

# **Ohio Police & Fire Pension Fund Administration and Audit Committee Annual Report 2008**

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, 2008. This report is categorized into four areas:

- I. Audit Reviews Completed
- II. Special Projects Completed
- III. Summary of Administration/Audit Meetings and Actions Taken
- IV. 2008-2009 Annual Audit Plan

## **I. Audit Reviews Completed**

1. Calculations Audit – The audit reviewed the process the Member Services department takes in arriving at the monthly benefit pension amount.
2. Real Estate Consultant Review – A site visit was conducted with consultant to discuss processes and controls they have in place to ensure quality information are available to OP&F.
3. Procurement Card Review – The objective was to review the process OP&F conducts when paying a vendor for material or services received.
4. 2008 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.
5. 2008 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.
6. External Security Consultant Review – A review of work completed by Unicon in evaluation of security of the IS structure. A review of the off-site storage was also part of the review.

## **II. Special Projects Completed**

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 last year was used to update the risk factors on this year's assessment.

2. Staff Ethics Training: All staff was required to attend ethics training conducted by internal audit. The training consisted of DVD and discussion of information obtained from Ohio Ethics Commission. All staff at time of training received the training. Any new hires will receive training through orientation program.
3. Work Group Process Study – PCG: The work group process studies were initiated by the Executive Director to review specific areas within the Fund for operational improvements and efficiencies. Internal Auditor is one of several staff involved to evaluate processes and potential control improvements. This study focused on the pension contributions group process.
4. Work Group Process Study – Finance and Compliance: The work group process studies were initiated by Executive Director to review specific areas within the Fund for operational improvements and efficiencies. Internal Auditor is one of several staff involved to evaluate processes and potential control improvements. This process focused on the finance and compliance group in Member Services.
5. OP&F Ethics Plan: This ethics plan meets Governor Strickland's Executive order 2007-01S which requires an ethics plan be submitted each July 1<sup>st</sup>. Plan is presented to the Administration Audit Committee for approval.
6. Imaging Process Review: A review of the imaging process was performed prior to the day forward imaging process. A review of process with the records staff was performed.
7. Governance and Travel Policy: Throughout the year there were several instances where a governance or travel policy questions occurred. Research was performed and memos provided to committee for clarification and explanation.
8. Process Overpayments: A review of the process was performed and meetings with staff occurred to try to resolve overpayment issues. Processes were adjusted to benefit OP&F.
9. Liens Levies Module: A review of this module in V3 was performed. Changes were made for how V3 populates this module. An effort has been underway to clean up the module for valid transactions. This will make the module more reliable for those employees that use the module.

### III. Summary of Administration/ Audit 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 2008** – Information Services presented status report. Internal gave status report. Committee approved Trustee travel. The annual compensation adjustment and 2007 paid leave buy back was presented.
- **February 2008** – The committee approved Trustee travel. Presentation made by Clark, Schaeffer and Hackett on external audit timeline. Information Services update. Internal Audit Status report. Discussion on “2007 Administration Audit Committee Annual Report”.
- **March 2008** – Information Services status report were presented. Internal Audit presented the Calculations Audit report and monthly status report.
- **April 2008** – No Administration Audit Committee
- **May 2008** – Information Services status report was presented. Internal Audit discussed status report and the 2007 Disclosure Statement Review.
- **June 2008** – Information Services presented status report. Internal Audit presented results of Townsend investment consultant site visit. Internal Audit also presented the OP&F ethics training plan to be submitted to the Governor. An update was provided on the OP&F 2008 Police Employee Member Election Telephonic update. A memo was also provided on STRS 2008 Election using telephonic, internet and paper ballots.
- **July 2008** – Information Services presented status report. Internal Auditor presented status report which included a travel policy analysis memo and the audit schedule for 2008-2009. Committee reviewed the Administration Audit Charter and the 2008-2009 Committee agenda. Reviewed the Board Governance Policy, Travel Policy and Ethics policy.
- **August 2008** – Information Services and Internal audit status report were presented.
- **September 2008** – Information Services status report was presented. Internal Audit Discussed the procurement card review. The Trustee election RFP was presented and discussed.
- **October 2008** – Information Services status report was presented. The committee approved Trustee Travel recommendation. Internal audit presented status report

concerning Staff ethics training being completed. The committee approved the communications plan. 2009 salary and Wages Budget planning was discussed. 2009 employee healthcare planning was discussed. 2009 budget reviews for Administration, Information Services and Trustees were presented. These were moved to the full Board for review.

- **November 2008** – No Administration Audit Committee
- **December 2008** – The information services update was presented. The internal auditor presented the results of the 2008 business continuity test. A presentation was made on the cost of the 2008 security breach. Committee approved a Trustee travel recommendation.

#### IV. **June 2008- June 2009 Annual Audit Plan**

The Internal Audit plan was structured from June 1, 2008 to May 31, 2009 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 2009:

##### Audit Projects

Procurement Cards/ Credit Cards  
Enterprise Risk Management  
Investment Accounting System  
Staff Ethics Training  
1099 Process  
Business Continuity Test  
DROP  
CAFR Review  
Investment Performance  
Ethics Disclosure Statements

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

Respectfully submitted,



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Internal Auditor