

Assurance Report

2018 Benefit Calculation Review

June 1, 2020

Cindy Rougeou, LASERS Executive Director
The LASERS Audit Committee

EXECUTIVE SUMMARY

Overall, Member Services has effective procedures in place with regard to the handling of retirement benefit calculations for LASERS members. No reportable issues were identified during this review.

BACKGROUND

This was a planned engagement on the fiscal year end 2020 Audit Plan. The fieldwork for this engagement was completed on May 8, 2020.

LASERS Member Services Division calculates retirement benefits in accordance with Title 11 of the Louisiana Revised Statutes. Preliminary retirement benefit calculations are performed when a retirement application is received by using membership data that is posted to member records. Final retirement benefit calculations are performed once all agency contributions for the member have been received and posted to the member's records.

The formula used to determine the maximum monthly base retirement benefit is: service credit times final average compensation times retirement plan accrual rate. If any component of this formula is incorrect, the monthly benefit amount will be in error. Member Services conducts an in-depth review of the member's record when performing the preliminary calculation, final calculation, and the final approval phases of the retirement calculation process. Additionally, the same individual does not perform a successive step in the retirement calculation process. For example, the individual that performs the preliminary calculation is not able to perform the final calculation.

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Cindy Rougeou, Executive Director

SCOPE, OBJECTIVES, AND METHODOLOGY

The scope of this engagement included a review of all benefit calculations for the time period of January 1, 2019 to December 31, 2019. A sample of calculations was reviewed manually, along with results from automated testing methods. In addition, a sample of calculations from the supervisory review was verified.

The primary objectives of this engagement were to determine if:

- Retirement benefit calculations and reviews are being performed in accordance with applicable regulations and procedures.
- SOLARIS data used to process retirement benefit calculations agrees with documentation in OPTIMUS.

Procedures used to complete this engagement included:

- Interviewing LASERS staff.
- Researching and examining controls, policies, and laws.
- Analyzing SOLARIS and OPTIMUS data.
- Recalculation a sample of retirement benefits.
- Examination of supervisory review documentation.
- Conducting other inquiries considered necessary to achieve engagement objectives.

This engagement was conducted in accordance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing and the policies and procedures of the Audit Services Division.

FOLLOW-UP

No follow-up is necessary.


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