

MEMORANDUM

TO: Audit Committee
Jon Strinden
Arvy Smith
Rebecca Dorwart

FROM: Jamie Kinsella, Internal Auditor

DATE: September 2, 2014

SUBJECT: **November 19, 2014 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 10:09 a.m.

I. August 20, 2014 and August 29, 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.
- 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 Internal Audit recommendations were not added to this report for November due to time constraints. They will be incorporated into the report when the external audit findings are finalized. Both updates will be in the February materials.
- 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 three retirement and eleven health adjustments.

- D. Job Service Update – Internal Audit is currently working on verifying the 2014 COLA increases to ensure that all retirees get the correct COLA increase on December 1, 2014. Following that, it is anticipated that we will be making necessary corrections found during the year to benefits effective January 1, 2015 based on board recommendations at the November 2014 board meeting.
- 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.
- F. Risk Assessment COSO Presentation – Our annual risk assessment was conducted with staff this fall and our approach, after some discussion, will be as follows:
 - 1. Following each legislative session, which will be every odd year, meet separately with each manager/supervisor to go over in detail the risk assessment document and determine if there are any new risks to be concerned about due to legislative changes and add them to the risk assessment.
 - 2. Assess and incorporate high risk areas into the Internal Audit Plan for the next two calendar years.
 - 3. In the fall of the even year, have management review the risk assessment individually on their own and inform Internal Audit if there are any changes or concerns that should be considered by Internal Audit for the next calendar year audit plan.

III. Administrative

- A. Audit Committee Meeting Date & Time – The next audit committee meeting is scheduled for February 18, 2015 at 10:00 a.m.
- B. Audit Committee Charter Revision Proposal – At the August 2014 audit committee meeting a proposed revised Audit Committee charter was provided for review, but it was deferred to a special teleconference call meeting at a later time. During that call the document was reviewed and a few changes were made. The Audit Committee approved the revised charter, which will go before the board for their approval to be effective January 1, 2015.

IV. Miscellaneous

- A. Brady Martz & Associates Meeting with the Audit Committee – On a regular basis, meet separately with the external financial statement audit firm to discuss any matters that the committee or auditors believe should be discussed privately (subject to open meeting laws). This meeting occurred at the beginning of the Audit Committee meeting.
- B. Brady Martz & Associates FYE 2014 Audit Report Presentation – John Mongeon and staff presented the FY 2014 audit report.

- C. Travel Expenditures Update – Travel expenditures incurred by the Board and/or Executive Director for out-of-state travel from August 1, 2014 through October 31, 2014 were brought to the board for their information.
- D. 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 June 24, 2014 minutes and the agenda for the September 30, 2014 meeting were provided to the audit committee.
- E. 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 September 2014 were provided to the audit committee.
- F. Publications – The August/September 2014 publication 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 five webinars from August 1, 2014 through October 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 11:40 a.m.