

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

Call to Order

Marshall Thompson called the meeting to order at 9:30 a.m. Those attending in addition to Thompson were:

Committee Members: Denise Anderson, Joel Stencel, and Martha Lee Zins.

TRA Staff: Rachel Barth, Carol Diedrich, Leslie Nagel, Tim Maurer, Jay Stoffel, and John Wicklund.

2.a. Approval of the Minutes

The minutes from the August 13, 2019 meeting were sent to the members prior to the meeting.

It was moved by Zins to approve the minutes from the August 13, 2019 TRA Audit Committee meeting. It was seconded by Stencel and passed by the committee.

4.a.1 and 4.a.2 Audit Committee Charter / Internal Audit Charter Review and Update

Nagel reviewed the Audit Committee Charter and the Internal Audit Charter noting changes that will be made.

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

4.b. FY2020 Annual Report

Nagel reviewed the TRA Internal Audit Annual Report for FY2020 of the work performed to date.

4.c. Audits Issued Since August 2019

- *Annual Base Salary FY2020*

The audit objectives were to determine whether:

- Annual Base Salary amounts were timely requested and received
- Annual Base Salary amounts were accurately uploaded into .NET for FY2020 service credit calculations

- Employers who did not provide timely or accurate Annual Base Salary information were contacted to provide the required information
- Appropriate late submission delinquencies were assessed, billed, and collected.

The audit results show that management controls are operating effectively to achieve the business objectives listed above. We identified two issues.

- *Cash Receipts*

The audit objectives were to determine whether:

- 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 results show that management controls are operating effectively to achieve business objectives listed above. We identified one issue.

- *Expense Reimbursements*

The audit objectives were to determine whether:

- Expense reimbursements follow applicable guidance.
- Expense reimbursements are appropriately authorized and are processed accurately, timely, and completely.

The audit results show that management controls are not operating effectively to achieve business objectives listed above. We identified two issues.

- *Administrative Expenses*

The audit objectives were to determine whether:

- 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 results show that management controls are not operating effectively to achieve business objectives listed above. We identified five issues.

4.d Fraud Awareness Week

Nagel noted that this is Fraud Awareness Week. Ruth Krupa is conducting four training sessions for employees of the three retirement funds and State Board of Investments. Nagel noted that the topic this year is focusing on Cyber Fraud and we will be sending out daily Fraud Facts to employees at TRA.

4.e.1 through 4.e.5 Educational Materials

Nagel noted that included in the packet are the Internal Controls Bulletins (Are you Prepared, Improve Internal Controls Through Effective Policies and Fraud Impacts to Us All), Internal Auditor – 6 Risk Management Lessons I Learned From Hurricane Dorian, and Tone at the Top August newsletter.

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.

Public Comments

None

Adjourn

On a motion by Zins, seconded by Anderson the meeting adjourned at 10:27 a.m. The motion passed by the committee.