

Montana Public Employee Retirement Administration

FY 2013 - Internal Control Audit Summary

80
12
68
5

*1s & 2s - Audits not performed in FY 2013 based on risk assessment. Any 1s or 2s performed were for LAD or MPERA purposes.

Internal Audit

Status	Date Finished/ Hours	Risk	Audit Name & Number		Frequency	Significant Findings	Recommendations		
							Made	Completed	Resolution/Comments
Completed	7/12/2012--10 hrs	1	IA-BD-1	Compliance testing: Board members & Committees	Biennial	2	2		
		2	IA-BD-2.1	Review - Actuarial Valuations- Oct	Biennial				
		2	IA-BD-2.2	Review - BOI Annual Report- Sept (IPS Annual Reporting)	Biennial				
Completed	7/6/2012-- 45hrs	3	IA-BD-2.3	Review - Budget		None			
		3	IA-BD-2.4	Review - DC - IPS					
		2	IA-BD-2.5	Review - Investment Consultant & DC 457 Vendors- Aug.	Biennial				
		2	IA-GN-1	Contract Expense Verification-Barb Sept.	Biennial				
Completed	7/25/2012--10hrs	2	IA-GN-2	Open Meeting Laws	Biennial	None			
		3	IA-GN-3	Undeposited Funds Review	Biennial				
		2	IA-SE-3.1	Signatory Review - DOA SAD Warrants	Biennial				
		2	IA-SE-3.2	Signatory Review - Great West- Patty	Biennial				
		2	IA-SE-3.3	Signatory Review - PIMCO- Patty	Biennial				
		2	IA-SE-3.4	Signatory Review - State Motor Pool-Diann	Biennial				
		2	IA-SE-3.5	Signatory Review - State Street Bank- Patty	Biennial				
		2	IA-SE-3.6	Signatory Review - STIP- Patty	Biennial				
		2	IA-SE-3.7	Signatory Review - Treasury Unit- Patty	Biennial				
		3	IA-SE-4.1	System Access - AFC2 Reports- Diann					
		3	IA-SE-4.2	System Access - Blue Zone- Barb					
		3	IA-SE-4.3	System Access - PSC (Plan Service Center)- Patty					
		3	IA-SE-4.4	System Access - SABHRS FS- Diann					
		3	IA-SE-4.5	System Access - SABHRS HR- Barb					
		3	IA-SE-4.6	System Access - Employer Web Reporting- Barb					
		5	IA-SE-4.7	System Access - IT Backdoor Access- June					
Completed	50 Hrs 10/26/2012	5	IA-SE-4.8	System Access- MPERA Database Access		0	2		
Completed	7/25/2012--15 hrs	3	IA-ST-1	Purchase Cards		2	2		
		2	IA-ST-2.1	Policy Review - Computer Use	Biennial				
		2	IA-ST-2.2	Policy Review - Confidential Information	Biennial				
		2	IA-ST-2.3	Policy Review - Ethics	Biennial				

Accounting

Status	Status	Risk	Audit Name & Number		Frequency	Significant Findings	Recommendations		
							Made	Completed	Resolution/Comments
		3	AC-DB-1	DB Journals, IUJ & Expenses Processing					
		3	AC-DB-2	Employee Contribution Balancing					
		1	AC-DB-3	Petty Cash	Biennial				
		4	AC-DC-2.1	SABHRS/Great West Reconciliation - 401(a)					
		4	AC-DC-2.2	SABHRS/Great West Reconciliation - 457					
		3	AC-DC-3	1420 Report Verification					

		3	AC-DC-4	Deposits - 457					
		3	AC-DC-5	Custodial Bank & SABHRS Reconciliation					
		3	AC-DC-6	DC Transfers Approval					
		3	AC-DC-7	Shareholder Statement Review					
		3	AC-GN-1	CAFR Review					
		4	AC-GN-2	Financial Statement Review					
Completed	01/17/2013	4	AC-GN-3	Cash Procedure (Accounting Portion)		0	3		
Completed	01/17/2013	4	AC-GN-4	Check Procedure (Accounting Portion)		0	3		
		3	AC-GN-5	Journals and IUJs					
		2	AC-GN-6	VFCA - Late Filings	Biennial				
		2	AC-GN-7	VFCA - Retiree Verifications	Biennial				
Completed	5 Hours 10/15/201	3	AC-GN-8	Travel Vouchers- Board & Staff		0			

Active Database

Status	Status	Risk	Audit Name & Number		Frequency	Significant Findings	Recommendations		
							Made	Completed	Resolution/Comments
		3	AD-GN-1	Death Compare					
		3	AD-GN-2	Adjustment Review					
		3	AD-GN-3	Central Payroll & University Pymts					
		3	AD-GN-4	Over/Under Amount Verification					
Started	01/24/2013	3	AD-GN-5	Refunds					
		2	AD-GN-5.5	Rollovers	Biennial				
		3	AD-GN-6	Transfers & Credits					
		3	AD-GN-7	Annual Interest Rate Change					
Completed	50 Hours 8/13/2012	3	AD-GN-8	Contribution by employer reporting & penalty			2		
		3	AD-GN-9	Testing employee contributions					

Admin Services

Status	Status	Risk	Audit Name & Number		Frequency	Significant Findings	Recommendations		
							Made	Completed	Resolution/Comments
		2	AS-EA-1	Closed Board Minutes & Recordings	Biennial				
		2	AS-EA-3	Contracts	Biennial				
		3	AS-EA-5	Lobbying Financial Reports					
Completed	01/17/2013	4	AS-FO-1	Cash Procedure (Front-end Portion)		0	3		
Completed	01/17/2013	4	AS-FO-2	Check Procedure (Front-end Portion)		0	3		
Completed	01/29/2013	3	AS-FO-3	Performance Appraisals	Biennial	0	6		

Member Services

Status	Status	Risk	Audit Name & Number		Frequency	Significant Findings	Recommendations		
							Made	Completed	Resolution/Comments
		3	MS-GN-1	Retirement - Process					
		2	MS-GN-2.1	SAS 70 Review - AEGON	Biennial				
		2	MS-GN-2.2	SAS 70 Review - Great West	Biennial				
		2	MS-GN-2.3	SAS 70 Review - PIMCO	Biennial				
		2	MS-GN-2.4	SAS 70 Review - State Street	Biennial				
		2	MS-GN-2.5	SAS 70 Review - Wilshire	Biennial				
		4	MS-DS-1	Disabilities - Annual Earnings Report					
Started	01/23/2013	3	MS-DS-2	VFCA Firefighters Medical Expense					

Retiree Database

Status	Status	Risk	Audit Name & Number		Frequency	Significant Findings	Recommendations		
							Made	Completed	Resolution/Comments
		3	RD-GN-1	Daily Edit Report & Auditing					
		3	RD-GN-2	Death Payment Process					

Completed	25 hrs 10/19/2012	3	RD-GN-3	Insurance Checks			0		
		2	RD-GN-4	New Retiree Report	Biennial				
		4	RD-GN-5	Payroll Processing Benefit & Disability pymt					
		2	RD-GN-6	Retiree Information Updates	Biennial				
Completed	50 hrs 10/5/2012	2	RD-GN-7	Retirement Benefit Calculation	Biennial		0		
		3	RD-GN-8	Transaction Reconciliation					
		5	RD-GN-9	Tax Tables					
		3	RD-GN-10	Re-Employment of Retired Members					
		5	RD-GN-11	Deferred Retirement Option Plan (DROP)					

- Total Audits
- Audits Skipped in FY2013*
- Remaining Audits
- Completed Audits

Documentation

Documentation

\\DoahInper001\data\OPERATIONS\Audit\FY2013\Internal\Internal Audit\IA-BD-1 Compliance testing board member & committee\Audit Workpapers.xls

\\DoahInper001\data\OPERATIONS\Audit\FY2013\Internal\Internal Audit\IA-BD-3.3- Review Budget

\\DoahInper001\data\OPERATIONS\Audit\FY2013\Internal\Internal Audit\IA-GN-2- Open Meeting Laws\audit summary & workpapers.xls

\\DoahInper001\data\OPERATIONS\Audit\FY2013\Internal\Internal Audit\IA-SE-4.8 MPERA Database Access\IA.SE.4.8 MPERA Database Access.xls

\\DoahInper001\data\OPERATIONS\Audit\FY2013\Internal\Internal Audit\IA-ST-1- Purchasing Cards\purchasingcardworkpapers.xls

Documentation

Documentation

Will not test this FY13 Year, we have coverage from LAD

Will not test this FY13 Year, we have coverage from LAD

Will not test this FY13 Year, we have coverage from LAD

Will not test this FY13 Year, we have coverage from LAD

\\DoahInper001\data\OPERATIONS\Audit\FY2013\Internal\Retiree Database\RD-GN-3 Insurance Checks\Insurance Checks.xls

\\DoahInper001\data\OPERATIONS\Audit\FY2013\Internal\Retiree Database\RD-GN-7 Retirement Benefit Calc\Retirement Benefit Calculation.xls

Montana Public Employee Retirement Administration

FY2013 – Internal Controls Risk Assessment

Risk Rating 1-Low 5-High	Audit #	Audit Title	Risk Assessment
Internal Audit			
1	IA-BD-1	BOI Board Member	0.80
1	IA-BD-2	Committees	0.80
2	IA-BD-3.1	Review - Actuarial Valuations	1.90
2	IA-BD-3.2	Review - BOI Annual Report	1.70
3	IA-BD-3.3	Review - Budget	3.20
3	IA-BD-3.4	Review - DC - IPS	2.70
2	IA-BD-3.5	Review - Investment Consultant	1.60
2	IA-GN-1	Contract Expense Verification	2.20
2	IA-GN-2	Open Meeting Laws	1.60
3	IA-GN-3	Undeposited Funds Review	2.50
2	IA-SE-3.1	Signatory Review-DOA SAD Warrants	1.90
2	IA-SE-3.1	Signatory Review - Great West	1.90
2	IA-SE-3.2	Signatory Review - PIMCO	2.10
2	IA-SE-3.3	Signatory Review - State Motor Pool	2.10
2	IA-SE-3.4	Signatory Review - State Street Bank	2.10
2	IA-SE-3.5	Signatory Review - STIP	2.10
2	IA-SE-3.6	Signatory Review - Treasury Unit	2.10
3	IA-SE-4.1	System Access - AFC2 Reports	3.10
3	IA-SE-4.2	System Access - Blue Zone	3.10
3	IA-SE-4.3	System Access - PSC (Plan Service Center)	3.10
3	IA-SE-4.4	System Access - SABHRS FS	3.10
3	IA-SE-4.5	System Access - SABHRS HR	3.10
3	IA-SE-4.6	System Access - Employer Web Reporting	3.10
5	IA-SE-4.7	System Access - IT Backdoor Access	5.00
3	IA-ST-1	Purchase Cards	2.40
2	IA-ST-2.1	Policy Review - Computer Use	2.10
2	IA-ST-2.2	Policy Review - Confidential Information	2.10
2	IA-ST-2.3	Policy Review - Ethics	1.50
Accounting			
3	AC-DB-1	DB & DC Journals & Expenses Processing	3.20
3	AC-DB-2	Employee Contribution Balancing	3.20
1	AC-DB-3	Petty Cash	1.20

4	AC-DC-2.1	SABHRS/Great West Reconciliation - 401(a)	3.50
4	AC-DC-2.2	SABHRS/Great West Reconciliation - 457	3.50
3	AC-DC-3	1420 Report Verification	3.10
3	AC-DC-4	Deposits - 457	3.20
3	AC-DC-5	Custodial Bank & SABHRS Reconciliation	3.20
3	AC-DC-6	DC Transfers Approval	3.20
3	AC-DC-7	Shareholder Statement Review	3.20
3	AC-GN-1	CAFR Review	3.10
4	AC-GN-2	Financial Statement Review	3.30
4	AC-GN-3	Cash Procedure (Accounting Portion)	3.70
4	AC-GN-4	Check Procedure (Accounting Portion)	3.70
3	AC-GN-5	Journals and IUJs	2.60
2	AC-GN-6	VFCA - Late Filings	1.90
2	AC-GN-7	VFCA - Retiree Verifications	1.90
3	AC-GN-8	Travel Vouchers - Board & Staff	2.30

Active Database

3	AD-GN-1	Death Compare	2.80
3	AD-GN-2	Adjustment Review	2.60
3	AD-GN-3	Central Payroll & University Payments	2.60
3	AD-GN-4	Over/Under Amount Verification	2.60
3	AD-GN-5	Refunds	3.00
2	AD-GN-5.5	Rollovers	2.20
3	AD-GN-6	Transfers & Credits	2.80
3	AD-GN-7	Annual Interest Rate Change	2.40
3	AD-GN-8	Contribution by employer reporting & penalty	3.00
3	AD-GN-9	Testing employee contributions	3.00

Admin Services

2	AS-EA-1	Closed Board Minutes & Recordings	1.50
2	AS-EA-3	Contracts	2.20
3	AS-EA-5	Lobbying Financial Reports	2.50
4	AS-FO-1	Cash Procedure (Front-end Portion)	3.30
4	AS-FO-2	Check Procedure (Front-end Portion)	3.30
3	AS-FO-3	Performance Appraisals	2.30

Member Services

3	MS-GN-1	Retirement - Process	3.10
2	MS-GN-2.1	SAS 70 Review - Aegon	2.10
2	MS-GN-2.2	SAS 70 Review - Great West	2.10
2	MS-GN-2.3	SAS 70 Review - PIMCO	2.10
2	MS-GN-2.4	SAS 70 Review - State Street	2.10
2	MS-GN-2.5	SAS 70 Review - Wilshire	2.10
4	MS-DS-1	Disabilities - Annual Earnings Report	3.30
3	MS-DS-2	VFCA Firefighters Medical Expense	2.70

Retiree Database

3	RD-GN-1	Daily Edit Report & Auditing	3.00
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3	RD-GN-2	Death Payment Process	2.90
3	RD-GN-3	Insurance Checks	2.60
2	RD-GN-4	New Retiree Report	2.20
4	RD-GN-5	Payroll Processing Benefit & Disability pymts	3.40
2	RD-GN-6	Retiree Information Updates	2.00
2	RD-GN-7	Retiree Set-Ups	2.00
3	RD-GN-8	Transaction Reconciliation	3.30
5	RD-GN-9	Taxtables	2.70
3	RD-GN-10	Re-employment of Retired Members	3.30
5	RD-GN-11	Deferred Retirement Option Plan (DROP)	3.00

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Total Audits 81	Risk 1s & 2s – 31 Risk 3s – 38 Risk 4s – 9 Risk 5s – 3
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Financial	Operation	Internal Control	Info Tech IC Yes- 1-5 depending on magnitude, 0-no	Time Since Last Audit
30%	20%	20%	20%	10%
1	1	1	0	1
1	1	1	0	1
2	2	2	2	1
2	2	2	1	1
4	4	2	2	5
4	3	2	2	1
3	1	1	1	1
3	1	2	1	5
1	3	3	0	1
3	4	3	0	2
2	1	2	3	1
2	1	2	3	1
2	2	2	3	1
2	2	2	3	1
2	2	2	3	1
2	2	2	3	1
2	2	2	3	1
2	2	2	3	1
5	2	2	3	2
5	2	2	3	2
5	2	2	3	2
5	2	2	3	2
5	2	2	3	2
5	2	2	3	2
5	5	5	5	5
3	3	3	1	1
2	2	2	3	1
2	1	3	3	1
2	2	2	0	1
5	3	3	2	1
5	3	3	2	1
1	2	2	0	1

4	3	3	5	1
4	3	3	5	1
4	2	2	5	1
3	3	3	5	1
3	3	3	5	1
3	3	3	5	1
3	3	3	5	1
4	3	3	3	1
4	4	4	2	1
4	4	3	5	1
4	4	3	5	1
3	3	3	2	1
2	2	2	2	1
2	2	2	2	1
2	3	3	2	1



3	4	3	2	1
3	3	3	2	1
3	3	3	2	1
3	3	3	2	1
3	3	2	5	1
3	2	2	2	1
3	3	3	3	1
3	2	2	3	1
3	3	3	3	3
3	3	3	3	3



2	2	2	0	1
3	3	3	0	1
3	3	3	1	2
4	3	3	4	1
4	3	3	4	1
1	4	4	0	4



4	3	3	3	1
4	2	2	0	1
4	2	2	0	1
4	2	2	0	1
4	2	2	0	1
4	2	2	0	1
4	4	4	2	1
2	4	3	1	5



3	4	3	3	1
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4	3	3	2	1
3	3	3	2	1
3	2	2	2	1
5	3	3	3	1
3	2	2	1	1
3	2	2	1	1
4	3	3	4	1
4	3	3	1	1
4	3	3	4	1
4	3	3	1	4

AREA:

Audit:

ADMINISTRATION

Closed Board Minutes & Recordings
Confidential 3-Party Mailings
Contracts
Door Security Codes
Lobbying Financial Reports
Personnel-File, Information Security, Job Profiles, Tracking
Cash & Check Procedure
Front Door Security
Visitor Log
Performance Appraisals

*** Would remove and add to audit for Confidential Information IA-ST-;

*** Add audit

Member Services

Retirement Process (members retiring)

Disabilities Annual Earnings Report
VFCA Firefighters Medical Expense

Participation Testing/Eligibility

Service Credit Testing

* Make these same audit

New Retiree & Daily Edit Report
Retiree Set-Ups
Retiree Information Updates
SAS 70 Review AEGON
SAS 70 Review Great West
SAS 70 Review PIMCO
SAS 70 State Street
SAS 70 Review Wilshire

*** Trying to see how to test this besides that you get these?

*** Should we add this as test

Retiree Database

Could you test survivorship & death pymts at same time?

Death Compare-Retiree

Survivorship Benefits / Optional Forms of Benefit Pymts/ Post Retirement Benefit Increase (GABA)

Death Payments/ Beneficiary/ Post Retirement Benefit Increases

Insurance Checks

Payroll Processing Benefit pymts & Disability pymts

Transaction Reconciliation

* Make these same audit

Taxtables

Re-employment of Retired Members

Deferred Retirement Option Plan (DROP)

Internal Audit

Eliminate

BOI Board Member

Budget

Actuarial Valuations

Board Reporting/ BOI Annual Report

eliminate we test

otherplaces

Delete?

Board Code of Conduct

DC-IPS

Investment Consultant

Committees

File Security- Member Files

File Security- DC Member Files

File Security- Disability

File Security- FLO's & QDROS

Remove & add to confidential audit

Contract Expense Verification

Open Meeting Laws

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**Remove & add to
confidential audit**
**Could be one simple
audit to verify signatures
are approved**

Undeposited Funds Review
Security-Confidential Info/ Printers
Security-Confidential Info/ Work Space
Security-Confidential Info/ Keyboard
Signatory Review-DOA SAD Warrants
Signatory Review-Great West
Signatory Review-PIMCO
Signatory Review-State Motor Pool
Signatory Review-State Street Bank
Signatory Review-STIP
Signatory Review-Treasury Unit
System Access-AFC2 Reports
System Access- Blue Zone

System Access- PSC (Plan Service Center)
System Access- SABHRS FS
System Access- SABHRS HR

System Access-Employer Web Reporting
System Access-IT Backdoor Access
Purchase Cards
Policy Review- Computer Use
Policy Review- Confidential Information
Policy Review- Ethics

Accounting

what am I testing?

DB Journals & Expenses Processing
DC Journals & Expenses Processing

Doesn't system do this

Employee Contribution Balancing

Petty Cash

SABHRS/Great West Reconciliation 401 (a)
SABHRS/Great West Reconciliation 457
1420 Report Verification
Deposits 457
Custodial Bank & SABHRS Reconciliation

????

DC Transfers Approval
Shareholder Statement Review
CAFR Review
Financial Statement Review

Cash & Check Procedure (accounting portion)
Journals & IUJ's

Move to Service Credit Testing?

VFCA-Late Filing
Travel Vouchers- Board & Staff

Active Database

can we make one audit?

Death Compare
Adjustment Review
Over/Under Amount Verification
Central Payroll & University Payments

Couldn't this be tested in Service Credit?

Refunds
Transfers & Credits
Annual Interest Rate Change
Contribution by employers & Reporting-
Penalty & Liability
Contribution Testing Employee
Testing of Rollover?
VFCA Firefighters Medical Expense

Internal Control Guidebook MOM POLICY DOA

ROTATION OF AUDITS

<u>RULE:</u>	<u>ANNUAL TESTING</u>	<u>BIENNIAL TESTING</u>
MPERA GEN 01/ 2.43.1406-1408		
MPERA GEN 01/ 2.43.1406-1408		
MOM Policy 325 MPERA GEN 01/ 2.43.1406-1408		
BOARD Prsnl 02		
2.2		
MCA 19-3-1002,19-3-1004,19-3-1008,19-3-1103,19-3-1015 MPERA BOARD OP 01/ 19-17 Part 5 MCA 2.43 subchapter 21/ 19-3 Part 4, 19-5 Part 3, 19-6 part 3, 19-7 Part 3, 19-8 Oart 3, 19-8 Part 3, 19-9 part 3, 19-13 Part 3 2.43 Subchapter 23/ 19-2- PART 7 MCA, 19-3 Part 5, 19-6 Part 8, 19-7 Part 8, 19-8-Part 9, 19-9 Part 4, 19-13 Part 4 2.43 Subchapter 26, 19-2-Part 9 MCA 19-3-411-412 2.43.2110		
Board Admin 8, 11-14		

19-2-908, MCA
19-3 Part 12, MCA, 19-5 Part 8, 19-6 part 9, 19-7
part 9, 19-8 part 10, 19-9 part 11, 19-13 part 11/
2.43.2902/ 19-2 Part 8/ 19-5 part 9, 19-6 part 7,
19-7 part 7, 19-8 part 11, 19-9 part 10, 19-13
part 10, 19-5 Part 7, 19-7 part 10, 19-8 part 8, 19-
3 part 15 MCA

19-3 Part 12, MCA, 19-5 Part 8, 19-6 part 9, 19-7
part 9, 19-8 part 10, 19-9 part 11, 19-13 part 11/
2.43.2902/ 19-2 Part 8/ 19-5 part 9, 19-6 part 7,
19-7 part 7, 19-8 part 11, 19-9 part 10, 19-13
part 10,

19-2-904, MCA
19-2 PART 9, 19-2-1001, 19-2-1007, 19-3 Part 9-
10, 19-5 Part 5-7, 19-6 part 5 & 6, 19-7 part 5 & 6,
19-8 part 6 & 7, 19-9 Part 8 & 9, 19-13 Part 7 & 8,
MCA

19-3-1106, 19-7-1101, 19-13-1101, MCA

19-9 part 12, MCA

19-2-408, MCA
Board Admin 02, 09, 10 / 2.43.1306/ 19-2-405
MCA
19-2-407 MCA & 19-2 -410, MCA

Board Proc 01

2-3- Part 2, MCA

MOM Policy, 325 Cash Accounting

X
X
X
X
X
X
X
X

MOM 1-0770/ 1-0370.10

MPERA PROC 01

X

MPERA GEN 01

X

MPERA GEN 03

X

Board Admin 8, 11-14

Board Admin 8, 11-14

X

MOM Policy 371

GAAP/ MOM Policy 355/ MOM Policy 375

MOM Policy 325 Cash Accounting

19-17-112, MCA
2-18-501 MCA, 1-0300 MOM

19-2-1007 (4 & 5), MCA

x

ARMS: 2.43.2901/ 19-2-601 --- 19-2-603, 19-3
part 3, 19-5 part 4, 19-6 part 4, 19-7 part 4, 19-8
part 5, 19-8 part 5, 19-13 part 6MCA
19-2-603, MCA, 19-2-704 (3), MCA, 19-2-709,
MCA
MPERA BOARD Admin 03/ 19-2-403, MCA

19-2-506, MCA/ MPERA Board Admin 4/ 19-5-
404,19-3-316, 19-6-404, 19-7-404, 19-8-504,
19-9-703, 19-13-605, 19-17-301, mca
19-1 Part 7 MCA, 19-3 part 3, 19-5 part 4, 19-6
part 4, 19-7 part 4, 19-8 part 5, 19-8 part 5, 19-
13 part 6, MCA
19-2-708, MCA
MPERA BOARD OP 01/ 19-17 Part 5 MCA



<http://accounting.mt.gov/forms/chapters/default.mcp>x



Disability examiner does this, only one

Include all Funds VFCA is different 19-17-108

Eligibility of retiree

401 & 457?



Death compare to ensure benefits are stopped

automated system



LAD audit, checks held longer than 24 hours

Check to see if there is a control in place to ensure someone verifies that when a person leaves there name is taken off.



Are these for Administrative Expenses? Contractor expenses?

Not large enough to test annually and there are controls in place

What is the 1420 Report?

transfer payroll from great west when proper accts
Recon. Between SABRS & PIMCO for the DCP

<http://accounting.mt.gov/forms/chapters/default.mcp>

x

Isn't the journal testing done up above?

Volunteer Firefighters Service Credit Filing? Are there any other funds like this?



Corrections by employers

Operations does this

Operations and Donna
Operations

MPERA Risk Asses

The objective of Internal Audit within the Montana Public Employee Retirement Administration (MPERA) is to furnish analyses, recommendations, and pertinent comments concerning activities reviewed. Internal audits are performed to assist management in obtaining a full understanding of the operations under review. The attainment of this overall objective is achieved through the following:

- * Reviewing the soundness, adequacy, and application of accounting, financial, and other
- * Ascertaining the extent to which employees comply with established MPERA policies, plans, and procedures
- * Ascertaining the extent to which MPERA's assets are accounted for and safeguarded from loss
- * Ascertaining the reliability of management data and information systems within the organization
- * Recommending operating improvements.

The benefits and results obtained in performing audits are improved efficiency and effectiveness, reduced costs, and increased confidence in management.

Internal audits can take the form of several different types: financial, electronic data processing (EDP), and operational.

- * Setting objectives for the audit
- * Performing a preliminary survey of the area to be audited
- * Documenting the flow of information
- * Testing internal control strengths and weaknesses
- * Performing the field work (work papers)
- * Writing an audit report

The long-range schedule of audits this package provides for MPERA includes coverage for all operational audits, and estimated time and year each department or operation will be audited. At best, the schedule covers fiscal years 2013 and 2014.

Schedules and forms provided in Risk Assessment Tab

Schedule of Audits: Fiscal Year 2013 & 2014 Audits per Law Tab

Risk Assessment Defined

In order to prioritize and allocate audit resources to the areas with the greatest risk, the Internal Audit combines professional judgments about the likelihood of unfavorable outcomes in the various activities.

The Institute of Internal Auditors' Statement on Internal Auditing Standards No. 9 defines risk as the possibility of an error or omission that could result in a loss of assets, a loss of reputation, or a loss of confidence.

An erroneous decision from using incorrect, untimely, incomplete, or otherwise unreliable information; erroneous record keeping, inappropriate accounting, fraudulent financial reporting, financial loss, and failure to safeguard assets (including data).

Member dissatisfaction, negative publicity, and damage to MPERAs' reputation.

Failure to adhere to MPERAs' policies, plans, and procedures or not complying with relevant laws and regulations.

Failure to accomplish established objectives.

All transaction cycles, functions, and policies are not of equal importance. Policies and procedures determine the relative importance or significance of a given transaction cycle, function, or policy is determined by

Internal Audit has used a quantitative method to determine which audits to perform in the upcoming auditable area. The risk factors used in this assessment include financial, operational, internal controls

Financial Risk – Certain types of activities or transactions are more material than others because of the they receive considerable management attention and concern. Thirty percent has been assigned as the audit risk weight.

Operational Risk – As transaction volume increases, controls must be in place to reasonably assure accuracy and reliability of the data. Twenty percent has been assigned as the audit risk weight.

Internal Controls Risk – Simple systems usually do not pose challenges to management, whereas complex systems do. Internal Audit will reasonably assure that the system achieves its objectives. Twenty percent has been assigned as the audit risk weight.

Information Technology Control- Computer applications affect the accuracy & timeliness of complete data processing in a secure, reliable and accurate manner. Age, condition, efficiency & effectiveness of data processing systems, consistent use of acceptable systems development methodology, effective computer maintenance characteristics, and computer programs/data. Twenty percent has been assigned as the audit risk assessment weight.

Time Since Last Audit Risk – This risk deals with the length of time between audits. Since each audit weight for total risk assessment is low (10%).

1 to 5 – A value is assigned for each risk component of the audit project if they apply, otherwise a 0 will be assigned.

Risk Assessment Total – Multiplying each risk component value by the weight and adding the four products will result in the total risk assessment score.

The audit risk ranking follows:

High Risk - Rating: 3.0–5.0

Medium Risk - Rating: 2.0–3.00

Low Risk - Rating: < 2.0

As MPERAS' internal and external environments change, Internal Audit will make periodic assessments of the audit priorities and audit schedule will be made, as necessary

Assessment Rating Criteria

Internal Audit is to assist all members of management and the Board in the effective operation of the organization. Internal Audit is concerned with any phase of business activity and goes beyond the financial statements. Internal Audit involves such activities as:

• evaluating internal controls, and promoting effective control at reasonable cost; and procedures.
• identifying and reporting on losses of all kinds.
• promoting organizational efficiency.

Internal Audit identifies and reports on unacceptably high risks and wastes, and improved operating controls.

Internal Audit reports to the Board, management, and compliance. Each audit normally has the following objectives:

1. The schedule provides what activities will be audited, the urgency of the audit, and the resources available. The audit is optimistic. It is based on the premise that one internal auditor can perform the audit.

2. Internal Audit performs a risk assessment of auditable areas at MPERA. Risk assessments are undertaken by MPERA. The results are then prioritized to develop an audit plan.

3. Internal Audit assesses the probability that an event or action may adversely affect the organization's ability to achieve its objectives.

4. Internal Audit assesses the organization's exposure to risk.

5. Internal Audit assesses the organization's compliance with regulations.

along with information technology benefit payments, or investments that are made by considering the risk to the company.

fiscal year. This method assigns values for five weighted risk factors to each activity, information technology control and the time since the last audit.

their potential impact on the financial statements. Also, these activities are given an audit risk assessment weight.

accurate and complete processing. Twenty percent has been assigned a weight of 2.

complex systems do. The greater the complexity of a system, the more important it is to the audit risk assessment weight.

and work tasks, as well as the productivities of the staff. Information systems are specific to this audit area and the perceived impact of general information technology controls, & logical access security to guard against unwarranted access.

will be a first-time audit, the value assigned is high. However, for risk assessment purposes, the value assigned is high.

will be placed. The ranking is from lowest (1) to highest (5) risk.

products computes this amount.

of the effects of any major changes in the auditable activities or relationships.



ctive discharge of their responsibilities by
eyond the accounting and financial records

st.

g:

of auditing each area, the frequency of
will be a part of the department between

essment is the process of organizing and
an audit plan.

on. The effects of risk can involve:

usually are of great importance. In practice,

to determine the relative significance of each

may use or produce cash. These activities

is the audit risk assessment weight.

important will be the controls necessary to

systems should process information in a
information technology controls related to:
assess and unauthorized changes to

assessment purposes, the weight assigned

ited risk factors. Appropriate adjustments to