



February 13, 2017

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 2016. Once again, HPRS retained the Summit County Internal Audit Department (IAD) to perform internal audit services in 2016. IAD's reports were presented to the HPRS Audit Committee and the HPRS Board on December 15, 2016.

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 16, 2016, 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 2016 and took the following actions:

- February 18, 2016: 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 Internal Audit Department to perform the 2016 internal audit. It also reviewed and approved all trustees' expense reports for compliance with HPRS policies.
- June 16, 2016: Schneider Downs presented its audit of the 2015 financial statements, resulting in an unqualified "clean" opinion. No material weaknesses were found and no reportable comments were noted. The committee reviewed and approved all trustees' expense reports for compliance with HPRS policies.
- December 15, 2016: Lieutenant Andre Swinerton was elected Committee Chair and Lieutenant Matthew Them was elected Vice-Chair. The committee accepted the 2016 internal audit report as presented by Summit County Internal Audit Department. It also reviewed and approved all trustees' expense reports for compliance with HPRS policies.

If you have any questions, please contact me.

Sincerely,

Mark R. Atkeson  
*Executive Director*  
direct dial 614.430.3557  
matkeson@ohprs.org

# Ohio Highway Patrol Retirement System 2016 Annual Audit Report

## Closed Audits: Recommendations

Audit Area	Risk Rating <sup>1</sup>	Scope	Recommendations	Management's Response	Implemented	Implementation or Target Implementation
Investment Management Fees	Low	Review of contracts with investment firms. Fees reviewed.	Review all discrepancies regarding management fees to ensure embedded fees are correct.	The noted minor errors have been corrected and staff will continue to monitor going forward.	Yes	December 2016
			Update management fee schedules to reflect the most current contract/addendum.	The noted minor errors in the reconciliation sheet have been corrected and staff will continue to monitor going forward.	Yes	December 2016
Comments: None						
Benefit Eligibility	Low	Retirees with pension state date after March 1, 2016 were tested to ensure marriage licenses and/or birth certificates were obtained prior to granting benefits.	Supporting documentation should be obtained prior to the dependents' enrollment in health care coverage.	It is HPRS' policy to obtain documentation to verify the eligibility of retirees' dependents. Staff has been reminded of this policy and compliance will continue to be monitored going forward.	Yes	December 2016

<sup>1</sup> 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.

		Comments: None.
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## Closed Audits: No Recommendations

Audit Area	Risk Rating	Scope	Management's Response
Health Care Premiums	Moderate	Detail testing was performed to ensure the following groups receiving health care benefits (e.g., medical, dental and vision, if applicable) are being assessed the correct monthly health care premium: <ul style="list-style-type: none"> <li>• Non-disabled retirees and surviving spouses who are not receiving Medicare assistance</li> <li>• Retirees' spouses who are not receiving Medicare assistance</li> <li>• Retirees' dependent or surviving children</li> <li>• Retirees, spouses and surviving spouses who are receiving Medicare assistance</li> <li>• Retirees, spouses, surviving spouses and children dental coverage</li> <li>• Retirees, spouses, surviving spouses and children vision coverage</li> </ul>	N/A
		Comments: No issues were noted.	
Cost-of-Living Adjustments	Moderate	Detail testing was performed to ensure retirees are receiving the correct 2016 COLA of 3% or 1.25, when applicable. Additionally, for retirees receiving the 3% COLA, detail testing was performed to ensure their total pension amount was less than 185% of the current (2016) federal poverty wage for a family of two.	N/A

		Comments: No issues were noted.
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### Active Audits

Audit Area	Risk Rating	Scope	Target Completion
N/A			

### Other Audit Related Activity

Area	Risk Rating	Subject/Project	Description
N/A			

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

- Lt. Andre Swinerton, Representative for Active Members
- Sgt. Jeremy Mendenhall, Representative for Active Members
- Lt. Matthew Them, Representative for Active Members
- Lt. (ret.) Larry Davis, Representative for Retirees
- Col. Paul Price, Statutory Representative