

**MINUTES OF THE
WV CONSOLIDATED PUBLIC RETIREMENT BOARD
INTERNAL AUDIT COMMITTEE MEETING
OF AUGUST 25, 2020**

A meeting of the West Virginia Consolidated Public Retirement Board Internal Audit Committee was held on Tuesday, August 25, 2020. Due to the COVID 19 Pandemic, the meeting was conducted via conference call. The 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. The meeting was called to order at 11:00 a.m. by Cabinet Secretary Allan L. McVey, Chair.

Participants on the public call-in line were:
Tim Abraham, CPRB Compliance Officer
Lisa Trump, CPRB Manager, Retirement Section

Roll Call

Members present were:

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

Member absent was:
Jeff Waybright, *representing Auditor John McCuskey*
Michael Corsaro

A quorum was present.

Due notice had been published.

Also present were (at CPRB Office):

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

Item #3: Approval of the June 1, 2020 Meeting Minutes.

Mr. Vallet made a motion to approve the June 1, 2020 meeting minutes. The motion was seconded by Ms. Stout. The motion was adopted.

Item #4: CY 2019 Internal Audit Compliance Review

Tina Baker, CPRB Internal Auditor, gave a report of the CY 2019 Internal Audit Compliance

Review. Ms. Baker stated that the objective of the review was to determine compliance with recommendations made by the Internal Auditor in internal audit reports released in CY 2019. She reviewed the scope and methodology she used in completing the review as well as the summary of findings.

Items included in the CY2019 Compliance Review were:

1. DSRS and TRS Disability Medical Recertifications (April 2019)

Recommendation 1: The Internal Auditor recommended that written policies and procedures be developed for processing DSRS and TRS disability medical recertifications.

She reported the Agency was not in compliance.

Recommendation 2: The Internal Auditor recommended that a follow-up evaluation be conducted in the future when more annual recertifications had been processed in COMPASS. This follow-up should include a discussion of IT's findings regarding the incorrect denied cases in some TRS disability files in COMPASS.

She reported the Agency had a plan for compliance.

Recommendation 3: The Internal Auditor recommended that the management team work together to determine how best to resolve the issue of inaccurate or irrelevant documents remaining in imaged documents.

Ms. Baker reported that the agency had a plan for compliance.

Recommendation 4: The Internal Auditor recommended that when written procedures are developed for these documents, the requirements that all forms should be imaged and include details for how to handle missing information on physician forms to ensure consistency and compliance with relevant requirements.

Ms. Baker reported that the Agency was not in compliance.

2. PERS Refunds Follow-Up Review (July 2019)

Recommendation 1: The Internal Auditor recommended that the CPRB Error Correction Policy be reviewed and updated as necessary to accurately reflect policies now in place with the COMPASS system.

Ms. Baker reported that the Agency had a plan for compliance.

Recommendation 2: The Internal Auditor reiterates the recommendation made in past audits that the management team work together to determine how best to resolve the issue of inaccurate or irrelevant documents remaining in imaged documents.

Ms. Baker reported that, as previously discussed, the agency had a plan for compliance.

Recommendation 3: The Internal Auditor recommended that executive management consider creating a position (perhaps serving under the direction of the Financial Reporting Specialist III position serving as liaison between IT and Operations) to focus on researching issues in COMPASS caused by converted data and having them corrected

Ms. Baker reported that the Agency was in compliance.

3. CY 2016-2017 Compliance Review

Recommendation 1: The Internal Auditor recommended a follow-up review of DSRS disability annuities be conducted in CY 2020.

Ms. Baker reported that the Agency was in compliance.

Recommendation 2: The Internal Auditor recommend that compliance with recommendations evaluated in this review that had compliance level other than “In Compliance” be reevaluated in the 2020 compliance review.

Ms. Baker went on to say that there were two recommendations with compliance levels of “Partial Compliance” and two with compliance levels of “Planned Compliance”. Those were detailed and updated below.

Special Memo - Retirement Annuity Issues Caused by Repayment of No Hardship Payments (March 2, 2016)

Recommendation 3: CPRB should notify the Enterprise Resource Planning Board of the issues that are being encountered so that official action can be taken to standardized this payroll process and determine what other areas besides retirement may have been affected by the variances in how repayments are being deducted. She added that the initial audit listed the Level of Compliance as Partial Compliance but the updated Level of Compliance was In Compliance. She went on to say that the OASIS update giving employers more options for deducting No Hardship payments had resulted in more consistency and accuracy in how these are handled.

Special Memo – Proposed Processes for Addressing State Auditor’s Office Audits (March 2, 2016)

Recommendation 1: In order to ensure that audit findings are addressed, the Internal Auditor proposed procedures to be implemented. She reviewed all three procedures and reported that the initial Level of Compliance of the agency was Planned Compliance. She that the proposed procedures were not followed but the COO had indicated that in the future, if the State Auditor’s Office reports exceptions, the proposed procedures would be followed. The updated Level of Compliance was still Planned Compliance because the State Auditor’s Office had not completed any new reports for CPRB review.

AR-16-01 – Internal Audit of Deputy Sheriff Retirement System Annuity Calculations (April 15, 2016)

Recommendation 1: It was recommended that the DSRS written policies and procedures be updated and utilized when the processes for COMPASS were finalized. The Internal Auditor reported the initial Level of Compliance was Partial Compliance. She went on to say that management had indicated that a more comprehensive manual would be developed but it had not been done at the time of the review. She added that the updated Level of Compliance was Planned Compliance.

AR-17-02 – Internal Auditor of Annuitant Death Processes (August 14, 2017)

Recommendation 1: The Internal Auditor recommended that when written policies and procedures were developed for deaths processes, they include details for handling the collection of overpayments that had not been timely returned and instances of potential fraud. The initial Level of Compliance was Planned Compliance. She reported that the review the Level of Compliance is still Planned Compliance, adding that Outside Legal Counsel is working on the request.

She then answered questions from the Committee members.

Mr. Vallet made a motion to accept the Internal Audit report. Mr. Stout seconded the motion. The motion was adopted.

Item #5: DSRS Annuity Calculations Follow-Up Review

Chair McVey recognized Tina Baker, CPRB Internal Auditor, to update the committee on the evaluation of DSRS annuity calculations to determine whether controls were sufficient in the COMPASS system and operating as intended to provide reasonable assurance that DSRS annuities were calculated in compliance with relevant rules and statutes. Ms. Baker reviewed her Summary of Findings and

Recommendations. She made the following Recommendations:

1. The Internal Auditor recommended that the Retirement manager provide a written update to executive management of outstanding items as detailed in her report.
2. The Internal Auditor recommended that a Retirement section policy be developed to always notify the retiree and employer if the total amount of unused annual leave cannot be used toward retirement.
3. The Internal Auditor recommended that when written policies and procedures were developed for DSRS retirement processes, these include the details discussed in her report.

Mr. Vallet made a motion to accept the DSRS Annuity Calculations Follow-Up Review as presented by the Internal Auditor. Ms. Stout seconded the motion. The motion was adopted.

Item #6: Other Business

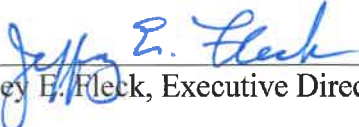
Mr. McVey inquired as to other business. None was heard.

There being no further business to come before the committee, Ms. Stout made a motion to adjourn the August 25, 2020 meeting of the CPRB Internal Audit Committee. The motion was seconded by Mr. Vallet. The motion was adopted.

The meeting adjourned at 11:17 a.m.

Respectfully submitted,


Cabinet Secretary Allan L. McVey, Chair


Jeffrey E. Fleck, Executive Director