

Ohio Police & Fire Pension Fund

Administration and Audit Committee Annual Report

2011

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, 2011. 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. 2011-2012 Annual Audit Plan

I. Audit Reviews

1. United Healthcare Pharmacy Audit (External) – An external audit of OP&F's pharmacy benefit and rebate programs was finalized by Advanced Pharmacy Concepts to verify the programs are maintained according to the contract with United Healthcare.
2. United Healthcare / Financial Compliance Group – Internal Audit completed a review of United Healthcare's Eligibility Group and OP&F's Financial Compliance Group to identify the effectiveness and efficiency of the processing and reporting of OP&F's health care benefits.
3. Check Printing Audit – Audit conducted a review of the check printing process to insure the controls were adequate and effective, and the transactions were properly executed and reported.
4. 2011 OP&F 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.
5. Security Lending Audit – Internal Audit performed an audit of OP&F's security lending program to confirm the accuracy of the security lending transactions as well as compliance with the lending agent contracts.
6. Service Credit Purchase Audit – An audit of the service credit purchase process was conducted to evaluate the flow of information and the automation of tasks associated with service credit purchases in the pension administration system.
7. 2011 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. Payment Receipt Audit – Audit reviewed the payment receipt process to insure the internal controls were appropriate and effective and the transactions were being executed and reported properly.

9. Purchasing Audit – Internal Audit started a review of the purchasing process to verify the system of internal controls and to confirm the accuracy and completeness of the purchasing transactions.

II. Special Projects

1. 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.
2. CAFR Review – Assisted the Finance department in reviewing the 2010 Comprehensive Annual Financial Report for accuracy and completeness.
3. HIPAA Training – Completed HIPAA training for staff and 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 2011** – Information Services status report was presented. Internal Audit presented a status report of the United Healthcare Pharmacy Audit and the 2010 Administration/Audit Committee Annual Report. The committee also approved trustee travel.
- **February 2011** – Internal Audit presented the Financial Compliance Group/United Healthcare Internal Audit report. A report of the audit on United Healthcare pharmacy claims and rebates conducted by Advanced Pharmacy Concepts was also presented. The committee also approved trustee travel.
- **March 2011** – No Administration/Audit Committee meeting.
- **April 2011** – Internal Audit presented reports of the Check Printing Audit as well as the 2011 Employee Disclosure Statement Review. Human Resources outlined their status report from the Board retreat.
- **May 2011** – No Administration/Audit Committee meeting.
- **June 2011** – No Administration/Audit Committee meeting.
- **July 2011** – Information Services status report was presented. Internal audit presented a report of the Security Lending Audit and a status of the Service Credit Purchase Audit. The 2011-2012 audit schedule was presented by the Internal Auditor as well as a clarification regarding Trustee ethics training. Committee reviewed the Administration/Audit Charter and the 2011-2012 Committee agenda as well as the Board Governance Policy Manual which includes the travel and ethics policies.

- **August 2011** – No Administration/Audit Committee meeting.
- **September 2011** – No Administration/Audit Committee meeting.
- **October 2011** – Committee approved the communications plan. Internal Audit presented the results of the Service Credit Purchase Audit as well as a status update of the Payment Receipt Audit and the 2011 business continuity test. 2012 salary and wages budget and 2012 employee healthcare budget planning was discussed. 2012 budget reviews for Administration, Information Services and Trustees were presented. These were moved to the full Board for review. 2012 Board of Trustee’s meetings and events calendar were also presented.
- **November 2011** – No Administration/Audit Committee meeting.
- **December 2011** – No Administration/Audit Committee meeting.

IV. June 2011 - June 2012 Annual Audit Plan

The Internal Audit plan was structured from June 1, 2011 to May 31, 2012 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 May 2012:

Audit Projects

- Buck Consultants
- Business Continuity Test
- CAFR Review
- Cash Equivalents/Management
- Employee Disclosure Statements
- Fixed Assets
- Payment Receiving Process
- Postage/Mailroom
- Pre-Employment Physicals
- Purchasing Practices
- Service Credit Purchases
- Staff Ethics & HIPAA Training
- User System Access

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

Respectfully submitted,

Mark A. Jordan, CPA
Internal Auditor

