

MEMORANDUM

TO: Audit Committee
Jon Strinden
Ron Leingang

FROM: Jamie Kinsella, Internal Auditor

DATE: February 28, 2011

SUBJECT: **November 17, 2010 Audit Committee Meeting**

In Attendance:

Jon Strinden, via conference call
Arvy Smith
Rebecca Dorwart
Jamie Kinsella
Leon Heick
Sparb Collins
Deb Knudsen
Sharon Schiermeister
John Mongeon, Brady Martz
Robyn Goven, Brady Martz
Sara Herbert, TriCast Inc., via conference call

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

I. August 18, 2010 Audit Committee Minutes

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

II. Internal Audit Quarterly Report

- A. Quarterly Audit Plan Status Report –There is no report provided this time as there were no changes to report. Staff is spending the bulk of their time working with the PERSLink project team assisting with projects they need help with. Staff was working on testing software, data conversion, training employers and correspondence since August and up to PERSLink go-live October 4, 2010. Since go live, staff has continued to support staff with various projects that are considered high priority. Discussion followed regarding internal audit independence.
- B. Quarterly Audit Recommendation 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. A report was not provided this time as there is no change from the previous meeting.

- C. Internal Audit Plan for 2011 – Included in the audit committee minutes was an excerpt from the 2010-2011 audit plan. Since the new PERSLink system was implemented, the next year will focus primarily on the new system, to ensure that data going in, and coming out, is accurate. Thus staff will continue to test components that need testing, train staff or employers where needed when staff finds there is an issue, audit the process documentation on PERSLink to determine adequacy, and audit the data for accuracy. Staff will continue to work with management to determine areas they deem to be at high risk to develop audit plans.

III. Administrative

- A. Audit Committee Meeting Date & Time – A schedule of tentative audit committee meetings for 2011 was included in the audit committee materials. Ms. Kinsella will send a revised schedule out to audit committee members since there were conflicts on the proposed dates.

IV. Miscellaneous

- A. Brady Martz & Associates – John Mongeon and Robyn Goven, Brady Martz & Associates, presented the 2010 audit report.
- B. Pharmacy Benefits Manager (PBM) Project – Sara Herbert from TriCast Inc. joined the meeting via conference call and presented their audit report on PrimeCare, the pharmacy benefits manager. Discussion followed.
- C. Travel Expenditures – Included with the audit committee materials were copies of the travel expenditures for travel through October 31, 2010. Discussion followed on including airfare in the report. By general consensus, the audit committee recommended to include the cost of airfare in the worksheet.
- D. Risk Management Report – At a previous audit committee meeting, it was determined that a Risk Management Policy for PERS would not be necessary since a Loss Control Committee is in place to manage risk for the agency. At that time It was suggested that the Loss Control Committee provide a copy of the last meeting agenda and the approved minutes. Included with the audit committee materials was a copy of the approved meeting minutes from the June 10, 2010 meeting and the agenda for the September 9, 2010 meeting. Discussion followed.
- E. PERSLink Quarterly Report – Included with the audit committee minutes were the PERSLink quarterly status reports that were presented to the board since the last audit committee meeting. These reports were presented to the Board at the August and September board meetings. Ms. Schiermeister provided an recap of recent events since the go live date. Discussion followed.
- F. 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.” Staff was unable to give a report since the accounting staff did not provide a report to the Board at the end of the last quarter due to the time involved with implementation of the new PERSLink system.

- G. Publications – Included with the materials were articles from the Institute of Internal Auditors for the audit committee’s education.

The meeting adjourned at 11:40 a.m.