

Assurance Report

1703 Funding Actuarial File Review (FYE 2016)

October 31, 2016

Cindy Rougeou, Executive Director
The LASERS Audit Committee

EXECUTIVE SUMMARY

A thorough review and testing of the actuarial file was performed by LASERS staff to help ensure that all critical errors found on the actuarial file were resolved. The actuarial file was submitted to the LASERS actuary and the Legislative Actuary prior to the September 1st deadline. There were no reportable observations identified during this review.

BACKGROUND

This was a planned engagement on the fiscal year end 2017 Audit Plan. The fieldwork for this engagement was completed on September 26, 2016.

LASERS is required to supply member and retiree data to the Legislative Actuary and the LASERS actuary for the production of the annual actuarial valuation. According to R.S. 11:127(C), the actuaries for the public retirement systems, plans, or funds and the legislative actuary shall submit annual actuarial valuations to the Public Retirement Systems' Actuarial Committee (PRSAC).

The overview of the annual process for producing the actuarial file is as follows:

- The process generally begins in mid-July. Certain prerequisite activities must be completed before the actuarial data file can be developed for testing. (e.g., final posting of June employee contributions, complete processing of retirement applications with a retirement date on or before June 30th).
- The Information Technology (IT) Division prepares the actuarial files which contain LASERS member and retiree data in a format provided by the Legislative Actuary.
- The Audit Services and Fiscal Divisions perform a series of tests designed to verify the validity and completeness of the records on the file and identify possible errors requiring correction.

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Cindy Rougeou, Executive Director

Critical errors are reviewed and corrected by Member Services, IT, and/or Fiscal Division staff.

The file is typically delivered to the LASERS actuary and the Legislative Actuary the last week in August. The LASERS actuary typically has the valuation report ready for distribution and presentation to the LASERS Board of Trustees for the September board meeting.

SCOPE, OBJECTIVES, AND METHODOLOGY

The scope of this engagement was to independently test the actuarial programs used to produce the LASERS funding actuarial file and to test the accuracy of the data on the fiscal year end 2016 funding actuarial file.

The objectives of this engagement were to:

- Verify that the data on the LASERS actuarial files are valid and complete.
- Identify and verify control totals that can be tied from the actuarial valuation to the financial statements.
- Revise Audit Command Language (ACL) scripts used in the actuarial file tests to increase the efficiency of the testing process in future years.

Procedures used to complete this engagement included:

- Using ACL to analyze the actuarial file and perform comparisons to SOLARIS data.
- Researching and communicating any critical data and programming errors discovered.
- Comparing for reasonableness, the data included in the actuary's funding valuation with the funding actuarial file produced and submitted by LASERS.
- Working with the Member Services, IT, and Fiscal Divisions to correct errors noted.

This engagement was conducted in accordance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

FOLLOW-UP

A follow-up to this engagement is not necessary.



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