:00 a.m.
- B. Audit Committee Charter Revision Proposal – The Audit Committee Charter states that it will “17. Confirm annually that all responsibilities outlined in this charter have been carried out. Report annually to the Board, members, retirees and beneficiaries, describing the committee’s composition, responsibilities and how they were discharged, and any other information required by rule, including approval of non-audit services.”

To meet this requirement a matrix was developed to review against current practices to ensure that the audit committee is meeting its responsibilities. This will be provided to the board for their information.

- C. Internal Audit Charter Activity Review – An Internal Audit Charter matrix was provided to the audit committee for the activities performed during 2014 for their information.

The Internal Audit Charter will be reviewed to determine if updates are needed. If so, it will be brought to the audit committee for their review and approval.

- D. Confidential Meeting between Internal Audit and Audit Committee – The chief audit executive must report periodically to senior management and the board on the internal audit activity’s purpose, authority, responsibility, and performance relative to its plan. Reporting must also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the board. The meeting between the audit committee and the internal audit division is scheduled to take place in February of each year. The meeting was held at the close of regular business.

IV. Miscellaneous

- A. Travel Expenditures Update – There are no travel expenditures incurred by the Board and/or Executive Director for out-of-state travel for the period November 1, 2014 through January 31, 2015.

- B. Risk Management Report – The Loss Control Committee will provide 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 September 30, 2014 minutes and the agenda for the December 16, 2014 meeting were provided to the audit committee.
- C. 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 December 2014 is not available at this time. It will be provided when it becomes available
- D. Publications – The November/December 2014 publication of the Tone at the Top were provided to the Audit Committee for their perusal.
- E. 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 eight webinars from November 1, 2014 through January 31, 2015. These webinars are held during the lunch hour so the internal auditors remain available to staff during normal business hours.

Meeting adjourned at 1:55 p.m.