

MINNESOTA TEACHERS RETIREMENT ASSOCIATION  
TRA Audit Committee Meeting  
Minutes  
March 19, 2019

**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: David Anderson, Rachel Barth, Carol Diedrich, Leslie Nagel, Ruth Krupa, Tim Maurer, Jay Stoffel, and John Wicklund.

**2.a. Approval of the Minutes**

The minutes from the November 13, 2018 meeting were sent to the members prior to the meeting.

It was moved by Zins to approve the minutes from the November 13, 2018 TRA Audit Committee meeting. It was seconded by Anderson and passed by the committee

**3.a. Audit Committee Charter / Internal Audit Charter**

Nagel noted that the Audit Committee Charter / Internal Audit Charter included in this packet are what the TRA Board of Trustees approved.

**4.a. Security Update**

D. Anderson (TRA CISO) updated the committee on the CISO team at TRA. D. Anderson noted the process that the CISO follows at TRA. D. Anderson updated the committee on recent Incident Response activity and noted that we now have a joint retirement agency security group. TRA continues to use NINJIO – where employees receive a topic on current events once a month. We have an external vendor coming in to train staff on Social Engineering - Vishing and Phishing, TRA is also doing more with two factor authentication. TRA is doing well with security and we will continue to monitor and make improvements as needed. Anderson noted that the support from the Board is very much appreciated.

#### **4.b. Risk Assessment Questionnaire Results**

Nagel reviewed a summary of the topics that are on the FY19 Risk Assessment Questionnaire noting the worksheets are due at the end of this month and we will have the results at the June Audit Committee meeting.

#### **4.c. FY2019 Annual Report**

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

#### **4.d. Audits Issued Since November 2018**

- *Timesheet Completion and Approval* - The primary business objectives of this audit are:
  - TRA employees accurately and timely complete their timesheet;
  - TRA supervisors and managers accurately and timely approve their employees' timesheets; and
  - There is sufficient documentation regarding the use of backup completers and approvers.

The audit conclusion is that management controls are not operating effectively to achieve business objectives as listed above. There were four other reportable results noted.

- *Member Benefit Payments* – The primary business objectives of this audit are:
  - Benefit applications (retirement, disability, survivor) are processed accurately, completely, and timely.
  - Benefit payments (retirement annuities, disability and death benefits) are made accurately, completely, and timely.
  - Member communication is accurate, timely, and meaningful.

The audit conclusion is that management controls are operating effectively to achieve business objectives listed above. There were no results.

- *Cash Receipts* – The primary business objectives of this audit are:
  - The cash receipts process is accurate, complete, and timely.
  - The cash receipts 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 operating effectively to achieve business objectives listed above. We identified three results.

- *Expense Reimbursements* – The primary business objective of this audit were to determine if 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 operating effectively to achieve the business objectives listed above. We identified three significant issues.

#### **4.e. Compliance Reviews Issued Since November 2018**

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

#### **4.f. MMB Internal Controls Bulletin**

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. Tone at the Top**

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

#### **4.h. Deloitte Board Effectiveness**

Nagel noted that Deloitte issues quarterly publication. This issue includes an interesting article on Crisis resilience and the board.

#### **Public Comments**

None

#### **Adjourn**

On a motion by Zins, seconded by Broderick the meeting adjourned at 11:18 a.m. The motion passed by the committee.