



April 1, 2024

Ms. Bethany Rhodes, Director  
Ohio Retirement Study Council  
30 E. Broad Street, 2<sup>nd</sup> 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 2023. Once again, HPRS retained the Summit County Internal Audit Department (IAD) to perform internal audit services in 2023. IAD's reports were presented to the HPRS Audit Committee and the HPRS Board on December 21, 2023.

In addition to the internal audit, Rea & Associates, the independent auditing firm selected by the Auditor of State, performed a financial audit of HPRS. On June 15, 2023, Rea & Associates presented its audit report to the Audit Committee, giving HPRS an unmodified opinion. The report noted no deficiencies in HPRS' internal controls.

The HPRS Audit Committee met on the following dates in 2023 and took the following actions:

- June 15, 2023: Rea & Associates presented its audit of the 2022 financial statements, resulting in an unmodified "clean" opinion. No material weaknesses or significant deficiencies were found, and no reportable comments were noted. Summit County IAD was approved to complete the 2023 internal audit. The committee reviewed and approved all trustees' expense reports for compliance with HPRS policies.
- December 21, 2023: Trooper Derek Malone was re-elected Committee Chair and Trooper Cynthia Wilt was re-elected Vice-Chair. The committee accepted the 2023 internal audit report as presented by Summit County IAD. The committee also approved HPRS Internal Controls manual and the Accounting Policy and Procedures. The committee 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 2023 Annual Audit Report

(Submitted to ORSC April 1, 2024)

## Closed Audits: Recommendations

Audit Area	Risk Rating	Scope	Recommendations	Management's Response	Implemented	Implementation or Target Implementation
Retroactive Pay Adjustments	Mod	<p>HPRAs policies and procedures were reviewed and a discussion was conducted to gain an understanding of the retroactive pay process. IAD obtained the Active Member Contribution Report from MembersLink and reconciled the report to DAS' retroactive pay report and the contract between the OSTA and the state to ensure that all active members received the retroactive pay adjustment. Additionally, IAD recalculated active members' retroactive pay adjustment based on the contractual terms and compared it to what was uploaded to MembersLink to ensure completeness and accuracy of the adjustment. The following issue was noted: (1) Upon discussion with HPRS personnel, IAD noted that HPRS is not following up with DAS to determine why some members did not receive the retroactive pay adjustment when they appeared eligible for the adjustment in MembersLink, in accordance with HPRS policies and procedures.</p>	<p><b>Issue 1:</b> IAD recommends that a reconciliation be performed of members that received retroactive pay to active members to confirm all eligible members received retroactive pay. This will help to ensure compliance with HPRS policies and procedures.</p>	<p>After reviewing the policy and procedure, HPRS management has amended the policy to remove the DAS follow up as an unnecessary step. HPRS' role is to properly allocate retroactive pay received to the appropriate pay periods for FAS calculation purposes, and is not the position of HPRS to determine who gets retroactive pay or not. If a member later receives a retroactive payment, it will be allocated at that time.</p>	Immediate	Immediate

Pension Payments	Mod	HPRS policies and procedures were obtained and reviewed, a discussion was conducted and flowcharts were created and approved to gain an understanding of the payment process. A sample of retirees was selected and detail testing was performed to ensure retiree payments are calculated in accordance with rules and regulations. The following issues were noted: (1) IAD noted no formal policies and procedures exist regarding the process of calculating pension payments; (2) IAD noted 1 out of 89 (1%) instances where IAD's recalculated monthly pension payment of \$540.66 did not agree with HPRS' calculated monthly pension payment of \$536.52, amounting to a \$4.14 variance	<b>Issue 1:</b> IAD recommends that policies and procedures are created/updated, approved and disseminated for all functional areas within the agency. This will help to ensure proper procedures are in place and consistently followed within the department. <b>Issue 2:</b> IAD recommends that HPRS review the retiree's pension calculation to determine the correct amount due to the retiree. This will help to ensure the retiree is paid correctly.	<b>Issue 1:</b> A formal pension payment policy is in the drafting stage. Procedures are documented in the Internal Control Manual. <b>Issue 2:</b> Upon researching the payment issue, it was discovered that a manual calculation error was made to the retiree's pension factor in 1982, which led to an underpayment. However, due to legislative changes increasing members' base pension amount over the years, and the lack of existing documentation (statements, etc.) showing what the retiree was paid, HPRS management decided that no further action will be taken.	N/A	6/30/2024

**Closed Audits: No Recommendations**

Audit Area	Risk Rating	Scope	Management's Response
COLA	Mod	Policies and procedures and board minutes were reviewed and a discussion was conducted to gain an understanding of the COLA process. Detail testing was performed to ensure all retirees are receiving the correct 2023 COLA of 3%. Additionally, a sample was selected and detail testing was performed to ensure retirees receiving a COLA were eligible to receive the COLA	N/A

**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. Derek Malone, Representative for Active Members, Chair

Tpr. Cynitha Wilt, Representative for Active Members, Vice-Chair

Sgt. Brice Nihiser, Representative for Active Members

Sgt (ret.) Michael Kasler, Representative for Retirees

Col. Charles Jones, Statutory Representative