

PUBLIC EMPLOYEES' RETIREMENT BOARD
100 North Park Avenue, Room 201
Helena MT 59620

AUDIT COMMITTEE MEETING
Thursday, August 8, 2013

MINUTES

Committee Members: Bob Bugni, Chairman
Terrence Smith, Member
Mike McGinley, Member

MPERA Staff: Roxanne Minnehan, Executive Director
Hollie Koehler, Internal Auditor
Cynthia Pearson, Executive Assistant

Call to Order

Chairman Bob Bugni called the meeting to order at 2:35 p.m.

Roll Call

Bob Bugni, Terrence Smith and Mike McGinley were present.

Public Comment

There was no public comment.

Internal Audit Update

Hollie Koehler, MPERA Internal Auditor, provided the Audit Committee with a list of 17 Volunteer Firefighters Compensation Act (VFCA) audits that she recently conducted. For two of these, Vaughn Rural Volunteer Fire Department and Wisdom Rural Volunteer Fire Department, she recommended that the service credit be removed for the firefighters listed on the 2012 Annual Certificate. Ms. Koehler said non-compliance with required educational classes was the reason for the removal of service credit. Although the two fire departments had certified that their firefighters had completed all the training, the audits uncovered that the firefighters did not have sufficient training documentation to support the 30 hour training requirement. This action impacted 11 firefighters in Vaughn and 21 firefighters in Wisdom. In each case, a letter was sent to the fire chief and to the individual firefighters to inform them of the situation and MPERA's action.

Ms. Koehler noted that MPERA tries to provide education to these organizations regarding the requirements for certification. She said education currently is done through MPERA's website, webinars and FAQs. Ms. Koehler said MPERA may consider printing pamphlets in the future.

Roxanne Minnehan, MPERA Executive Director, said she thought compliance among volunteer fire departments would likely improve now that word is getting out about MPERA's audit efforts. The organizations will know that they have to prove they've met the requirements and maintain the appropriate paperwork.

Internal Audit Plan for Fiscal Year 2014

Ms. Koehler presented an internal audit plan for FY2014. She explained how she identified material items on the financial statements using the 2012 Comprehensive Annual Financial Report (CAFR). She

streamlined this year's audit plan to focus on employers, a group she felt would benefit highly from being audited. In order to do this, she used 75% as the assurance rate over the financial statements to identify material items to test.

Ms. Koehler outlined her high-level plans for the audits, saying she will focus mainly on Defined Benefit employers and travel around the state to conduct the audits in person. As there are more than 500 Defined Benefit employers, she will narrow the audit pool by selecting candidates who have reporting issues, delinquencies or other problems.

The committee members agreed the internal audit plan is good but noted it may need some minor tweaks over time. They deemed that no formal action needed to be taken on the plan.

Ms. Koehler explained to the committee that, in addition to being in charge of internal and external audits, she also has been assigned the role of MPERA's Information Security Officer. In this role, she is required by law to develop an Information Security Plan. Terrence Smith asked if MPERA had confidence in the State of Montana's IT firewalls and their ability to keep MPERA's confidential account records safe. Both Ms. Koehler and Ms. Minnehan expressed that the State takes this very seriously as there are thousands of attempts every day by outsiders who want to breach the State's IT system. There was discussion that MPERA's new computer system, which is scheduled to go live in mid-2015, will provide improved information security features.

Set Meeting Schedule

No future meetings were scheduled.

Adjourn

Chairman Bob Bugni adjourned the meeting at 3:20 p.m.