

**MINUTES OF THE
WV CONSOLIDATED PUBLIC RETIREMENT BOARD
INTERNAL AUDIT COMMITTEE MEETING
OF OCTOBER 6, 2020**

A meeting of the West Virginia Consolidated Public Retirement Board Internal Audit Committee was held on Tuesday, October 6, 2020. Due to the COVID 19 Pandemic, the meeting was conducted via conference call as well as the ability to attend in person. Call-in information for the meeting was included on the Committee meeting agenda, the CPRB website and on the West Virginia Secretary of State's meetings page.

Due notice had been published.

Item #1: Call to Order

The meeting was called to order at 1:00 p.m. by Cabinet Secretary Allan L. McVey, Chair.

Item #2: Roll Call

Members present were:

Cabinet Secretary Allan L. McVey, Chairman (*in person*)
Jeff Waybright, *representing Auditor John McCuskey (via telephone)*
Diana Stout, *representing Treasurer John Perdue (via telephone)*
Jeff Vallet (*via telephone*)

Member absent was:

Michael Corsaro

A quorum was present.

Participants on the public call-in line were:

Paula Van Horn, CPRB Manager, TDC Section
Tammy White, CPRB Assistant Manager, Retirement Section
Sharon Whittaker, CPRB Manager, Deaths/Refunds Section

Present at the CPRB Office were:

Jeffrey Fleck, CPRB Executive Director
Terasa Miller, CPRB Deputy Director
Nancy Butcher, Executive Assistant
Tina Baker, CPRB Internal Auditor
Tim Abraham, CPRB Compliance Officer

Item #3: Approval of the August 25, 2020 Meeting Minutes.

Mr. Vallet made a motion to approve the August 25, 2020 meeting minutes. The motion was seconded by Ms. Stout. The motion was adopted.

Item #4: TDC Suspension Accounts Memo

Tina Baker, CPRB Internal Auditor, reviewed the TDC Suspension Accounts Memo. Ms. Baker explained that the Teachers' Defined Contribution System (TDC) was established in WVC §18-7B and that House Bill 2984, which passed on April 9, 2005, made changes to §18-7B-11(b)1 and 16(a). She went on to say that the changes clarified that unvested portions of a member's employer account were to be placed in suspension when the member terminated employment with an eligible employer. She added that the practice had continued to place those funds in suspension when the former employee takes a distribution of their vested contributions which might occur immediately upon termination but could also not occur until years after termination or not until federal required minimum distribution regulation became applicable. She added that the TDC Manager indicated that this had been the practice because termination dates are not on file – employers do not report to the TDC when a member terminates employment.

Ms. Baker went on to say that in order to correct the issue, a report had been obtained by the TDC Manager that lists all TDC members who may not be fully vested, still have contributions in the retirement system, and are no longer contributing to the system. She added that there are over 800 individuals on the report and each person's service has to be verified with his/her employer(s). She said that the goal for completing this verification is by the end of this year or the end of the first quarter of 2021 at the latest.

The Internal Auditor added that in order to continue placing funds in suspension in the timeframes required by Code from now on, a quarterly report would be obtained by the TDC Manager from the CPRB IT section listing any TDC participants who have become inactive in that quarter so that their termination dates and verification of service can be obtained by their employers. She added that once the corrections for past terminated employees had been made and with the ongoing monitoring of TDC participant termination, the TDC will be handling suspension accounts and forfeitures in compliance with the stipulations of WVC §18-7B-11(b)(1).

The Internal Auditor stated that she would verify this compliance issue in the CY2020 Internal Audit Compliance Review.

Mr. Vallet made a motion to accept the TDC Suspension Accounts Memo. Ms. Stout seconded the motion. The motion was adopted.

Item #5: Tentative 2021 Internal Audit Plan

Chair McVey recognized Tina Baker, CPRB Internal Auditor, to review the Draft Internal Audit

Project Schedule for – CY 2021. She stated that she would be focusing on Pre-retirement survivor spouse benefits controls, Workflow controls, Repayment of previously withdrawn contributions controls and Call center controls and will also complete a Compliance Review of CY 2020 Internal Audit Recommendations.

Mr. Vallet made a motion to accept the Tentative 2021 Internal Audit Plan as presented by the Internal Auditor. Mr. Waybright seconded the motion. The motion was adopted.

Item #6: TRS Compliance Review

Chair McVey recognized Tim Abraham, CPRB Compliance Officer to review the Compliance Review of the Teachers Retirement System (TRS) for Fiscal Years 2018, 2019 and 2020. Mr. Abraham reviewed the Significant Findings and Recommendations with the Committee members. He then answered questions from the Committee members.

Mr. Vallet made a motion to accept the TRS Compliance Review. Mr. Waybright seconded the motion. The motion was adopted.

Item #7: Other Business

Mr. McVey inquired as to other business. None was heard.

Adjournment

There being no further business to come before the committee, Ms. Stout made a motion to adjourn the October 6, 2020 meeting of the CPRB Internal Audit Committee. The motion was seconded by Mr. Waybright. The motion was adopted.

The meeting adjourned at 1:33 p.m.

Respectfully submitted,


Cabinet Secretary Allan L. McVey, Chair


Jeffrey E. Fleck, Executive Director