

# **Ohio Police & Fire Pension Fund**

## **Administration and Audit Committee Annual Report**

### **2014**

The following report documents the activities of the Ohio Police & Fire Pension Fund (OP&F) Administration and Audit Committee and the OP&F Internal Auditor for the year ending December 31, 2014. The Committee Membership includes one retired member, one active employee member, and a third member as determined by the chairman. This report is categorized into four areas:

- I. Audit Reviews
- II. Special Projects Completed
- III. Summary of Administration/Audit Meetings and Actions Taken
- IV. 2014-2015 Annual Audit Plan

#### **I. Audit Reviews**

1. 2014 OP&F Employee Disclosure Statements – Audit reviewed the OP&F staff disclosure statements that must be completed by selected staff that focuses on potential conflicts of interest from the previous year.
2. 2014 OP&F Business Continuity Test – The test of OP&F's business continuity plan was conducted to determine if OP&F systems could be restored off-site to produce a benefit pension check.
3. Employee Payroll Processing Audit – Internal Audit completed a review of the processing of employee payroll to determine the compliance with the system of internal controls and the proper recording of payroll transactions.
4. Investment Management Fee Audit – An audit of the process for reviewing and verifying investment management fees was conducted to provide a reasonable assurance that payments and deductions for the management fees are paid accurately and timely.
5. United Healthcare (UHC) Pharmacy Audit – An external audit of OP&F's pharmacy benefit and rebate programs was completed by Advanced Pharmacy Concepts to verify the programs are maintained accordance with the provisions of the contract with UHC. In addition, an audit of the transition of OP&F's pharmacy benefit provider through UHC, from Medco to Optum, was completed.
6. Security Assessment – A security assessment was completed by Clifton Larson Allen to validate that OP&F's systems and processes are operating as expected and to identify any risks to our information systems.
7. American Express Statement Payment Process – Internal audit started a review of the payment process for the issued American Express cards used for OP&F expenses.

## **II. Special Projects**

1. Security Assessment RFP – Participated in the security assessment request for proposal process to select a firm to conduct the assessment.
2. Financial Accounting System RFP – Participated in the financial accounting system request for proposal process to select a financial accounting software package that best fit the needs of OP&F.
3. Service Credit Purchase cost calculation – Internal audit has been involved in the process to complete the implementation of the service credit purchase cost calculation in the V3 system.
4. Risk Assessment Summary – A risk assessment was performed to aid in identifying audits to be selected for the annual audit plan. Information from audits completed in the prior year was updated for current and future assessments.
5. CAFR Review – Assisted the Finance department in reviewing the 2013 Comprehensive Annual Financial Report for accuracy and completeness.
6. HIPAA and Ethics Training – Completed annual HIPAA and ethics training for all OP&F staff.

## **III. Summary of Administration/Audit Committee Meetings and Actions Taken**

This section identifies the dates of all meetings held and appropriate Administration/Audit Committee actions that took place at the specific meetings.

- **January 2014** – Information Services status report was presented. Internal Audit presented the Employee Payroll Audit Report and the 2013 Administration/Audit Committee Annual Report. A status update of the United HealthCare audit was also presented. The Human Resources Manager updated the committee on the 2014 annual compensation adjustments and 2013 paid leave buyback programs. Trustee travel motions were also approved by the committee.
- **February 2014** – No Administration/Audit Committee meeting.
- **March 2014** – No Administration/Audit Committee meeting.
- **April 2014** – Internal Audit presented reports of the Investment Management Fee Audit as well as the 2014 Employee Disclosure Statement Review. A status update of the United HealthCare audit was also presented. The Human Resources Manager presented a report on the 2013 staffing review look back.
- **May 2014** – No Administration/Audit Committee meeting.
- **June 2014** – No Administration/Audit Committee meeting.
- **July 2014** – No Administration/Audit Committee meeting.
- **August 2014** – Information Services status report was presented. Internal audit presented a report of the results of the United HealthCare Audit with representatives from Advanced Pharmacy Concepts. The committee also reviewed the 2014-2015 Internal Audit schedule, the 2014-2015 Committee schedule, the Administration/Audit Committee Charter as well as the Board Governance Policy Manual which includes the travel and ethics policies. Trustee travel motions were also approved by the committee.
- **September 2014** – No Administration/Audit Committee meeting.
- **October 2014** – No Administration/Audit Committee meeting.

- **November 2014** – Information Services status report was presented. Internal Audit presented the results of the 2014 Business Continuity Test. A verbal update on follow-up from the United Healthcare Pharmacy Audit was also provided along with an update on the completion of the security assessment. The 2015 salary and wages budget and 2015 employee healthcare budget planning memorandums were discussed. The communications plan was also approved.
- **December 2014** – No Administration/Audit Committee meeting.

#### **IV. July 2014 - June 2015 Annual Audit Plan**

The Internal Audit plan was structured from July 1, 2014 to June 30, 2015 to tie in with the Administration and Audit Committee year. The audit plan was reviewed with the Committee and is created based on a risk assessment that is updated annually. The list below includes anticipated audit projects to be worked on through June 2015:

##### **Audit Projects**

Accounts Payable  
Business Continuity Test  
CAFR Review  
Employee Disclosure Statements  
Employer/Member Census Data  
Investment Accounting  
Member Refunds/Withdrawals/Transfers  
Pension Calculations  
Risk Management Policy  
System Security Assessment  
1099R Process  
Special Projects, as needed

A new audit plan will be created in June for the next Administration/Audit Committee year.

Respectfully submitted,



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Mark A. Jordan, CPA  
Internal Auditor