

NEW MEXICO
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
AUDIT & BUDGET
COMMITTEE MEETING

September 8, 2015

This meeting of the Public Employees Retirement Board Audit & Budget Committee was called to order by Chair Stewart Logan at approximately 9:00 a.m. on the above-cited date in the PERA Building, Fabian Chavez Board Room, 33 Plaza La Prensa, Santa Fe, New Mexico.

Following the Pledge of Allegiance, roll was called by Executive Director Wayne Propst and a quorum was established as follows:

Members Present:

Stewart Logan, Chair
Jackie Kohlasch, Vice Chair
John Reynolds
Tim Eichenberg

Member(s) Excused:

Dianna Duran

Other Member(s) Present:

Patty French
Louis Martinez
Paula Fisher

Staff Members Present:

Wayne Propst, Executive Director
Susan Pittard, Chief of Staff-General Counsel
Jonathan Grabel, Chief Investment Officer
Greg Trujillo, Deputy Director
Renada Peery-Galon, ASD Director
Natalie Cordova, Chief Financial Officer
Claudia Armijo, Assistant General Counsel
Greg Portillos, Information Systems Manager
Judy Olson, Executive Assistant

Others Present:

Matt Doxtator, REDW

2. APPROVAL OF AGENDA

Mr. Reynolds moved to approve the agenda as presented. His motion was seconded by Ms. Kohlasch and passed by unanimous [4-0] voice vote.

3. APPROVAL OF CONSENT AGENDA

Chair Logan said he reviewed the August 11, 2015 minutes and found them to be accurate and complete.

Mr. Reynolds moved to approve the consent agenda. His motion was seconded by Treasurer Eichenberg. The motion passed by unanimous [4-0] voice vote.

4. CURRENT BUSINESS

A. Informational Item: Update on Internal Audit

Natalie Cordova, Chief Financial Officer, provided an update on the internal audit plan and noted that the census date and employer payroll information audit were performed, completed and presented to the PERA Board on July 14, 2015. She noted that REDW has provided IT security awareness and internal audit trainings for staff. They have also gathered information on the custody bank transfer process.

Fiscal year 2-016, REDW will continue the custody bank transfer review and begin the internal audits, stated Ms. Cordova. She noted that a copy of the internal audit plan was distributed during the recent Board retreat, which addresses each audit area.

Matt Doxtator, REDW, said the internal audit training was to assist staff in understanding the difference between the financial statement audit and the internal audit. The internal audit is focused on the 'how' versus the external audit's focus on the 'what.' Mr. Doxtator stated that, Tina MacGregor, PhD in information technology, presented the IT security awareness session.

Regarding records retention, Ms. French asked what the auditors looked for in this regard. Deputy Director Trujillo said that there are different retention requirement periods for records. The state records center is looking to streamline retention periods and has been modifying rules through a rulemaking hearing process. Retention schedules are built into PERA's imaging system, which interfaces with RIO. Some paper records are shipped to the state records center and they advise PERA when records are due for destruction. It is PERA's decision whether to destroy records or not. PERA currently has ample storage space to retain hard copies. Mr. Trujillo advised the Board that PERA's electronic images are official records.

B. Informational Item: Update on GASB 67/68 Reporting

Ms. Cordova reviewed PERA's statewide outreach efforts on this topic. She noted that PERA recently presented the information to IPOC and New Mexico Municipal League.

Ms. Cordova said PERA officially received its release from the State Auditor on the Schedule of Employer Allocations and Pension Amounts. The schedule was placed on PERA's website under the GASB Changes tab. PERA and Moss Adams are working together on helping the users of the Schedule to understand its contents and how to navigate and use the report. Within the next few weeks, PERA will begin the confirmation process of its employer participants, determine which participants pay contributions on behalf of their employees, and how they account for it in the year ended June 30, 2015.

Ms. Cordova said staff incorporated the Board feedback into the schedule and GASB information.

C. Informational Item. Update on FY14 Financial Statement Reissuance and the CAFR Award

Ms. Cordova reported that on August 12, 2015, PERA received the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the US and Canada. She noted that PERA has received this award a number of times, and participating in the program helps ensure that the users of PERA's financial statements have the information they need to assess financial health of the organization. She reviewed the ranking method to receive the award. PERA is one of 13 entities in the State of New Mexico awarded the certificate. There are 171 public employee benefit systems that were also awarded the certificate.

The impetus for the reissuance of the FY14 Financial Statement, stated Ms. Cordova was the requirement under GASB 67 and 68 related to employer and employee contributions. PERA will account for the FY15 contributions from its employers using "effective" dates, and will split out – employer pick-up confirmation – contributions between member contributions, employer contributions and employer paid member contributions.

D. Informational Item: Update on the FY15 Financial Audit

Ms. Cordova said the FY15 financial audit is already underway with auditors Moss Adams. She reviewed a calendar of events beginning in June 2015 and ending in December 2015, and noted the responsible party and description leading to the submission of the audit. The exit conference will be presented to the Board in November during an executive session.

5. OTHER BUSINESS


Mr. Reynolds requested a report at the next Audit & Budget Committee meeting regarding PERA's lobbying budget and PERA's current contracted lobbyist, to include the terms of the contract, and when the RFP for those services was released.

Chair Logan said he would work with Mr. Propst on preparing that agenda item for the October meeting.

6. **ADJOURNMENT**

Having completed the agenda, Chair Logan adjourned this meeting at approximately 9:50 a.m.

Approved by:



Stewart Logan, Chair
Audit & Budget Committee

ATTEST:



Wayne Propst, Executive Director