

MINNESOTA TEACHERS RETIREMENT ASSOCIATION
TRA Audit Committee Meeting
Minutes
November 14, 2017

Call to Order

Marshall Thompson called the meeting to order at 10:30 a.m. Those attending in addition to Thompson were:

Committee Members: Denise Anderson, Angelina Barnes, and Martha Lee Zins.

TRA Staff: Carol Diedrich, Laurie Hacking, Tim Maurer, Leslie Nagel, Ruth Krupa, John Wicklund and Elizabeth Zuehlke.

Approval of the Minutes

The minutes from the August 15, 2017 meeting were sent to the members prior to the meeting.

It was moved by Barnes to approve the minutes from the August 15, 2017 TRA Audit Committee meeting. It was seconded by Zins and passed by the committee

Review of Internal Audit Charter

Nagel reviewed the Internal Audit Charter noting the changes that have been made.

A motion was made by Zins and seconded by M. Thompson move that we recommended acceptance of the Internal Audit Charter to the TRA Board as amended with an abstention by Barnes.

FY2018 Internal Audit Plan Status Update

Nagel reviewed the FY2018 Internal Audit Plan Status Update of the work performed to date and proposed modifications to the FY2018 Internal Audit Plan.

Audits Issued Since August 2017

- Cash Receipts for the period July 1, 2016 to June 30, 2017 – the objective of this audit is to determine whether:
 - * Cash Receipts process is accurate, efficient, and timely.
 - * General Ledger process is accurate, efficient, and timely.
 - * Payroll reporting and remittances received from employers is accurate, complete, and timely.

- * Business system programming (.NET) reflects current statute, policies, practices and procedures and is thoroughly tested and updated as necessary.

The audit conclusion is that management controls are operating effectively to achieve the business objectives listed above. We did identify four issues that are significant to TRA or to achieving business objectives.

- Administrative Expenses for the period of July 1, 2016 to June 30, 2017 – the objective of this audit is to determine whether:
 - * Financial statements are accurate, complete, and prepared timely.
 - * Business system programming (QuickBooks and/or .NET) reflects current statute, policies, practices and procedures and is thoroughly tested and updated as needed.
 - * Accounts Payable process is accurate, efficient, and timely.
 - * Purchasing process is accurate, efficient, and timely.
 - * General Ledger process is accurate, efficient, and timely.

The audit conclusion is management controls are operating effectively to achieve the business objectives. We have identified five issues significant to TRA and one issue significant to the Business objectives listed above.

- Payroll Reporting for the period of January – July 2017 – the objective of this audit is to determine whether:
 - * Payroll reporting and remittances received from employers is accurate, complete, and timely.
 - * Delinquencies for late payroll data reporting and/or remittances are assessed according to statute.

The audit conclusion is that management controls are operating effectively to achieve the business objectives listed above. We did identify two significant issues.

- Annual Base Salary FY2018 – the objective of this audit is to determine whether:
 - * Annual Base Salary amounts were timely requested and received.
 - * Annual Base Salary amounts were accurately uploaded into .NET for FY2018 service credit calculations.
 - * Employers who did not provide timely or accurate Annual Base Salary information were contacted to provide the required information; and
 - * Appropriate late submission delinquencies were assessed, billed, and collected.

The audit conclusion is that management controls are operating effectively to achieve the business objectives listed above. We did identify opportunities to improve controls relating to sufficient documentation.

- Expense Reimbursements for the period of July 1, 2016 to June 30, 2017 – the objective of this audit is to determine whether expense reimbursements:
 - * Follow applicable guidance (policies, contracts, etc.);
 - * Are appropriately reviewed and approved;
 - * Have adequate supporting documentation (receipts, etc.) and
 - * Are submitted and paid timely.

The audit conclusion is that management controls are not being operated effectively to achieve the business objectives listed above. We identified several issues relating to policy and procedures not being followed.

Compliance Reviews Issued Since August 2017

Nagel reviewed the handout on TRA Compliance Reviews issued since August 2017.

Compliance Reviews Corrective Action Evaluation Update

Nagel reviewed the handout on Compliance Review Corrective Action Evaluation Status noting this is a process we have converted to our SharePoint site. This report will get smaller as we have completed the catch up work.

Update and Status Reporting

Nagel briefly reviewed the TRA Internal Audit Status Report – FY2018 as of October 31, 2017.

MMB Internal Controls Bulletins

Nagel noted that these Bulletins go out to state agencies on a monthly basis. We share these reports with our Management Team and encourage them to share them with their staff.

Tone at the Top

Nagel noted that this newsletter is issued by The Institute of Internal Auditors.

Staff Update

Public Comments

None

The meeting adjourned at 10:43 a.m.