

MEMORANDUM

TO: Audit Committee
Jon Strinden
Arvy Smith
Rebecca Dorwart

FROM: Jamie Kinsella, Internal Auditor

DATE: February 25, 2014

SUBJECT: **February 19, 2014 Audit Committee Meeting**

In Attendance:

Jon Strinden – via phone
Jamie Kinsella
Julie McCabe
Sparb Collins
Sharon Schiermeister

Absent:

Arvy Smith

The meeting was called to order at 10:03 a.m.

I. December 19, 2013 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.
- 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. There were 17 items to follow up; no change on 12, minimal changes on three, and significant changes on two. Discussion followed. As there were annual reports to wrap up, and annual leave taken, not much progress was made during the last quarter. There will be more progress to report at the May meeting.
- 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 four retirement and eight health adjustments.

- D. Internal Audit Report for Year 2013 – A copy of the Internal Audit Report for 2013 was given to the board for review.

III. Administrative

- A. Audit Committee Meeting Date & Time – The next audit committee meeting is scheduled for May 21, 2014 at 10:00 a.m.
- B. Audit Committee Charter Activity Review – 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.” The Audit Committee Charter activities was reviewed at the May meeting and a report will go to the board for their information.
- C. Job Service Update – At the December 2013 audit committee meeting an update was provided regarding Job Service COLA increases and the proration error found with the 1st year COLA calculations on 22% of the members reviewed for the paid up annuity error last October. It was asked of the audit committee whether Internal Audit should pursue looking at the remainder of the population to determine if there were any other retirees with a similar error. The audit committee deemed it prudent to investigate and make any corrections if any additional errors were found. The board was provided an update of the results on the project. There was discussion that followed.
- D. Confidential Meeting Between Internal Audit and Audit Committee - The annual confidential meeting between the Internal Audit and Audit Committee was held at the end of the February 19, 2014 Audit Committee Meeting.

IV. Miscellaneous

- A. Travel Expenditures Update – There were no travel expenditures incurred by the Board and/or Executive Director for out-of-state travel submitted from November 1, 2013 through January 31, 2014.
- 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 18, 2013 meeting and the agenda for the December 3, 2013 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 2013 is not available. It will be provided at

the next audit committee meeting.

- D. Publications – The December 2013 publications 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 the 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 six webinars from November 1, 2013 through January 31, 2014. These webinars are held during the lunch hour so the internal auditors remain available to staff during normal business hours.

Meeting adjourned at 11:00 a.m.