# M E M O R A N D U M

**TO:** Audit Committee
Jon Strinden
Arvy Smith
Rebecca Dorwart
Representative Pamela Anderson

**FROM:** Jamie Kinsella, Internal Auditor

**DATE:** March 24, 2016

**SUBJECT:** **March 10, 2016 Audit Committee Meeting**

In Attendance:
Jon Strinden
Arvy Smith
Rebecca Dorwart
Representative Pamela Anderson
Jamie Kinsella
Julie McCabe
Sparb Collins
Sharon Schiermeister
Derrick Hohbein

The meeting was called to order at 10:00 a.m.

## I. December 11, 2015 Audit Committee Minutes

The audit committee minutes were examined, changes were made 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 were 243 hours in Retirement for January due to increased audit population and time spent researching issues, as well as setting up a statistics worksheet to track findings. There were 35 hours in Information Technology due to testing PIRS.

There was discussion about having staff come to the May Audit Committee meeting and provide an overview of the payroll processing area and Internal Audit will provide input on what benefits they look for in an audit. The Audit Committee is interested in having this presentation.

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, 2015 through January 31, 2016.

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, 1 RHIC and 2 insurance adjustments. The adjustments resulted from a variety of reasons as shown on a report to the committee.

D. Internal Audit Report 2015 - The Internal Audit Report for 2015 was provided to the Audit Committee for their information. There were a couple changes made to the report. This will be provided to the Board for their information.

E. Internal Audit Plan 2016-2017 – The Internal Audit plan for 2016-2017 was provided to and approved by the Audit Committee.

**III. Administrative**

A. Audit Committee Meeting Date & Time - The next audit committee meeting is scheduled for May 18, 2016 at 10:00 a.m.

B. Audit Committee Charter Activity Review - The Audit Committee Charter states that it will "17. Confirm 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." This will be provided to the Board for their information.

C. Internal Audit charter Activity Review - A copy of the Internal Audit Charter Activity review matrix of the activities completed through December 31, 2015 was given to the Audit Committee for review.

D. 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 $10,800, of which $5,400 will be reimbursed.

Five candidates were interviewed for this position. The position was offered to Michael Sisk, a junior at the University of Mary. He started on Monday, February 8, 2016 and will work 20 hours per week.

E. Internal Audit Job Title - Previously management level positions had been entitled "Manager" of the division they were managing. However, recently we've added two positions in the agency with job titles that start with "Chief" - Chief Operating Officer and Chief Financial Officer. This brought up the

question whether we should revise the Internal Audit Manager's Title to "Chief Audit Executive." The motion was made and seconded to change the Internal Audit Manager job title to Chief Audit Executive. Motion carried.

F. Confidential Meeting between Internal Audit and Audit Committee - The International Professional Practice Framework Performance Standard 2060 states in part: "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." This meeting was held after the meeting agenda was completed.

## 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, 2015 through January 31, 2016.

B. 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 September 10, 2015 minutes and the agenda for the December 18, 2015 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 quarters ended September and December 2015 was attached for the audit committee's information.

D. Publications – The December 2015 publication of the Tone at the Top was 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 two webinars from December 1, 2015 through January 31, 2016. These webinars are held during the lunch hour so the internal auditors remain available to staff during normal business hours.

F. Annual Evaluation - Sparb informed the Audit Committee that it was time to conduct the annual evaluation for Jamie Kinsella. He asked if the Audit Committee was okay with the format followed last year. They agreed with using last years format.

Meeting adjourned at 11:45 a.m.