

MINNESOTA TEACHERS RETIREMENT ASSOCIATION
TRA Audit Committee Meeting
Minutes
November 13, 2018

Call to Order

Marshall Thompson called the meeting to order at 9:37 a.m. Those attending in addition to Thompson were:

Committee Members: Denise Anderson, Mary Broderick, Amy Jorgenson and Martha Lee Zins.

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

2.a. Approval of the Minutes

The minutes from the August 8, 2018 meeting were sent to the members prior to the meeting.

It was moved by Zins to approve the minutes from the August 8, 2018 TRA Audit Committee meeting. It was seconded by Broderick and passed by the committee

4.a. Audit Committee Charter/Internal Audit Charter Review and Update

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

A motion was made by Zins and seconded by Anderson that we recommend acceptance of the Audit Committee Charter and the Internal Audit Charter to the TRA Board as amended. The motion passed by the committee.

4.b. FY2019 Internal Audit Annual Report

Nagel reviewed the TRA Internal Audit Annual Report for FY2019 of the work performed to date.

4.c. Audits Issued Since August 2018

- *Annual Base Salary FY2019* - The primary business objectives of this audit are:

- Annual Base Salary amounts were timely requested and received.
- Annual Base Salary amounts were accurately uploaded into .NET for FY2019 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 as listed above. No significant issues were identified.

- *Member Refunds*- The primary business objective of this audit are:
 - Refunds to members are made accurately, completely and timely.
 - Business system programming (.NET) reflects current statute, policies, practices and procedures and is thoroughly tested and updated as needed.

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

- *Administrative Expenses* – The primary business objective of this audit are:
 - The administrative expense process is accurate, complete, and timely.
 - The administrative expense process follows applicable guidance (state statute, policies, and procedures).
 - Controls exist to mitigate identified risks, including segregation of duties.

The audit conclusion is that management controls are not operating effectively to achieve business objectives listed above. We did identify three significant issues.

4.d. Compliance Reviews Issued Since August 2018

Nagel reviewed the handout on TRA Compliance Reviews issued since August 2018.

4.e. Fraud Awareness Week

Krupa updated the committee on Fraud Awareness Week put on by the state of Minnesota. We will be sending out daily Fraud Fact emails to employees. We will also be holding training sessions for employees of the Retirement Systems of Minnesota building on the fraud triangle, fraud headlines in Minnesota, reporting and prevention techniques to use. Nagel noted that Krupa has done a great job of organizing this event for the employees in our building.

4.f. 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.

4.g. NACD Directorship Article

Nagel reviewed the handout on Safeguarding the Crown Jewels: The Board's Role taken from the NACD Directorship newsletter.

4.h. Tone at the Top

Nagel noted that these reports are shared with our Executive Team.

Public Comments

None

Adjourn

On a motion by Zins, seconded by Broderick the meeting adjourned at 10:20 a.m. The motion passed by the committee.