

PUBLIC EMPLOYEES' RETIREMENT BOARD
100 N Park, Rm 201
Helena MT 59620

Board Audit Committee Minutes
Thursday, November 10, 2011
1:00 pm

Committee Members: Terrance Smith, Chair
Timm Twardoski
Patrick McKittrick

Staff: Roxanne Minnehan
Barbara Quinn
Renaë Justice
Tasha McCourt

I. Roll Call

II. Public/Member Comment

There were no comments.

III. Internal Audit Update (Renaë Justice)

IV.

A. Employer Audits

Ms. Renaë Justice stated that she had performed audits at Bozeman and Livingston and that for the most part everything looked good. Working retirees seems to be the main problem area. It seems that there are a lot of working retirees whose hours are not being certified. Ms. Justice felt this is more of a training issue than anything else.

B. Internal Control Audits

Renaë reported that she is behind on the internal control audits due to the fact that the employer audits require a lot of her time. She is the only one in her department to work on audits and so she has to do all of the work herself. She mentioned that she had just returned from the APPFA Conference which she found to be very informative and helpful. There was one particular session that was held for “small audit shops”, which is for departments that only have 1-5 people in their Audit Division. She learned a lot about how to overcome balancing issues (e.g. performing risk assessment to determine where to focus).

There are 93 internal audits that need to be done but due to the large amount of work that is involved with the external audits Ms. Justice has not had time to do them. It is her expectation that the internal audits will have a risk assessment performed and they will be prioritized according to the outcome of that assessment.

V. Fiscal Services (Barbara Quinn)

A. Ms. Barbara Quinn reviewed the GASB response document that was provided to the Committee Members. The only change made to the document was to item number 1

because in Montana those costs would have to be passed onto the employers or they would have to hire their own actuary or pay to have our actuary provide the required information. It was suggested that we send a copy to Senator Baucus, Senator Rehberg and Senator Tester.

- B. Ms. Quinn reported that she met with the lead auditor for the Legislative Audit Division and that things are moving along well. One recommendation will be to work with the legislature to fund the systems. It is the same recommendation that we received last year. She did not foresee that there would be any other recommendations. We will receive an unqualified opinion. There were a few comments about what we incorporate into our financial statements from the Board of Investment statements.

The Audit Committee indicated they want to review the audit results. Ms. Quinn stated that the Legislative Audit Division provides us with 3 copies to review and we have a very limited time frame in which to review, respond and send the reports back. We are not allowed to duplicate the report in any way, nor are we allowed to keep copies of it. It was agreed that we would request additional copies and send it out to the Committee Members for their review. An Audit Committee meeting will be scheduled via conference call to discuss it. The Audit Blue Books will then be returned to the Legislative Audit Division.

VI. Set meeting schedule

The next Audit Committee meeting to review the Audit Blue Book is to be determined. The following Audit Committee meeting will be February 9, 2011, following the February Board meeting.

VII. Adjourn

Chairman Terrence Smith adjourned the meeting at 2:00 p.m.