

# **Ohio Police & Fire Pension Fund Administration and Audit Committee Annual Report 2010**

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, 2010. This report is categorized into four areas:

- I. Audit Reviews
- II. Special Projects Completed
- III. Summary of Administration/Audit Meetings and Actions Taken
- IV. 2010-2011 Annual Audit Plan

## **I. Audit Reviews**

1. Off-Site Storage – A review of Fireproof Records Center was conducted to verify OP&F's documents were being stored according to the contract terms and boxes were organized and tracked in Fireproof's system.
2. Employer Accrued Liability – Audit reviewed the employer accrued liability billing process to verify controls are in place to insure the billing is completed in an accurate and timely manner.
3. Insurance Liability – A review of OP&F's insurance liability coverage was completed.
4. DROP Withdrawal – Audit reviewed the DROP Withdrawal process to confirm internal controls related to withdrawal payments were adequate and effective.
5. 2010 OP&F Business Continuity Test – The objective was to test the business continuity plan and the procedures in place to determine if the OP&F systems could be restored off-site to produce a benefit pension check.
6. 2010 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.
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 contract with United Healthcare.
8. United Healthcare / Financial Compliance Group – Audit is conducting an internal 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.

## **II. Special Projects**

1. CODA System Upgrade Implementation – Upgrade of the Financial Accounting, Purchasing, and Asset Systems to the browser edition of CODA was implemented and the transition completed.
2. Liens Levies Process Review – Audit reviewed the lien levy process to determine the accuracy of the Lien/Levy/Recoupment module and develop a process as to who should be responsible for the transactions in this module.
3. Document Imaging Process Review – A review of the document imaging process was completed in order to assist in the development of a process for records management staff to verify procedures were being followed and imaged documents were being stored appropriately.
4. Board Governance Policy Manual – Combined the Governance Policy, Ethics Policy, and Board Travel Policy to create a Board Governance Policy Manual which was updated to include information related to the fiduciary duties of the Board.

## **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 2010** – Internal Audit presented a status report covering a review of the bank custody audit, the 2009 Administration/Audit Committee annual report as well as an update on the implementation of the CODA financial systems upgrade.
- **February 2010** – No Administration/Audit Committee meeting.
- **March 2010** – No Administration/Audit Committee meeting.
- **April 2010** – No Administration/Audit Committee meeting.
- **May 2010** – Information Services status report was presented. Internal Audit discussed the off-site storage audit report, and the 2010 OP&F employee disclosure statement review. The results of the 2010 active firefighter election were announced.
- **June 2010** – No Administration/Audit Committee meeting.
- **July 2010** – Information Services status report was presented. The committee reviewed a report on the document imaging process as well as an audit of employer accrued liability billing. An update on the audit of OP&F's pharmacy program administered by United Healthcare was also presented. Committee reviewed the Administration/Audit Charter and the 2010-2011 Committee agenda as well as the Board Governance Policy, Travel Policy and Ethics policy. Internal Auditor presented the audit schedule for 2010-2011. The committee also approved trustee travel.

- **August 2010** – No Administration/Audit Committee meeting.
- **September 2010** – No Administration/Audit Committee meeting.
- **October 2010** – The information services update was presented. Committee approved the communications plan. Internal Audit presented the results of the 2010 business continuity test as well as updates on the insurance liability audit, United Health Care pharmacy audit, and the Financial & Compliance/United Health Care internal audit. 2011 salary and wages budget and 2011 employee healthcare budget planning was discussed. 2011 budget reviews for Administration, Information Services and Trustees were presented. These were moved to the full Board for review. 2011 Board of Trustee’s meetings and events calendar were presented.
- **November 2010** – No Administration/Audit Committee meeting.
- **December 2010** –The internal auditor presented the results of the insurance liability audit and the DROP withdrawal audit. An update on the status of the audit of OP&F’s pharmacy program administered by United Health Care was presented. General Counsel presented 2011 Trustee election materials.

**IV. June 2010 - June 2011 Annual Audit Plan**

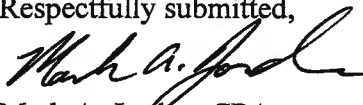
The Internal Audit plan was structured from June 1, 2010 to May 31, 2011 to tie in with the Administration and Audit Committee year. The audit plan was reviewed with the Committee and is created based on a risk assessment that is updated annually. The list below includes anticipated audit projects to be worked on through May 2011:

**Audit Projects**

- Buck Consultants
- Business Continuity Test
- CAFR Review
- Cash Receiving Process
- Check Printing
- Employee Disclosure Statements
- Financial Compliance Group
- Insurance
- Security Lending
- Service Credit Purchases
- United Health Care Pharmacy Audit (External)

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

Respectfully submitted,



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Internal Auditor

