


# Ohio Police & Fire Pension Fund

140 East Town Street / Columbus, Ohio 43215-5164 / Tel. (614) 228-2975 / www.op-f.org

## MEMORANDUM

**Date:** February 5, 2013

**To:** The Honorable John Kasich, Governor  
The Ohio Retirement Study Council  
The Honorable William G. Batchelder, Speaker of the House  
The Honorable Keith Faber, Senate President  
The Honorable Lynn R. Wachtmann, Chair House Health & Aging  
The Honorable Dave Burke, Chair Senate Government Oversight & Reform  
The Honorable Tim Schaffer, Chair Senate Ways & Means

**From:** John J. Gallagher, Executive Director 

**Subject:** 2012 Administration and Audit Committee Annual Report

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In accordance with Section 742.105 of the Ohio Revised Code, OP&F has prepared this report as part of the implementation of Senate Bill 133. The reports must be submitted annually to the Governor, Ohio Retirement Study Commission (ORSC) and Chairpersons of the standing committees of the Senate and House with primary responsibility for retirement legislation.

Thank you,

John J. Gallagher, Jr.



# **Ohio Police & Fire Pension Fund**

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

### **2012**

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, 2012. 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. 2012-2013 Annual Audit Plan

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

1. 2012 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. Purchasing Audit – Internal Audit completed a review of the purchasing process to verify the system of internal controls and to confirm the accuracy and completeness of the purchasing transactions.
3. Fixed Asset Audit – Audit reviewed the fixed asset process and system to insure the controls were adequate and effective, and the transactions were executed properly.
4. Buck Consultants Site Visit – A site visit to Buck Consultants, OP&F's actuarial consulting firm, was conducted to better understand and verify the accuracy and timeliness of their actuarial reporting process.
5. Petty Cash Audit – An audit of petty cash was completed in order to insure an accurate count of the money in the petty cash fund as well as verify the controls in the petty cash process were sufficient.
6. Investment Cash Management Audit – Internal Audit conducted a review of the investment cash management process to verify the adequacy and effectiveness of the internal controls and provide reasonable assurance that the investment cash transactions were properly executed and reported.
7. 2012 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.
8. Pre-Employment Physical Audit – Audit reviewed the pre-employment physical process to understand and verify the processing of the information and the effectiveness of the internal controls.

9. Postage/Mailroom Audit – Internal Audit started 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.

## **II. Special Projects**

1. Building Management RFP – Internal Audit participated on a committee to select a firm to manage the building at 140 East Town Street.
2. 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.
3. CAFR Review – Assisted the Finance department in reviewing the 2011 Comprehensive Annual Financial Report for accuracy and completeness.
4. HIPAA and Ethics Training – Completed annual HIPAA and ethics training for all OP&F staff as well as volunteers of our HOST (Helping Our Survivors Transition) program.

## **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 2012** – Information Services status report was presented. Internal Audit presented a report of the Business Continuity Test results, the Payment Receipt Audit and the 2010 Administration/Audit Committee Annual Report. A brief summary of the 2012 annual compensation adjustments and 2011 paid leave buyback programs was presented by the Human Resources Manager. The committee reviewed the 2012 Trustee Election schedule and materials and approved the utilization of an internet voting option. The committee also approved trustee travel.
- **February 2012** – No Administration/Audit Committee meeting.
- **March 2012** – No Administration/Audit Committee meeting.
- **April 2012** – Internal Audit presented reports of the Purchasing Audit as well as the 2012 Employee Disclosure Statement Review and gave a status update of the Fixed Asset Audit. The committee also approved trustee travel.
- **May 2012** – No Administration/Audit Committee meeting.
- **June 2012** – No Administration/Audit Committee meeting.
- **July 2012** – Information Services status report was presented. Internal audit presented a report of the Buck Consultants site visit, the results of the Fixed Asset Audit and the 2012-2013 audit schedule. The committee also reviewed the Administration/Audit Committee Charter and the 2012-2013 Committee schedule as well as the Board Governance Policy Manual which includes the travel and ethics policies.

- **August 2012** – No Administration/Audit Committee meeting.
- **September 2012** – No Administration/Audit Committee meeting.
- **October 2012** – Information Services status report was presented. Internal Audit presented the results of the Petty Cash Audit and the Investment Cash Management Audit. A verbal update on the 2012 Business Continuity Test and the status of the Pre-Employment Physical Audit was also provided. The 2013 salary and wages budget and 2013 employee healthcare budget planning was discussed. 2013 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 2012** – No Administration/Audit Committee meeting.
- **December 2012** – No Administration/Audit Committee meeting.

**IV. July 2012 - June 2013 Annual Audit Plan**

The Internal Audit plan was structured from July 1, 2012 to June 30, 2013 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 2013:

**Audit Projects**

- Cash Management
- Petty Cash
- Pre-Employment Physicals
- Postage/Mailroom
- Employee Payroll
- User System Access
- Benefit Payment Process
- Payroll Contributions Processing
- UHC Pharmacy Audit
- 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

