



February 25, 2020

Ms. Bethany Rhodes, Director
Ohio Retirement Study Council
30 E. Broad Street, 2nd Floor
Columbus, Ohio 43215

Dear Ms. Rhodes:

In accordance with Ohio Revised Code Section 5505.111, I am providing this report on the internal audit activities of Highway Patrol Retirement System (HPRS) during 2019. Once again, HPRS retained the Summit County Internal Audit Department (IAD) to perform internal audit services in 2019. IAD's reports were presented to the HPRS Audit Committee and the HPRS Board on December 19, 2019.

In addition to the internal audit, Schneider Downs, the independent auditing firm selected by the Auditor of State, performed a financial audit of HPRS. On June 20, 2019, Schneider Downs presented its audit report to the Audit Committee, giving HPRS a clean opinion. The report noted no deficiencies in HPRS' internal controls.

The HPRS Audit Committee met on the following dates in 2019 and took the following actions:

- April 18, 2019: The committee reviewed and approved the Audit Committee Charter and Work Plan. The committee voted to recommend to the board the re-hiring of Summit County IAD to perform the 2019 internal audit. It also reviewed and approved all trustees' expense reports for compliance with HPRS policies. Sergeant. Jeremy Mendenhall was named acting chair following the resignation of Captain (ret.) Lester Reel from the Board of Trustees. Colonel Richard Fambro was sworn in as a member of the board replacing retired Colonel Paul Pride.
- June 20, 2019: Schneider Downs presented its audit of the 2018 financial statements, resulting in an unmodified "clean" opinion. No material weaknesses or significant deficiencies were found, and no reportable comments were noted. The committee reviewed and approved all trustees' expense reports for compliance with HPRS policies.
- December 19, 2019: Trooper Brice Nihiser was elected Committee Chair and Sergeant Jeremy Mendenhall was elected Vice-Chair. The committee accepted the 2019 internal audit report as presented by Summit County IAD. The committee also reviewed and approved all trustees' expense reports for compliance with HPRS policies.

If you have any questions, please contact me.

Sincerely,

Carl Roark
Executive Director
direct dial 614.430.3557
c.roark@ohprs.org

State Highway Patrol Retirement System 2019 Annual Audit Report

(Submitted to ORSC February 25, 2020)

Closed Audits: Recommendations

Audit Area	Risk Rating	Scope	Recommendations	Management's Response	Implemented	Implementation or Target Implementation
Retroactive Pay	Mod	Review policies, procedures, and conduct interviews to gain an understanding of the retroactive pay process. Document the existing control procedures, test the procedures for compliance. Investigate any discrepancies, summarize results and make recommendations where appropriate	1) IAD recommended that a final reconciliation occur after the retroactive pay adjustments are uploaded to the active member's accounts and any discrepancies be investigated and corrected. This helps to ensure the completeness and accuracy of the retroactive pay adjustments.	Management corrected two instances of incorrect allocation of retroactive pay found during the audit. Management also agreed that a final reconciliation should be completed as the last step in the process. Management will implement said reconciliation for the next retroactive pay occurrence, which will be after the expiration of the current OSTA contract	Yes	6/30/2021
			1) IAD recommended the procedure be updated to include the final reconciliation noted in Recommendation 1 once all adjustments have been entered into the pension administration system.	Management updated the procedure as recommended to include the completion of a final reconciliation as identified by IAD	Yes	12/31/2019

IT Security	Mod	Review best practices, interview HPRS personnel and IT contractor to determine which systems are used. Obtain Active Directory and Quickbooks access level reports to ensure access appears reasonable. Review Quickbooks User Access Level Report for proper segregation of duties. Confirm that default passwords are changed and offsite backups are occurring per agency policy	IAD recommended that a formal annual disaster recovery test be performed by HPRS to ensure data continuity in the event of a disaster.	Management discussed with its IT contractor regarding completing a disaster recovery test of the offsite server. Contractor confirmed that all offsite electronic backups are remotely tested on an ongoing basis to verify data integrity. In addition, Management will work with its IT contractor to physically perform an offsite recovery test no less than annually. The details are being worked out and the first test will be completed no later than 12/31/2020	Yes	12/31/2020
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Closed Audits: No Recommendations

Audit Area	Risk Rating	Scope	Management's Response
Cost of Living Adjustments	Mod	Review policies, procedures, and conduct interviews to gain an understanding of the COLA process. Document the existing control procedures, test the procedures for compliance. Investigate any discrepancies, summarize results and make recommendations where appropriate	N/A
Comments: No issues were noted.			

Active Audits

Audit Area	Risk Rating	Scope	Target Completion
N/A			

Other Audit Related Activity

Area	Risk Rating	Subject/Project	Description
N/A			

Risk Rating Levels:

High: Requires Immediate attention and remediation.

Moderate (Mod.): Requires near-term attention.

Low: Improvements possible but does not require attention in immediate or near-term.

Composition of Audit Committee at end of reporting year (R.C. 5505.111)

Tpr Brice Nihiser, Representative for Active Members, Chair

Sgt. Jeremy Mendenhall, Representative for Active Members, Vice-Chair

Tpr. Cynitha Wilt, Representative for Active Members

Sgt (ret.) Michael Kasler, Representative for Retirees

Col. Richard Fambro, Statutory Representative