

**MINUTES OF THE
WV CONSOLIDATED PUBLIC RETIREMENT BOARD
INTERNAL AUDIT COMMITTEE MEETING
OF DECEMBER 18, 2018**

A meeting of the West Virginia Consolidated Public Retirement Board (CPRB) Internal Audit Committee was held in the Legal Conference Room located at the offices of the CPRB, 4101 MacCorkle Avenue, SE, Charleston, West Virginia, on Tuesday, December 18, 2018. The meeting was called to order at 2:00 p.m. by Deputy Cabinet Secretary, Mary Jane Pickens, Chair.

Roll Call

Members present were:

Deputy Cabinet Secretary Mary Jane Pickens, Chairman
Diana Stout
Jeff Waybright, *via telephone*
Captain Michael Corsaro, *via telephone*
Jeff Vallet, *via telephone*

A quorum was present.

Due notice had been published.

Also, present were:

Jeffrey Fleck, CPRB Executive Director
Terasa Miller, CPRB Deputy Director
Nancy Butcher, Executive Assistant
Tina Baker, CPRB Internal Auditor
Caroline Brady, Manager, Employer Reporting

Item #3: Approval of the October 2, 2018, Meeting Minutes.

Mr. Waybright made a motion to approve the October 2, 2018 meeting minutes. The motion was seconded by Captain Corsaro. The motion carried.

Item #4: November 2018 APPFA Conference

Ms. Baker gave a report on the 2018 Association of Public Pension Fund Auditors (APPFA) that she attended in November in Philadelphia, Pennsylvania. She gave an overview of her duties as the secretary of that organization. She provided a copy of her certificate for

Continuing Professional Education that she completed during the November conference.

Item #5: Interest Errors Project

Ms. Baker reported that several members of management had expressed concern that there were some very large and very small amounts of interest in the system. The objective of the audit was to test interest amounts in the COMPASS system in order to identify amounts that were inaccurate and the causes of these inaccuracies and identify them to management so that corrections could be made.

Findings

Many of the interest amounts of \$80,000 were corroborated by documentation but there were also many issues. Nine of the excessive interest amounts resulted in typos entered into the legacy system. These were given to the Retirement manager for correction. There were a variety of data conversion issues and COMPASS bugs causing other incorrect interest amounts. All identified issues have either been corrected, logged as bugs during the course of this review or transmitted to management for correction or logging for fixes as necessary.

There were a number of accurate interest amounts under \$1 in TRS due to individuals who transferred from TDC, worked the required time in TRS to complete the transfer and then retired or became inactive. Incorrect positive interest amounts under \$1 were primarily the result of trailing contributions received after a member had withdrawn or the result of erroneous contributions that had not yet been returned to the employer. These issues were transmitted to the Refunds and Employer Reporting managers for correction. Some PERS retirees that had returned to work and then re-retired were incorrectly showing negative interest amounts due to a system bug. The Retirement manager had logged this bug for correction.

She then answered questions from the committee members regarding the plan.

Item #6: OASIS Data Issues Summary

Ms. Baker reminded the members that the IA Committee had requested, at the October 2018 committee meeting, that she summarize data issues that have been encountered between COMPASS and OASIS. She went on to say that all the information was provided by the Employer Reporting Manager and Assistant Manager, who had been working closely with OASIS throughout the process to identify and address problems. She addressed each of the 15 issues that had been resolved and the six issues that remained unsolved. (A copy of that memo has been attached hereto and made a part of these minutes.) She then answered questions from the committee members.

Item #7: Other Business

The Chair inquired as to other business. None was heard. There being no further business to come before the committee, Ms. Stout made a motion to adjourn the December 18, 2108, meeting of the CPRB Internal Audit Committee. The motion was seconded by Mr. Vallet. The motion carried. The meeting adjourned at 2:46 p.m.

Respectfully submitted,



Cabinet Secretary Allan L. McVey, Chair



Jeffrey E. Fleck, Executive Director



EXECUTIVE DIRECTOR
Jeffrey E. Fleck

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11/13/2018



BOARD CHAIRMAN
David L. Wyant

TO: Jeffrey E. Fleck, Executive Director
FROM: Tina Baker, Internal Auditor
SUBJECT: OASIS Data Issues

I. Objective

The objective of this memo is to summarize data issues that have been encountered between COMPASS and OASIS as requested by the Internal Audit Committee at the October 2018 committee meeting. All information was provided by the Employer Reporting Manager and Assistant Manager, who have been working closely with OASIS throughout the process to identify and address problems.

II. Resolved Issues

The following issues have been resolved:

1. The contribution codes for TRS Plan 9 and JRS Tier 2 were not being reported because OASIS did not have these codes set up in their system. These codes were added as of January 30, 2018 and the relevant employers (WV Department of Education, WV Schools for the Deaf and Blind, and the WV Supreme Court of Appeals) were contacted and instructed to update the appropriate members with the new codes. Occasionally employers will still enroll members in the wrong plans, which causes an error in COMPASS. When this occurs, Employer Reporting staff will contact the employer and remind them of how to locate the correct Plan or Tier for employees before enrolling them in OASIS.
2. The file received from OASIS for the WV Schools for the Deaf and Blind was missing member details. This interface was fixed shortly after COMPASS 4b go-live and the necessary information was delivered and is now posted in COMPASS.

3. OASIS was not providing the Pay Period End Date (PPED) for the annual increment payment file, which caused COMPASS to error the file when the PPED could not be validated. CPRB requested that OASIS provide this information at the beginning of each year so that IT can insert the PPED for OASIS employers, which has resolved this issue.

4. OASIS was sending the increment payment file to CPRB as Regular Pay, which requires hours/days, rather than State Employee Increment, which does not have any service attached to it. The payment reason has now been corrected and these are no longer coming through in error.

5. In December 2017, erroneous deductions were reported for Tool, Boot, and Clothing Allowances. These contributions were accepted with the understanding that in the future these allowances will not be pensionable. Both employee and employer contributions for these allowances have been set up in OASIS as non-pensionable. When the Tool Allowance was used in July 2018, employee contributions were not withheld, but employer contributions were. This has been corrected in OASIS. Neither the Boot nor Clothing allowances have been used yet in 2018, but when these are run in December, they will be correctly applied without employee or employer contributions.

6. Some TRS and TDC members' service was being reported as hours instead of days. OASIS was able to default all TRS and TDC member service to days, so that if hours are reported, these are converted to days.

7. Trooper A was not able to withhold contributions on the Lump Sum Annual Leave Payout in OASIS. CPRB sent written correspondence to the West Virginia State Police and OASIS confirming that these contributions are allowable and necessary and OASIS corrected the issue in August 2017.

8. If there are new job positions in the OASIS file that CPRB has not been made aware of and added in COMPASS, this causes an error. Job codes are now being provided by OASIS with each report so that ER staff can identify and add new positions prior to running the file. Ideally an interface could be developed to get these automatically, but the current work around will likely continue. As long as staff is able to keep up with these, there will not be many to do at one time.

9. Certain job positions that are paid "current" in OASIS were displaying as "arrears" in COMPASS, which could result in incorrect service and final average salary information displaying. A fix has been developed in COMPASS to correct previously reported data and allow future data to post as paid "current". This is in the final testing stage and will be completed by mid-November.

10. There are unbalanced reports in the OASIS file due to the monies sent not matching the account detail because of user error on the part of employers. Accounting and ER staff are able to correct these issues when they occur because of reporting and paystub access that has been granted by OASIS. OASIS has conducted training on this issue and since a newsletter was sent out in February reiterating the payroll process, some improvement has been seen. CPRB makes notes of employers who repeatedly make errors and asks OASIS to provide additional training.

11. Batches are sometimes rejected because of errors in the retirement system designation, such as a TRS employer sending a PERS batch. This generally happens when an employee transfers from an agency that participates in one system to an agency that participates in another and the original employer fails to cut off the employee's contributions in time. As with the unbalanced reports issue, this is due to employer error and training has been and will be provided as needed, but some issues will likely always exist simply due to human error.

12. Some of the No Hardship Recovery Payment money was not being recovered by employers. To ensure all funds are recovered, OASIS now allows the no hardship repayment to come out of any wages. Deductions are made from pensionable wages first, but then can be recouped through other pay reasons to allow the money to be recovered by the agency.

13. The pay period end dates for supplementals are not in accordance with the payroll schedule, which keeps payments from posting. OASIS has given ER staff access to run reports to determine the correct pay period end date so these can be corrected. This process will continue to be conducted manually using the OASIS reports.

14. There was an issue in OASIS that involved contributions double-posting for a few files because contributions for regular pay and overtime pay were posting with a Regular pay reason, but an extra erroneous Overtime pay reason was posting with a wage amount of \$0.01. The correct amount of contributions was being received, but the total amount of contributions paid was being reported with both the correct and incorrect pay reasons. This was resolved before July 2018.

15. If CPRB is not notified when agencies are established, ended, or merged in order to update information in COMPASS, reports go into error. OASIS has worked with CPRB to give notice before these changes occur and CPRB has successfully updated all affected agencies.

III. Ongoing Issues

The following are issues that have not been fully resolved:

1. Gross salaries were being reported incorrectly when reporting the No Hardship Recovery Payment deduction. As of July 1, 2018, a correction was implemented so that only pensionable wages are reported to match to the contributions received on payments where this deduction was withheld from the member's pay and all these contributions now balance. Additionally, OASIS has given ER staff access to run a report to identify No Hardship deductions at the time of retirement and access to pay stubs so staff can see corrected measures. However, incorrect hours worked are still being received for these deductions. ER staff can easily correct the hours, but OASIS is still trying to identify why this is happening so the issue can be fixed.
2. Reinstatement payments were coming through as pre-tax instead of post-tax, with the payment reason listed as Regular Pay instead of Reinstatement, and with service and wages reported. The payment reason and taxable status have been corrected and service is no longer being reported, but wages are still being reported. OASIS has logged a bug to have this fixed. There are fewer than 20 of these on each report, so in the meantime Employer Reporting is able to work around this issue by simply removing the wages before the record is posted.
3. When employers make negative corrections on supplemental payrolls, this makes the entire report negative. There are few of these – usually fewer than five members per report – and ER staff can correct them after researching in the OASIS system and/or with the employer to determine what the correction was for, but then IT has to delete the negative report so that money can be posted for the positive payments on the report. A possible work around could be to reject negative summaries that hold up the money posting process so the positive payroll can run. Then IT can provide a report of the negative details to ER staff so that they can correct the negative payments and document the changes made. This would prevent holdups in the process and eliminate the need to have IT delete the negative report. This work around is not currently in place.
4. Trooper B overtime is not being reported through the interface file. CPRB has received reports from OASIS for 2017 and 2018 amounts to be inserted into each member's account by IT. CPRB's CIO is meeting with OASIS to work out a solution to this problem.
5. OASIS files do not always contain all cancellations and redeposits due to the timing of some corrections by employers, which results in unbalanced reports, missing member information in COMPASS, etc. Employer Reporting staff is currently able to work around this by running OASIS reports to find these transactions and make corrections, but this is

not feasible as a long-term solution. OASIS is still trying to determine why this is happening so that it can be corrected.

6. CPRB staff are working with OASIS to correct all deductions in OASIS so that all pay events, deduction types, leave events, and fringe pay types that should not have contributions reported are marked as non-pensionable. Bi-weekly meetings have been held for about a year to work on this and will continue until all deductions have been verified.

This memo will be presented to the Internal Audit Committee at its next meeting. As requested by the Committee, I will test some of the resolved issues for data accuracy and report those findings at a future meeting. Should you have any questions or need further information, please let me know.