

Ohio Police & Fire Pension Fund

Administration and Audit Committee Annual Report

2013

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, 2013. 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. 2013-2014 Annual Audit Plan

I. Audit Reviews

1. 2013 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. 2013 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. Postage/Mailroom Audit – Internal Audit completed a review of the postage and mailroom process to verify the system of internal controls and to confirm the accuracy and completeness of the postage related transactions.
4. Payroll Contribution Reporting Audit – An audit of the employer payroll contribution reporting process was conducted in order to verify the adequacy of the internal controls and the proper reporting and execution of the payroll contribution transactions.
5. Benefit Payments Audit – Audit conducted a review of the benefit payment process to verify the adequacy and effectiveness of the internal controls and provide reasonable assurance that the benefit payment transactions were properly executed and reported.
6. Employee Payroll Processing Audit – Internal Audit started 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.
7. United Healthcare Pharmacy Audit (External) – An external audit of OP&F's pharmacy benefit and rebate programs is being conducted by Advanced Pharmacy Concepts to verify the programs are maintained according to the provisions of the contract with United Healthcare.

II. Special Projects

1. Mail Equipment RFP – Internal Audit participated on a committee to select new mail equipment.
2. Audit Recommendation Tracking Spreadsheet – Internal Audit created a Microsoft Excel spreadsheet to keep track of the status of internal audit recommendations.
3. 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.
4. CAFR Review – Assisted the Finance department in reviewing the 2012 Comprehensive Annual Financial Report for accuracy and completeness.
5. 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 2013** – Information Services status report was presented. Internal Audit presented a report of the 2012 Business Continuity Test results, the Pre-Employment Physical Audit Report, and the 2012 Administration/Audit Committee Annual Report. An update of the 2013 annual compensation adjustments and 2012 paid leave buyback programs was presented by the Human Resources Manager. The committee also approved trustee travel.
- **February 2013** – No Administration/Audit Committee meeting.
- **March 2013** – No Administration/Audit Committee meeting.
- **April 2013** – Internal Audit presented reports of the Postage/Mailroom Audit as well as the 2013 Employee Disclosure Statement Review. The committee also approved trustee travel.
- **May 2013** – No Administration/Audit Committee meeting.
- **June 2013** – Information Services status report was presented. Internal audit presented a report of the Payroll Contribution Reporting Audit, Audit Recommendation Tracking, and the 2013-2014 audit schedule. The committee also reviewed the Administration/Audit Committee Charter and the 2013-2014 Committee schedule as well as the Board Governance Policy Manual which includes the travel and ethics policies.
- **July 2013** – No Administration/Audit Committee meeting.
- **August 2013** – No Administration/Audit Committee meeting.

- **September 2013** – No Administration/Audit Committee meeting.
- **October 2013** – Information Services status report was presented. Internal Audit presented the results of the 2013 Business Continuity Test and the Benefit Payment Audit. A verbal update on the status of the United Healthcare Pharmacy Audit was also provided. The 2014 salary and wages budget and 2014 employee healthcare budget planning were discussed. 2014 budget reviews for Administration, Information Services and Trustees were presented and moved to the full Board for review. The communications plan was also approved. 2013 Board of Trustee’s meetings and events calendar were also presented.
- **November 2013** – No Administration/Audit Committee meeting.
- **December 2013** – No Administration/Audit Committee meeting.

IV. July 2013 - June 2014 Annual Audit Plan

The Internal Audit plan was structured from July 1, 2013 to June 30, 2014 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 2014:

Audit Projects

- Benefit Payment Process
- Employee Payroll
- UHC Pharmacy Audit
- Risk Management Policy
- Investment Management Fees
- System Security Assessment
- Accounts Payable
- Pension Calculations
- Investment Accounting
- Business Continuity Test
- Employee Disclosure Statements
- CAFR Review
- Special Projects, as needed

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

Respectfully submitted,



Mark A. Jordan, CPA
Internal Auditor

