

LASERS Benefits Louisiana.

Louisiana State Employees'
Retirement System



Board Book



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NOTICE AND AGENDA
Audit Committee Meeting
Thursday, March 23, 2023
12:30 p.m.

The Audit Committee will meet in the fourth floor Board room of the Retirement Systems Building, 8401 United Plaza Boulevard, Baton Rouge, Louisiana.

Please silence your cell phone before meeting begins.

I. CALL TO ORDER

II. ROLL CALL

III. PUBLIC COMMENT (allowed upon request before action items)

IV. REGULAR BUSINESS

1. Approval of the minutes of the December 8, 2022, meeting of the Audit Committee **(Action Item)**
Virginia Burton, Chair
2. FYE 2023 Audit Projects Status Update
Ryan Babin, Audit Director

V. NEW BUSINESS

1. Semi-Annual Review of Open Items Report
Ryan Babin, Audit Director
2. Audit Committee Fundamentals Manual (separate handout)
Ryan Babin, Audit Director
3. Customer Service Evaluation Survey Results
Ryan Babin, Audit Director
4. Reports to be Reviewed
Ryan Babin, Audit Director
5. Audit Director's Comments
Ryan Babin, Audit Director

6. Executive Director's Comments
Cindy Rougeou, Executive Director

7. Auditor Review with Committee
Ryan Babin, Audit Director

VI. OTHER BUSINESS

VII. ADJOURNMENT

NOTE: If special accommodations are needed, please contact this office prior to meeting.

**Louisiana State Employees' Retirement System
Audit Committee Meeting
Thursday, December 8, 2022**

The Audit Committee of the Louisiana State Employees' Retirement System met on Thursday, December 8, 2022, in the fourth floor Board Room of the Retirement Systems Building located at 8401 United Plaza Boulevard, Baton Rouge, Louisiana.

Ms. Barbara McManus, Committee Chair, called the meeting to order at 12:36 p.m. Roll was called by Ms. Beth Labello, recording secretary.

Members Present: Mr. Thomas Bickham, Ms. Virginia Burton, Mr. Byron Decoteau, Ms. Ternisa Hutchinson, and Ms. Barbara McManus

Staff Present: Mr. Ryan Babin, Audit Director; Ms. Cindy Rougeou, Executive Director; Mr. Trey Boudreaux, Chief of Staff; Mr. Travis McIlwain, Chief Administrative Officer; Ms. Tina Grant, Executive Counsel; Mr. Artie Fillastre, Chief Fiscal Officer; Mr. Johnathon Sprouse, IT Director; Mr. Logan Davis, IT Technical Support Analyst; Mr. Osama Amous, IT Technical Support Analyst; and Ms. Beth Labello, recording secretary

Also Present: Judge William Kleinpeter, Ms. Amy Mathews, Mr. Julius Roberson (designee of the Treasurer), Ms. Shannon Temple, and Ms. Shelley Johnson, Foster & Foster

A quorum was present, and the meeting opened for business.

Public Comment

Ms. McManus called for public comment. There were no public comments.

Regular Business

Ms. McManus called for approval of the minutes of the September 29, 2022, Audit Committee Meeting. **Mr. Bickham moved, seconded by Mr. Decoteau, to approve the minutes. With no objection or discussion, the motion passed.**

Mr. Babin reviewed the Fiscal Year Ending 2023 Audit Projects Status Report.

New Business

Mr. Babin reviewed the Employer Pension Audit Report (GASB 68) for FYE 2022. The report received an unqualified opinion, which is the highest level of opinion that can be received.

Mr. Bickham moved, seconded by Ms. Hutchinson, to recommend the Board accept the Employer Pension Audit Report (GASB 68) for FYE 2022, as presented. With no objection or discussion, the motion carried.

Mr. Babin presented the annual closed items report.

Mr. Babin reviewed the Audit Committee satisfaction survey results for 2022.

Mr. Babin reviewed the customer service evaluation survey results. No responses were received by the Judicial Branch of Louisiana.

Mr. Babin reviewed the executive summary of audit reports.

Audit Director's Comments

Mr. Babin had no additional comments.

Executive Director's Comments

Ms. Rougeou had no comments.

Other Business

No other business was discussed.

Adjournment

The meeting adjourned at 12:46 p.m.

FYE 2023 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
01	Member Services/Fiscal/IT	Employer Self-Service Security	LASERS has a project planned to upgrade the security framework and features with the online portal used by employer agencies. Audit Services will be involved in this project. Project 2126 - fieldwork being performed. This project is currently on hold until the upcoming Employer Self-Service project is started. Related to #24 below.	N/A	5/17/2021	
02	Executive/IT	Incident Response Plan Review	LASERS will be performing various testing scenarios/exercises to assist with further developing and improving the Incident Response Plan. Audit Services will be involved in these testing scenarios/exercises. Project 2120 - COMPLETED.	N/A	2/8/2021	8/8/2022
03	All Divisions	Phone System Upgrade/Replacement Project	LASERS is in the process of perform and upgrade/replacement of the current phone system. This is a major system implementation project that involves and impacts all LASERS divisions. Project 2211 - COMPLETED.	N/A	10/19/2021	12/8/2022
04	Member Services	Benefit Calculation Review	2217 - COMPLETED.	N/A	12/20/2021	2/2/2023
05	Fiscal	1099-Rs	2201E - Empower Portion - COMPLETED.	N/A	8/13/2021	6/8/2022
06	Fiscal	Required Minimum Distributions (RMD)	2201F - Empower Portion - report being finalized.	N/A	8/23/2021	
07	IT	Microsoft Defender for Endpoint (Implementation)	Audit Services is participating in this project initiated by IT to replace Symantec, LASERS antivirus software with Microsoft Defender for Endpoint. Project 2221 - report being drafted.	N/A	2/10/2022	
08	IT	Firewall Upgrade and Replacement	Audit Services is participating in this project initiated by IT to upgrade and replace LASERS existing firewalls. Project 2222 - fieldwork being finalized.	N/A	2/10/2022	

FYE 2023 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
09	IT	Backup and Replication Process Review	The project will consist of reviewing IT's process in place to backup and replicate LASERS data. Project 2210 - fieldwork being performed. March 2023 Update: Audit Services is in the early stages of fieldwork and has decided to pause work due to higher priority projects that we are involved in with IT. The Audit and IT resources needed for this project are currently involved in those higher priority projects.	N/A	10/21/2021	
10	Executive/IT	Business Continuity/Disaster Recovery	At a minimum, this project will consist of evaluating the quarterly disaster recovery testing exercise and related processes. 2216 - COMPLETED.	N/A	12/16/2021	8/15/2022
11	Member Services/Fiscal	Employer Agency Reviews	Testing of employer agencies is conducted throughout the fiscal year. As one employer agency review is completed another is started.	Jul-Jun	N/A	N/A
		2214 Judicial Branch of Louisiana	COMPLETED.	N/A	12/8/2021	8/24/2022
		2306 University of Louisiana at Lafayette	COMPLETED.	N/A	7/15/2022	10/10/2022
		2308 Louisiana Department of Wildlife and Fisheries	COMPLETED.	N/A	8/22/2022	11/1/2022
		2312 Department of Transportation & Development	Fieldwork being performed	N/A	10/10/2022	
		2313 Louisiana House of Representatives	COMPLETED.	N/A	10/11/2022	1/25/2023
		2314 Louisiana Housing Corporation	Fieldwork being performed	N/A	2/3/2023	
12	Member Services/Fiscal	Employer Agency Queries	This project consists of a monthly evaluation of automated testing on employer agencies related to proper enrollment of members and rehired retirees and leave reporting for retirees.	Jul-Jun	N/A	

FYE 2023 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
			This project consists of the development of new automated testing for employer agencies.	Jul-Jun	N/A	
13	Audit Services	Fraud Investigations	Project 2388 - fieldwork being performed.	Jul-Jun	8/22/2022	
14	Member Services/Fiscal/IT	myLASERS and Workspace (FYE 2023)	certain security and functionality changes to the myLASERS online portal and Workspace (internal customer service application). Audit's involvement will vary depending on the scope of work scheduled in this area. An approved plan and work schedule in this area for FYE 2023 has not been finalized yet. March 2023 Update: Status unchanged.	Jul-Jun		
15	IT	IT Security and Other Related Initiatives (FYE 2023)	Audit Services plans to have involvement in LASERS IT security and other IT related initiatives during FYE 2023. Individual projects will be created and resources assigned for each initiative/change where audit is involved.	Jul-Jun		
		Asana Implementation	Audit Services is participating in this project initiated by IT to implement Asana, which is a solution to assist LASERS with the management of projects enterprise-wide. Project 2311 - fieldwork being performed.	N/A	10/5/2022	
		Managed Detection and Response Solution	Audit Services is participating in this project initiated by IT to migrate towards a solution that provides 24x7 monitoring of our networks, endpoints, etc., designed to help detect, respond, and recover from cyber attacks. As part of this project, possible vendors will be evaluated and, upon selection/approval, the implementation phase will be completed. Project 2317 - fieldwork being performed.	N/A	11/16/2022	

FYE 2023 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
16	All Divisions	Enterprise Risk Management (ERM)	This is an annual consulting project where the Audit Services Division works with the Chief Risk Officer (CRO) to evaluate the various components of ERM that are in the process of being implemented. Audit's involvement will vary depending on the scope of work scheduled in this area. Project 2303 - fieldwork being performed.	Jul-Jun	7/6/2022	
17	Fiscal/IT	Pension Payroll/W-4P updates	Fiscal is working with IT to implement changes to SOLARIS relating to W-4P updates. Audit Services plans to review requirements and testing associated with these changes when they become available. Project 2315 - fieldwork being finalized.	Jul-Sep	10/18/2022	
18	Member Services/Fiscal/IT	Nonrecurring (One-Time) Supplemental Payment	Project 2305 - COMPLETED.	Jul-Sep	7/5/2022	11/1/2022
19	Investments/Fiscal	Investment manager review	Project 2304 Insight Partners - fieldwork being finalized.	Jul-Sep	7/1/2022	
20	Audit Services	MOSERS Internal Audit Division Peer Review	A member of the LASERS audit staff will be part of the team that will conduct a peer review of MOSERS Internal Audit division. Project 2307 - project being finalized.	Jul-Dec	8/1/2022	10/19/2022
21	Fiscal	External Financial Statement Audit Report and Funding Actuarial Valuation Report Review	This is an annual project that consists of a review of the external financial statement audit report and the funding actuarial valuation report. A cross comparison to the funding actuarial valuation report is also performed as part of this project. Project 2309 - COMPLETED.	Sep	9/9/2022	10/12/2022

FYE 2023 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
22	Investments/Fiscal	Service Organization Control (SOC) Report Review for Investment Vendors	This is an annual project where Investments and Audit Services perform a review of the SOC reports for LASERS external investment managers and custodian bank, BNY Mellon. SOC for Service Organizations reports are designed to help service organizations that provide services to other entities, build trust and confidence in the service performed and controls related to the services through a report by an independent CPA. Project 2316 - report being finalized.	Sep-Dec	11/10/2022	
23	Fiscal	Externally Managed Investments Reconciliation Process Review	This project will cover areas not reviewed during Project 1619 Investment Accounting Review. Project 2310 - fieldwork being performed.	Oct-Dec	9/19/2022	
24	Fiscal/IT	Employer Self-Service (ESS)	This is phase of the ESS project which includes upgrades to security and branding to match myLASERS. Audit's involvement will vary depending on the scope of work scheduled in this area. An approved plan and work schedule in this area for FYE 2023 has not been finalized yet. March 2023 Update: Status unchanged.	Oct-Dec		
25	Investments/Fiscal	Investment manager review		Jan-Mar		

FYE 2023 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
26	All Divisions	Continuous Auditing of Various Processes	Continuous Auditing Queries performed in the following areas: <ul style="list-style-type: none"> - Accounting Processes (SOLARIS) - Accurint Search Activity - Benefits - Death - Disability - Membership - Refunds - Service Purchases - Transfers 			
			This is the project for the research of the exceptions identified during this testing.	Jul-Jun	N/A	
			This project consists of the development of new continuous auditing tests.	Jul-Jun	N/A	
			This project includes the testing of the actuarial data files submitted to the System Actuary for completion of the funding actuarial valuation. This will cover the most recent previous fiscal year. Project 2301E - COMPLETED.	Jul-Sep	7/1/2022	9/30/2022
			Review of IRS Form 1099-R issued by LASERS. Project 2301F - COMPLETED.	Oct-Feb	8/1/2022	2/16/2023
			Review of Required Minimum Distributions issued by LASERS. Project 2301G - COMPLETED.	Aug-Jan	8/1/2022	2/16/2023
27	Audit Services	Audit Services Follow Up Activities	This project consists of follow up on open items from previous projects conducted by the audit division.	Jul-Jun	N/A	
		ADMINISTRATIVE WORK				

FYE 2023 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
	Audit Services	Administrative work—including audit committee preparation, preparing audit division budget, updates of the charter, updates of the audit services division procedure manual, audit plan development, staff performance evaluations, travel, etc.			N/A	
		<u>UNBUDGETED PROJECTS</u>				
	Audit Services	These projects will consist of those not planned at the start of the fiscal year.			N/A	
		<u>PERCENTAGE OF HOURS ALLOCATION</u>				
		84.71%	Budgeted Projects			
		2.01%	Follow up Activities			
		5.37%	Unbudgeted Projects			
		9.15%	Administrative Time			
		<u>PERFORMANCE MEASURES</u>				
		Audit Committee Satisfaction Survey	Feedback will be used to identify improvements.			
		External Quality Assessment (Peer) Review	Performed once every five years and should receive a "generally complies" rating which is the highest offered.			
		Training hours per auditor	Each auditor must obtain 40 hrs of continuing education each fiscal year.			
		<u>STAFFING RESOURCES</u>				

FYE 2023 Audit Plan

#	Division	Engagement Name	Status/Comments	Planned Start Period	Actual Start Date	Actual Completion Date
		<u>Name and Position</u>	<u>Certifications</u>	<u>LASERS Audit Experience (Approx.)</u>		
		Ryan Babin, Audit Director	Certified Public Accountant (CPA), Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA)	19½ years		
		Hollie Cowell, Staff Auditor	CPA, CIA, CISA	12½ years		
		Reece Babin, Staff Auditor	CISA	5½ years		
		Nicole Xue, Staff Auditor		4½ years		
		Laura Sena, Staff Auditor	CPA, CIA	3 years		

Multi-Year Audit Plan

#	Audit / Project	Division(s)	2024	2025	2026	2027	2028	Comments
01	Investment Manager Review	Investments/Fiscal	X	X	X	X	X	At least one review performed each fiscal year.
02	Actuarial File Testing (Funding)	Member Services/Fiscal	X	X	X	X	X	Annual project.
03	Form 1099-R	Fiscal/IT	X	X	X	X	X	Annual project.
04	Required Minimum Distributions (DROP/IBO Accounts)	Fiscal/IT	X	X	X	X	X	Annual project.
05	External Financial Statement Audit Report and Actuarial Funding Valuation Report Review	Fiscal	X	X	X	X	X	Annual project.
06	Benefit Calculation Review	Member Services	X		X		X	Project performed biennially.
07	Audit Charter and Policy Compliance Review	Audit Services	X		X		X	Project performed biennially.
08	Employer Agency Compliance Reviews	Member Services/Fiscal	X	X	X	X	X	Several projects performed annually.
09	Fraud Investigations	Audit Services	X	X	X	X	X	Annual project.
10	SOC Report Review for Investment Vendors	Investments/Fiscal	X	X	X	X	X	Annual project.
11	Enterprise Risk Management (ERM)	All Divisions	X	X	X	X	X	This is an annual consulting project where the Audit Services Division works with the Chief Risk Officer (CRO) to evaluate the various components of ERM that are in the process of being implemented.
12	Investment Accounting Operational Review	Fiscal		X				This project will cover areas not reviewed during Project 1619 Investment Accounting Review and the review planned for FYE 2023
13	SOLARIS User Security Update and Review	Member Services/Fiscal/IT	X					This will be a consulting and assurance type project. Member Services will be initiating a project to evaluate and update the user security roles in SOLARIS. Audit will provide feedback and recommendations in this area as the suggested updates are being developed and implemented. This project will also include an evaluation of all non-Member Service user security roles in SOLARIS to ensure proper configuration.
14	Excess Benefit Arrangement (IRC 415(b))	Fiscal	X					

Multi-Year Audit Plan

#	Audit / Project	Division(s)	2024	2025	2026	2027	2028	Comments
15	Service Purchases, Repay Refunds, and Transfers (In and Out)	Member Services	X					
16	Annuitant Verifications (International and Over Age Certain Age)	Member Services	X			X		
17	Actuarial File Layout Update Project	Executive/Member Services/Fiscal/IT	X					
18	DROP/IBO processes	Member Services/Fiscal	X					
19	Records Retention	Executive	X					
20	Refunds	Fiscal	X					
21	Survivor Non-Calculation Processing	Member Services		X				
22	Travel Expenditure and Compliance Review	Fiscal	X					
23	Internal Portfolio Review	Investments/Fiscal	X					At least once every 3-5 years. Last completed during FYE 2019.
24	Experience Study	Member Services/Fiscal/IT	X					This project will consist of testing the experience study data files before being submitted to the System Actuary.
25	Customer Service	Member Services	X					This will be a follow-up engagement to Project 1508 to ensure a review of the items that were not covered during this project are assessed.
26	Agency Governance Review	Executive	X					At least once every five years.
27	Review of Audit Committee Charter, Audit Services Division Charter, and Audit Resolution Policy & Procedures	Audit Services		X				Performed every three years. Last review completed during FYE 2022.
28	Internal Quality Assurance Review	Audit Services		X				A full internal quality assurance review is completed in the fiscal year prior to an external quality assurance review. The next external quality assurance review is scheduled for FYE 2026.
29	Custodian Bank	Investments/Fiscal		X				At least once every five years. Last review completed in FYE 2020.
30	GASB 68 Actuarial File Testing	Member Services/Fiscal/IT		X				At least once every three years. Last review completed in FYE 2022
31	External Quality Assurance Review	Audit Services			X			At least once every five years. Next review planned for FYE 2026.
32	Ethics Program Review	Executive			X			At least once every five years. Last review completed in FYE 2021.

Multi-Year Audit Plan

#	Audit / Project	Division(s)	2024	2025	2026	2027	2028	Comments
33	Business Continuity Plan	Executive				X		At least once every five years. Last review completed in FYE 2022.
34	Investment Consultant	Investments				X		At least once every five years. Last review completed in FYE 2022.



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Engagement #
and Title

Item # Observation

Recommendation/Audit Comments

1603 Audit Charter
and Policy
Compliance
Review

01D Audit Services Division Charter Provision (B. Organizational status, 3.):
The internal auditors have neither authority nor operational responsibility for any of the procedures or activities of LASERS. This independence promotes essential impartial and unbiased judgments, and assures appropriate consideration and effective action on observations and recommendations. Specifically, the division or its staff shall not design, install or operate any program or system, or engage in any other activity that could reasonably be construed to compromise its independence and objectivity.
Furthermore, the Audit Services Division's objectivity is not adversely affected by: recommending standards of controls to be applied in developing systems and procedures, evaluating existing or planned financial and operating systems and related procedures, or making recommendations for modifications and improvements to strengthen controls and/or enhance operational effectiveness.

Additional Comments:

There are two areas where Audit Services performs work of an operational nature which are outlined below. A concern exists because these responsibilities are not primarily owned

These two areas noted above should be transitioned to the appropriate operational division at LASERS.

The steps to transition the ownership of these items to an operational division are outlined below.
•Item 1: IT has a project planned for the fourth quarter of FYE 2016 to develop a plan to transition this process over to IT and Member Services. At the conclusion of this project, a plan of action and timeline for completion will be finalized.
•Item 2: Audit Services initiated the ownership transfer to Member Services during the annual file testing performed in August 2015. Due to the complexity of this process, the transition may take 2-3 years.

September 2017 Update (Audit Services):

Item 1: The transition project is in the preliminary phase and was delayed due to priorities with the Optimus project. This project will resume in the early fall of 2017 and a timeline for completion will be set once the discovery phase of the project is complete. Item 2: The transition of ownership continues to take place and is progressing as planned. The full transition will occur as part of the update to the actuarial file process which is scheduled to be in the next 6-12 months. Suggest updating the target completion date for this item to September 30, 2018 so that progress update can be provided at that time.

November 2018 Update (Audit Services):

Item 1: The weekly process to identify possible deceased individuals through comparison of data from the Louisiana

New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified. This report will be presented semi-annually to the Audit Committee.

by an operational division. The normal situation is that Audit Services would review these areas to ensure they are adequate, effective, etc., but since we perform them, no one performs an audits of us.

1. Process to identify deceased individuals through comparison of external data sources (Louisiana Department of Health and Hospitals, LexisNexis, and the Berwyn Group) to annuitants and beneficiaries.

2. The testing of the funding actuarial data file is performed primarily by Audit Services and not an operational division.

Department of Health and Hospitals and LexisNexis has been transitioned to Member Services. However, the obituary verification process with the Berwyn Group and the monthly follow up process have not been fully transitioned. Item 2: The transition of ownership continues to take place and is progressing as planned. The full transition will occur as part of the update to the actuarial file process which is scheduled to be completed in the next 12-24 months. Suggest updating the target completion date for this item to September 30, 2019 so that progress updates can be provided at that time.

February 2020 Update (Audit Services):

Item 1: A portion of the obituary verification process with the Berwyn Group has been transitioned to Member Services. The remainder is scheduled to be transitioned by the end of the fiscal year. Item 2: The transition of ownership to Member Services will be complete at the conclusion of the Actuarial File Overhaul Project. Phase 1 of this project has been approved by the IT Governance Committee; however, no set date to begin work has been scheduled. Suggest updating the target completion date for this item to December 31, 2020 so that progress updates can be provided at that time.

January 2021 Update (Audit Services):

Item 1: The obituary verification process with the Berwyn Group has been transitioned to Member Services. This item can be considered closed. Item 2: The transition of ownership to Member Services will be complete at the conclusion of the Actuarial File Overhaul Project. Phase 1 of this project has been approved by the IT Governance Committee; however, no set date to begin work has been scheduled. Suggest updating the target completion date for

New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified. This report will be presented semi-annually to the Audit Committee.

<i>Engagement # and Title</i>	<i>Item #</i>	<i>Observation</i>	<i>Recommendation/Audit Comments</i>
			<p>this item to December 31, 2021 so that progress updates on Item 2 can be provided at that time.</p> <p>February 2022 Update (Audit Services): Item 2: The transition of ownership to Member Services will be complete at the conclusion of the Actuarial File Overhaul Project. Phase 1 of this project has been approved by the IT Governance Committee; however, no set date to begin work has been scheduled. Suggest updating the target completion date for this item to December 31, 2022 so that progress updates on Item 2 can be provided at that time.</p> <p>January 2023 Update (Audit Services): Item 2: No work has been scheduled on the Actuarial File Overhaul Project. Suggest updating the target completion date for this item to December 31, 2023 so that progress updates on Item 2 can be provided at that time.</p>

New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified. This report will be presented semi-annually to the Audit Committee.

Employer Agency Review (Open Items)

Status Date 3/10/2023

Engagement #
and Title

Item # Observation

Recommendation/Audit Comments

2107	Orleans Parish Criminal District Court	01B	<p>According to the LASERS Employer's Guide to Retirement (Chapter 3: Contribution Reporting), the monthly retirement report should include earned compensation of all employees who were paid during the period reported, the monthly base pay of the employee, and individual employee and employer contributions. Contributions are reported through two electronic systems:</p> <ul style="list-style-type: none">•File Transfer Protocol (FTP)•Employer Self-Service (ESS) <p>The agency submits their monthly retirement report through ESS. When reporting for the current month in ESS, the previous month's report is used as a starting template and changes are made to this report, as deemed necessary by the agency, to create the current month's report. This approach simplifies the reporting process for the agency since only changes have to be entered instead of a completely new report each month.</p> <p>The monthly report submission by the agency begins with the HR Director manually generating the agency's payroll system register, which contains the pay details for all employees, including any approved retroactive payments, terminations, and new hires. This information is used to review and manually update the monthly reporting template in ESS. Once this is complete, a separate staff member reviews and approves the reconciliation of the payroll register to the ESS report prior to the final submission of the report to LASERS.</p>	<p>The agency should improve their current agency contribution reporting process to ensure the correct information (i.e., base salary, earnings, and contributions) is reported to LASERS for all eligible employees. Procedures should be updated to ensure this is performed. Target completion date is June 30, 2021. The agency agrees with this recommendation. We will document the end to end process (internal process and procedure manual) for consistency in processing. As training becomes available through LASERS, staff will be required to participate to ensure processes are up to date.</p> <p>August 2021 Update (Audit Services): The agency has not completed the updates noted in the recommendation. A follow-up on this recommendation will be performed by Audit Services by December 31, 2021.</p> <p>March 2022 Update (Audit Services): Audit Services spoke with the HR Director at this agency and they are in the process of making the necessary updates to address the items noted in the recommendation.</p> <p>July 2022 Update (Audit Services): The agency has stated that they will not have the requested documentation until at least the middle of October 2022.</p> <p>March 2023 Update (Audit Services): The agency has not provided the requested information as of this date. Audit Services will continue to work with them until this item is resolved.</p>
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New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified. This report will be presented semi-annually to the Audit Committee.

Due to the inherent manual nature of this process, the risk of agency contribution reporting errors is higher. During this review, five individuals were identified with errors in the monthly reports submitted to LASERS. Further details of these errors are as follows:

- One individual should have been included on each monthly contribution report since January 2019, but has not been.
- The agency mistakenly created a duplicate entry on the November 2019 and April 2020 monthly reports for one individual.
- The agency did not report the correct earnings to LASERS for three individuals. The earnings from the agency's payroll system did not match the amount reported to LASERS.

These type of errors could cause service credit and final average compensation to be incorrect for the affected individuals.

2107 Orleans Parish
Criminal
District Court

02B

Due to reporting issues, agencies may need to submit payments for members for previous months. Retroactive payments occur when a lump sum of contributions for a single member is reported within 12 months of determining the reporting issue. In cases where a lump sum is reported, agencies should correctly calculate the member's employee and employer contributions due based on the rate in effect for the retroactive months.

According to the LASERS ESS Contribution Reporting Guide (section "Processing Pay Adjustments), the "Pay Adjustment" feature in ESS is a method that allows agencies to report and correctly allocate retroactive payments made to members. Note: Retroactive adjustments beyond one year are

The agency should have a mechanism in place to ensure lump sum retroactive adjustments are properly and consistently processed in ESS. Procedures should be updated to ensure this is performed. Target completion date is June 30, 2021. The agency agrees with this recommendation. Retroactive payments will be processed and separated to cover months included in the retro. We will document the end to end process (internal process and procedure manual) for consistency in processing. As training becomes available through LASERS, staff will be required to participate to ensure processes are up to date.

August 2021 Update (Audit Services):
The agency has not completed the updates noted in the recommendation. A follow-up on this recommendation will be performed by Audit Services by December 31, 2021.

New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified. This report will be presented semi-annually to the Audit Committee.

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		considered an administrative error and LASERS should be contacted for further direction on processing.	March 2022 Update (Audit Services): Audit Services spoke with the HR Director at this agency and they are in the process of making the necessary updates to address the items noted in the recommendation.
		The monthly ESS report is prepared by a staff member using the payroll register which contains retroactive payment information. Another employee reviews and approves the reconciliation between the payroll register to the ESS report prior to its submission.	July 2022 Update (Audit Services): The agency has stated that they will not have the requested documentation until at least the middle of October 2022.
		During this review, it was determined that the agency did not correctly allocate retroactive payments for five individuals. This type of error could cause service credit and final average compensation to be incorrect for the affected individuals.	March 2023 Update (Audit Services): The agency has not provided the requested information as of this date. Audit Services will continue to work with them until this item is resolved.
2107	Orleans Parish Criminal District Court	03A According to the LASERS Employer's Guide to Retirement (Chapter 12: Deferred Retirement Option Plan), the member and the agency will receive an End of DROP notification letter in the mail approximately two months prior to a member's DROP end date. It is the member's responsibility to contact the agency's Human Resources representative and let them know that they intended to either terminate employment after DROP or continue working after DROP. However, it is also best practice for the agency's Human Resources to track member's approaching DROP end date so that they can work collaboratively with the member to ensure all necessary forms are filed timely. If a member decides to continue working after DROP, contributions to LASERS should resume immediately after DROP termination. During this review, it was noted that the agency did not correctly resume contributions for four individuals	The agency should remit employee and employer contributions to LASERS for these four individuals from the date DROP participation ended to the period when the agency resumed contributions. Target completion date is June 30, 2021. The agency agrees with this recommendation. Fiscal has provided training and guidelines for the restart of contributions upon return from DROP. Ongoing we will set a calendar tickler/reminder to alert staff of the restart date of LASERS contributions. Additionally, we will document the end to end process (internal process and procedure manual) for consistency in processing. As training becomes available through LASERS, staff will be required to participate to ensure processes are up to date. We will work with Fiscal to have all corrections submitted by June 30, 2021. August 2021 Update (Audit Services): The agency has not remitted the necessary information to LASERS for the affected individuals. A follow-up on this recommendation will be performed by Audit Services by December 31, 2021.

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		<p>exiting DROP until several months had elapsed. The effect of this is that these employees service credit and, potentially their post-DROP final average compensation, is impacted.</p> <p>It should be noted that the agency is now using calendar alerts to remind them of approaching DROP end dates.</p>	<p>February 2022 Update (Audit Services): The agency has not submitted all necessary information to correct the records for the affected individuals.</p> <p>July 2022 Update (Audit Services): Member Services has requested the necessary information for certain affected individuals and Audit Services followed up with them on one with outstanding issues.</p> <p>February 2023 Update (Audit Services): The agency has not remitted the necessary information to LASERS for the affected individuals.</p>
2107	Orleans Parish Criminal District Court	<p>03B According to the LASERS Employer's Guide to Retirement (Chapter 12: Deferred Retirement Option Plan), the member and the agency will receive an End of DROP notification letter in the mail approximately two months prior to a member's DROP end date. It is the member's responsibility to contact the agency's Human Resources representative and let them know that they intended to either terminate employment after DROP or continue working after DROP. However, it is also best practice for the agency's Human Resources to track member's approaching DROP end date so that they can work collaboratively with the member to ensure all necessary forms are filed timely. If a member decides to continue working after DROP, contributions to LASERS should resume immediately after DROP termination.</p> <p>During this review, it was noted that the agency did not correctly resume contributions for four individuals exiting DROP until several months had elapsed. The effect of this is that these employees service credit and, potentially their post-DROP final average</p>	<p>The agency should have a reliable mechanism in place to ensure that retirement contributions resume for employees continuing employment after DROP participation ends. Procedures should be updated to ensure this is performed. Target completion date is June 30, 2021. The agency agrees with this recommendation. We will document the end to end process (internal process and procedure manual) for consistency in processing, including a calendar tickler/reminder to alert staff of the restart date of LASERS contributions. As training becomes available through LASERS, staff will be required to participate to ensure processes are up to date.</p> <p>August 2021 Update (Audit Services): The agency has not completed the updates noted in the recommendation. A follow-up on this recommendation will be performed by Audit Services by December 31, 2021.</p> <p>March 2022 Update (Audit Services): Audit Services spoke with the HR Director at this agency and they are in the process of making the necessary updates to address the items noted in the recommendation.</p> <p>July 2022 Update (Audit Services):</p>

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		compensation, is impacted.	The agency has stated that they will not have the requested documentation until at least the middle of October 2022.
		It should be noted that the agency is now using calendar alerts to remind them of approaching DROP end dates.	March 2023 Update (Audit Services): The agency has not provided the requested information as of this date. Audit Services will continue to work with them until this item is resolved.
2215	Office of Juvenile Justice	<p>01A According to the LASERS Employer's Guide to Retirement (Chapter 17: Hazardous Duty Service Plan (HAZ Plan)), when a new employee is hired into a HAZ Plan eligible position and enrolled as a member of LASERS, it is important to determine if the member has any previous service in LASERS. If a new employee with current un-refunded service in LASERS is hired into a LASERS eligible hazardous duty position, then he or she must elect to remain in his or her existing or last retirement plan or to irrevocably join the HAZ Plan.</p> <p>During this review, there were two individuals who were enrolled into the incorrect retirement plan. Both were hired into hazardous duty positions with un-refunded service in LASERS and one elected to join the HAZ Plan and the other was required to join since their last retirement plan was the HAZ Plan. However, the agency enrolled them in the Regular 3 (RGL3) Plan and the Regular 4 (RGL4) Plan, respectively. The effect of this is that these employees are contributing into a plan that has a lower employee contribution rate of eight percent compared to the nine and a half percent rate of the HAZ Plan. Additionally, the members were also subject to the lower benefit accrual rate of two and a half percent compared to the HAZ Plan accrual rate of three and a third percent.</p>	<p>The agency should continue to work with LASERS Member Services staff to correct the enrollment of these two individuals into the HAZ Plan. The agency agrees with this recommendation. As stated, the agency, through Human Resources, has already initiated the process to correct the two employees placed in the wrong retirement plan through administrative error letters and notifications to the employees affected. One employee/member has already been corrected into the Hazardous Duty plan and a payment arrangement has been set up with the Office of State Uniform Payroll to recoup underpaid retirement contributions. HR is still working with the other employee on rectifying the retirement plan and underpaid contributions. Please note that the two affected employees were both hired prior to the current measures that are currently in place to identify correct retirement plans for incoming employees. Target completion date is May 31, 2022.</p> <p>September 2022 Update (Audit Services): One item has been corrected and the other is in the process of being corrected.</p> <p>February 2023 Update (Audit Services): The item is still in progress. There is an outstanding balance of contributions owed to complete the remaining one individual's move to the HAZP plan.</p>

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2306	University of Louisiana at Lafayette	02B	<p>It should be noted that the agency has already initiated the Administrative Error process with LASERS to correct the retirement plans for these two individuals.</p>	
			<p>According to the LASERS Employer's Guide to Retirement (Chapter 3: Contribution Reporting), each agency employing members of the system shall submit a certified monthly retirement report to the board of trustees containing the following information: The earned compensation of each employee who was paid during the period reported.</p> <p>According to the agency, they have historically reported deferred payout earnings in the month when earned and not paid. During this review, three individuals were identified with errors in the timing of when their deferred payout was reported to LASERS. This type of error could cause service credit and final average compensation (FAC) to be incorrect.</p>	<p>The agency should review their procedures and process in place and make any necessary updates to ensure deferred payout earnings are reported in the month when they are paid. Target completion date is January 31, 2023. The agency agrees with this recommendation. Per LASERS requirements, the University will make any necessary changes to ensure deferred payout earnings are reported in the month when they are paid. This will be completed by January 31, 2023.</p> <p>February 2023 Update (Audit Services): The agency has corrected their payroll system for the affected wage type and notified the relevant personnel of the change. Audit Services will confirm this change after two monthly contribution reporting cycles have been completed. This will be evaluated for closure after April 30, 2023.</p>

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1801	Agency Contribution Reporting	06A	3 - Low	<p>When an agency submits information on the monthly contribution file that does not adhere to the expected criteria, exceptions will generate. Different types of exceptions exist that either generate on the file that was submitted or the individual record with the possible issue. Exceptions that generate on the individual record also create a work item in Optimus. LASERS staff performs research on these items to determine the best course of action to adequately address the exception.</p> <p>The procedures for addressing the different types of exceptions should be improved. The chart below contains additional details on all of the exception types along with the related procedure information.</p> <p>Exception TypeResponsible DivisionAction of ExceptionProcedure Information Non-Critical Fiscal (NCF)FiscalGenerates on the individual contribution record and creates a work item.Procedures exist that facilitate how to identify these</p>	<p>The procedures for addressing Fiscal exceptions (NCF, CF, RL, RM, XL, and XM) should be updated to include detailed expectations on how the different exceptions should be addressed and what supporting documentation is required. All of the exception types should be included when making these updates.</p> <p>Response: Fiscal has created procedures which outline the proper corrective action for NCF exceptions. Fiscal will update the procedures for addressing the remaining Fiscal type exceptions once IT completes the TFS items associated with Observation #2, Recommendation #1 related to fixing the various edits. The estimated completion date will be determined by the IT Governance Committee based on the agencies priorities.</p> <p>Auditor Comment: Audit Services has confirmed that the procedures related to NCF exceptions has been created. As for the procedures related to the exceptions associated with Observation #2, Recommendation #1, a project to revamp SOLARIS ACR has been approved by the IT Governance Committee. The current IT Governance Committee project plan has resources already assigned out for at least the next 12 months. Therefore, the start date and scope for Phase 1 of this project has not been finalized and will be revisited by December 31, 2020. Audit Services will obtain a status update by then.</p> <p>January 2021 Update (Audit Services and Fiscal):</p>
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exceptions, but detailed information regarding the proper corrective action for each does not exist.
Non-Critical Member Services (NCM)Member ServicesGenerates on the individual contribution record and creates a work item.Detailed procedures exist that explain how to identify these exceptions and the proper corrective action for each.
Critical Fiscal (CF)FiscalStops the file from completing the process of being merged into SOLARIS, but does not reject the file.Procedures exist that facilitate how to identify these exceptions, but detailed information regarding the proper corrective action for each does not exist.
Read-Load (RL)FiscalRejects the entire file being submitted.No procedures exist for these exceptions.
Read-Merge (RM)FiscalRejects the entire file being submitted.No procedures exist for these exceptions.
X-File Load (XL)FiscalRejects the entire file being submitted.No procedures exist for these exceptions.
X-File Merge (XM)FiscalRejects the entire file being submitted.No procedures exist for these exceptions.

Also, according to the ACR procedures, "The ACR supervisor will

The project to revamp SOLARIS ACR is not currently scheduled to be performed in 2021 due to higher priority agency wide projects in progress and available IT resources. Therefore, Audit Services will obtain a formal status update of this item by December 31, 2021.

February 2022 Update (Audit Services and Fiscal):
The project to revamp SOLARIS ACR is currently scheduled to be started in 2022; however, a realistic target completion date will not be determined until the planning portion of this project has been completed. Therefore, Audit Services will obtain a formal status update of this item by December 31, 2022.

January 2023 Update (Audit Services and Fiscal):
The project to revamp SOLARIS ACR is not currently scheduled to be started in 2023 due to higher priority agency wide projects in progress and available IT resources. Therefore, Audit Services will obtain a formal status update of this item by December 31, 2023.

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randomly sample 10% of cleared exceptions for correcting records and debit and credits on a monthly basis to verify that the exceptions cleared are correct.” Audit Services was unable to confirm whether this procedure has been consistently performed since a log or other related documentation of items reviewed was not kept.

Detailed procedures in these areas can result in greater consistency and reduce the likelihood of error.’

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1914	Rehired Retiree Process Review	05	3 - Low	<p>Potential rehired retirees may choose an option that would limit their earnings each fiscal year to 50% of their annual retirement benefit (as adjusted by the Consumer Price Index). Individuals considering this option may request their fiscal year estimated allowable earnings amount from LASERS before making a rehire decision. When this type of request is received by LASERS, it is incorrectly classified in OPTIMUS as a Re-employment of Retiree Form.</p> <p>According to Fiscal, this request is classified in OPTIMUS as a Re-employment of Retiree Form because it creates a work item in the appropriate workbasket for processing by staff. Upon receipt of this work item, Fiscal staff will make the determination as to whether it is a Re-employment of Retiree Form or an allowable earnings request from the retiree and then process accordingly. It should be noted that a document type can be configured in OPTIMUS to create a work item and be placed in any defined workbasket; therefore, classifying two different documents as the same document type is not required. Per Fiscal, an estimated minimum of 250 requests like these</p>	<p>Fiscal should work with IT to create a separate document type in OPTIMUS for the retiree's request for an allowable earnings letter.</p> <p>Fiscal agrees with this recommendation. TFS item 51419 has been entered to address this issue. This has been assigned a low priority because this is a small process where the population of approximately 750 has not justified a higher priority. The completion date will be determined by the IT Governance Committee based on the agencies priorities.</p> <p>The rehired retiree related TFS items are on the list of projects for future consideration and prioritization by the IT Governance Committee. The current IT Governance Committee project plan has resources already assigned out for at least the next 12 months. Therefore, Audit Services will obtain a status update of this item by December 31, 2020.</p> <p>January 2021 Update (Audit Services and Fiscal): The rehired retiree related TFS items are not currently scheduled to be performed in 2021 due to higher priority agency wide projects in progress and available IT resources. Therefore, Audit Services will obtain a formal status update of this item by December 31, 2021.</p> <p>February 2022 Update (Audit Services and Fiscal): The rehired retiree related TFS items are not currently scheduled to be performed in 2022 due to higher priority agency wide projects in progress and available IT resources. Therefore, Audit Services will obtain a formal status update of this item by December 31, 2022.</p> <p>January 2023 Update (Audit Services and Fiscal):</p>
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are received per year.

The current misclassification creates data integrity issues within OPTIMUS and impacts the accuracy and reliability of reports, queries, etc. and should be re-classified.

The rehired retiree related TFS items are not currently scheduled to be performed in 2023 due to higher priority agency wide projects in progress and available IT resources. Therefore, Audit Services will obtain a formal status update of this item by December 31, 2023.

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1614	Enrollment	01B	1 - High	<p>PRIOR PROJECT OBSERVATION DETAILS Termination dates are not populated on the ISIS file for actions indicating a transfer from one LASERS reporting agency to a different reporting agency.</p> <p>STATUS PRIOR TO CURRENT PROJECT Per Member Services, this item was addressed as part of the recent SOLARIS changes made to the enrollment process which was completed during the June 2015 build.</p> <p>CURRENT PROJECT OBSERVATION DETAILS Currently, termination dates populate from the HCM file if an individual is transferring from an agency that performs employee payroll in the HCM system to an agency that does not. However, when an individual transfers from an agency that performs employee payroll in the HCM system to another that also uses the HCM system in this way, a termination date is not consistently included on the file. The absence of the termination date in certain situations allow for an incorrect termination date to be entered by a LASERS employee or the inactive batch process.</p>	<p>LASERS staff should work with the Office of Statewide Uniform Payroll (OSUP) staff to evaluate the reason for these inconsistencies and, as necessary, revise the programming of the weekly HCM file to address this issue. SOLARIS programming should also be revised, if needed, to accommodate changes to the weekly HCM file. Member Services agrees with this recommendation and will notify OSUP of the discrepancies and provide them with examples. Member Services has also requested an audit report to analyze the detail action data provided by OSUP. The Information Technology Division will work with Member Services to revise application programming if necessary.</p> <p>February 2017 Update (Member Services): This item is still in the process of being completed. Please change the projected completion date to March 31, 2017.</p> <p>August 2017 Update (Member Services): Member Services is continuing to work with OSUP on a solution to address this issue. Please update the target completion date to December 31, 2017.</p> <p>December 2017 Update (Member Services): Member Services has notified OSUP of a potential problem specifically with Action Reason 06 on Transfer Events. The OSUP representative has stated that this is a busy time of year and it will take their technical team a while to research the problem. Please update expected target completion date to June 30, 2018.</p> <p>August 2018 Update (Member Services): Response received from LaGov IT on August 3, 2018.</p>
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Provided a new example as requested. No further response received. Please update the target date to December 31, 2018.

November 2018 Update (Member Services):
Please change projected completion date to December 31, 2019. We should also consider closing this item or changing the assigned user, as this item is not anything that LASERS has control over. All information has been provided to the LaGov team along with several possible reasons why this issue occurs. We have received little to no response from that team, and we have no way to prioritize this issue for another agency.

March 2019 Update (Audit Services):
The LaGov team has been contacted to escalate this item for a response and timeline of completion. The LaGov team is currently working on a proposal to address this item.

February 2020 Update (Audit Services):
The LaGov team has made some progress on making the changes needed to address this issue. The initial program changes addressed some of the issues, but not all of them. The LaGov team has made some progress on making the changes needed to address this issue. The initial program changes addressed some of the issues, but not all of them.

January 2021 Update (Member Services):
Target completion date needs to be changed to December 31, 2021 to allow time for OSUP-IT to address the issue.

January 2022 Update (Member Services):
Target completion date needs to be changed to December 31, 2022 to allow time for OSUP-IT to address the issue.

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2118 Benefit Calculation Review	03A	2 - Medium	<p>During this project, Audit Services identified an issue in SOLARIS where an incorrect maximum reserve factor is being derived on a benefit recalculation when the retirement date changes from the final calculation.</p> <p>As an example, the maximum reserve factor is used when calculating the amount of the monthly benefit reduction when a retiree selects the Initial Benefit Option (IBO).</p> <p>According to Member Services, when a recalculation is performed, SOLARIS uses the retirement date from the original final calculation as the recalculation effective date. The recalculation effective date is used to derive the maximum reserve factor. However, in the instance where the retirement date changes on the recalculation, the new retirement date should be utilized to derive the maximum reserve factor since it is based on the age at retirement. This issue could cause an error in the monthly benefit amount if the difference in the retirement date results in a change to the derived age at retirement and the calculation uses the maximum reserve factor.</p> <p>Member Services has submitted TFS request 57201 to address this issue.</p>	<p>October 2022 Update (Member Services): Target completion date needs to be changed to December 31, 2023, to allow time for IT to address the issue.</p> <p>Member Services should work with IT to perform a query that identifies any calculations that were impacted by this issue in SOLARIS. Any calculations identified should be reviewed and corrected accordingly. Member Services agrees with this recommendation. TFS request 57908 will generate a query to identify any other possible members with errors in the recalculation of their benefit. Staff will make corrections as needed.</p> <p>January 2022 Update (Member Services): Update target date to December 31, 2022 to allow IT to complete the task.</p> <p>October 2022 Update (Member Services): Update target date to December 31, 2023 to allow IT to complete the task.</p>
1123 Address Update	02	3 - Low	DMS Mail Management, Inc. (DMS) contractually provides printing, postage, mailing, and address	Member Services should work with IT and DMS to perform a pilot project that will consist of processing a subset of the

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Process

validation services for LASERS. Bulk member correspondence such as the LASERS Beam, member annual statements, minimum required distribution (MRD) letters and 1099R statements are processed and mailed by DMS. The contract with DMS also contains provisions for the review of mail recipient addresses prior to printing and mailing correspondence. Additionally, in order for LASERS to receive a discounted postage rate, DMS must perform an address validation service.

During the address validation process, mail recipient addresses are compared to change of address data in the National Change of Address (NCOA) database. The process identifies member addresses that have been changed with the United States Postal Service (USPS) that do not match the address on file with LASERS in SOLARIS. After DMS performs the address validation process, a file of address changes is produced.

Testing was performed to identify the number of addresses containing an address in the NCOA database, not on file with LASERS. A file containing address data of approximately 100,000 active members and active payees was submitted to DMS. The file of address changes received from DMS showed that approximately 2,900 individuals recently changed their address according to the NCOA database. Of the 2,900 addresses, approximately 72 percent belong to active members and 28 percent belong to payees.

LASERS current business rule is to utilize address information received from agencies to

address changes identified by DMS. This pilot project will allow for:

- Address changes to be validated as accurate.
- Less manpower resources to be deployed, since only a subset of changes will be processed.
- A process to be established for handling these changes.

IT and Member Services agree with this recommendation. IT noted that they can work the business to develop a better process. IT also noted that completion date of the pilot project will depend upon business priority and Project Planning Council (PPC) direction. This item is low priority with no expected completion date assigned. March 2014 Update: No status change update. September 2014 Update: No status change update. March 2015 Update: No status change update. September 2015 Update: Member Services is collecting some statistics and information regarding this process over the next month. After this, some proposals will be developed for discussion and review.

March 2016 Update (Member Services): Member Services will take another look at this process. We will gather information, analyze it, and come up with a proposed solution. This will require discussions with other divisions including Executive. I propose a revised target date of December 31, 2016.

December 2016 Update (Member Services): Member Services received an electronic document from BR printing of the National Change of Address (NCOA) listing and has worked with IT to combine it with LASERS data and match it to the correct LASERS member. Member Services has reviewed the spreadsheet for a confidence level. From this point, we are notating how

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maintain member addresses in SOLARIS. Additionally, for payees, LASERS relies on individuals submitting change of address forms and updating addresses via RSS. LASERS does not currently receive address changes resulting from the address verification process performed against the NCOA database; however, this information can be provided by DMS.

A process to review and update existing member address discrepancies between LASERS and the NCOA database would reduce the amount of return mail and ensure correspondence is sent to the most current address. Once the historical discrepancies identified above have been reviewed and resolved, a similar process could be periodically formed to more research returned correspondence to further increase the integrity of member and payee addresses.

many were active versus retired and discussing with management the best way to proceed in light of the results of this analysis and research. After the next steps are determined, Member Services will discuss our approach with Audit Services and then work with IT to implement an agreed upon solution. Adjusted expected completion date June 30, 2017.

June 2017 Update (Member Services):
Based on the Spring NCOA report provided to PID, all agency liaisons with possible incorrect member addresses were emailed with a list of their employees on the report. The HR liaisons were instructed to update addresses in LaGov or ESS. A letter was just approved and will be sent to retirees on the list (approx. 750) instructing them on how to update their address. We will analyze the next NCOA report to determine if the number of possible incorrect addresses has changed. A proposal will be made to make this a recurring project. The results will be analyzed against the next NCOA late summer. New target completion date September 30, 2017.

September 2017 Update (Member Services):
Expected completion prior to December 31, 2017.

December 2017 Update (Member Services):
Procedures are being finalized. Request new estimated completion date of February 28, 2018.

March 2018 Update (Member Services):
Revised procedures developed and to be reviewed by management. To allow for revision time and completion, request new target completion date of May 31, 2018.

May 2018 Update (Member Services):
Revise target completion date to December 31, 2018 to

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allow for second run of pilot address project and determine success of changed procedure. Once run, will verify the project and procedures with management.

December 2018 Update (Member Services):
Request target completion of December 31, 2019.

December 2019 Update (Member Services):
Project will be re-run summer 2020. Request new target complete date of December 31, 2020.

January 2021 Update (Member Services):
Report was not run in 2020 due to COVID closures, but will aim to run in Summer 2021. Request need target completion date of December 31, 2021.

January 2022 Update (Member Services):
Request new target completion date of December 31, 2022 to allow for the project to run again. Did not run in 2021 due to staffing changes and resource adjustments.

February 2023 Update (Member Services):
Target completion date needs to be changed to December 31, 2023. Member Services management and IT are having further discussion about this item. The plan is to perform another mailout this year to determine if more individuals will update information. We are continuing to include announcements to LASERS membership and speak to HR staff to keep information up to date.

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1001	Service Credit Purchases and Transfers	01C	1 - High	<p>Currently, check requests for transfer out processing are sent to Fiscal by Member Services through a manual process performed outside of SOLARIS. The functionality exists in SOLARIS to automate the check request process for transfer out processing, but has been disabled due to inaccuracies described in Observation 1A above.</p> <p>Furthermore, a manual control is currently in place which helps to ensure that the check request amount does not exceed the amount of funds available for transfer plus any applicable interest. However, this control is not in place in SOLARIS.</p> <p>There is an increased risk of inaccurate payment of funds due to the reliance on this manual process.</p> <p>It should be noted that Fiscal has entered CCR 10441 related to correcting the functionality of the check request portion of the transfer out process.</p>	<p>Member Services should work with Fiscal and IT to automate the check request process in the Transfer Out module of SOLARIS.</p> <p>Additionally, an edit should be created for this process that will not allow the check request amount to exceed the amount of funds available for transfer plus any applicable interest. TFS Bug 22106 has been entered to address this item. This item has been included on the IT Project Plan; however, a proposed completion date has not been set at this time. Further discussion related to this project will be held at the Project Planning Committee meeting schedule for the first half of 2012.</p> <p>TFS Bug 22106 has not been worked. In addition, TFS Change Request 24841 has been entered to address this issue but also has not been worked. The target completion date is June 30, 2013. August 2013 Update: Member Services has begun working with IT on the SOLARIS purchase/transfer module and this item will be reviewed during that project. March 2014 Update: No status change update. September 2014 Update: No status change update. March 2015 Update: No status change update. New expected completion date of December 31, 2016.</p> <p>December 2016 Update (Member Services): IT is currently working on the enhancement of the transfer out module. New requested target completion date of June 30, 2017.</p> <p>June 2017 Update (Member Services): This portion of the transfer out module will be completed</p>
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					by December 31, 2017.
					December 2017 Update (Member Services): Request update of expected target completion date to December 31, 2018.
					November 2018 Update (Member Services): Request update of expected target completion date to December 31, 2019.
					December 2019 Update (Member Services): Request target date to be changed to December 31, 2020 to allow for IT to complete the process.
					January 2021 Update (Member Services): Target completion date needs to be changed to December 31, 2021 to allow time for IT to address the issue.
					January 2022 Update (Member Services): Update target date to December 31, 2022 to allow IT to complete the task.
					October 2022 Update (Member Services): Update target date to December 31, 2023 to allow IT to complete the task.
1628	Review of Processes Related to Unsheltered Funds (Safe Harbor)	01A	1 - High	Safe harbor funds are applied to member records and validated by various automated and manual processes. The applied safe harbor funds are recovered when payments are issued. The primary automated approach is facilitated through SOLARIS processing. The primary manual approach is through a review and verification approach using documented processing procedures. The primary goal of each method is to ensure that all payments include the appropriate amount of safe harbor	Member Services should work with Fiscal and IT to establish a process to effectively identify safe harbor exceptions on a timely basis. The developed solution should include, at a minimum, the following: <ul style="list-style-type: none">•Identify exceptions across all transactions and data where safe harbor related activity can exist.•Ability to identify exceptions at various points in time (i.e., ad-hoc basis, daily, monthly, annually).•Consider including the identification of exceptions prior to running monthly pension payroll which would allow for the vast majority of safe harbor related issues to be corrected

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funds in the situations where safe harbor funds should be applied. Despite these efforts, there are situations where the following types of errors occur:

Scenario 1: The incorrect amount of safe harbor funds is applied to a benefit payment.

Scenario 2: Safe harbor funds are not applied to a benefit payment and should be.

Scenario 3: Safe harbor funds are applied to a benefit payment and should not be.

Scenario 4: Data discrepancies between safe harbor data stored in various modules within SOLARIS which do not affect any benefit payments issued.

As an effort to mitigate the impact of these errors, the Fiscal Division runs an annual query toward the end of the calendar year to identify and correct possible safe harbor related errors prior to the issuance of 1099-R Forms. Safe harbor related errors falling into scenarios 1 through 3 can cause the following:

The taxable income could either be overstated or understated in the year the error occurred and in some cases subsequent years thereafter. It is not possible for LASERS to measure the level of impact to each individual because each person's tax liability is based on many unknown unique and varying circumstances.

LASERS would be out of compliance with certain Internal Revenue Code (IRC) provisions.

As part of this engagement, Audit Services performed independent testing to ensure that the various established controls were effective at

before impacting the payee's taxable income.

Furthermore, as exceptions are identified, they should be reviewed to determine the root cause of the exception and corrective action taken accordingly (i.e., employee training, system changes, procedure changes).

Member Services agrees with this recommendation. Member Services plans to take the following corrective action:

- Meet with Audit and Fiscal and gain a better understanding of the logic and methods used to identify the different types of errors that were found.
- Work with IT to implement a Safe Harbor exception report, which will allow us to identify exceptions at any point in time. Member Services plans to run this report one week prior to monthly payroll and review each exception to determine the root cause and take the appropriate corrective action identified.
- Work with Audit to identify any exceptions based on the existing Audit reports while the creation and implementation of the new Safe Harbor exception report is in progress.

Furthermore, IT noted that they plan to work with all related parties to help implement a solution within the timeframe deemed appropriate by the business.

June 2017 Update (Member Services):
Project OPTIMUS has caused some delay for both Member Services and IT. Please update target completion date to October 15, 2017.

September 2017 Update (Member Services):
Due to limited available IT resources and the complexity of the reports, the completion date will be postponed. Please

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				<p>preventing safe harbor related errors and identifying errors in a timely manner and facilitating the appropriate corrective action. The testing focused on validating newly created safe harbor events since January 1, 2014 and covered all types of transactions that includes potential safe harbor activity. This starting period was selected because Audit Services participated in an agency-wide safe harbor project in 2011-2013 which included the review of exceptions. The results of the current testing are outlined in the chart below. It should be noted that some of these items are currently in the process of being corrected. Furthermore, the cause of these discrepancies range from human error, procedure breakdown, and other risks associated with a manual process.</p> <p>Scenario (as outlined above) with the number of confirmed discrepancies:</p> <table><tr><td>Scenario 1:</td><td>44</td></tr><tr><td>Scenario 2:</td><td>4</td></tr><tr><td>Scenario 3:</td><td>7</td></tr><tr><td>Scenario 4:</td><td>49</td></tr><tr><td>Total:</td><td>104</td></tr></table>	Scenario 1:	44	Scenario 2:	4	Scenario 3:	7	Scenario 4:	49	Total:	104	<p>update the target completion date to October 31, 2018. Member Services will continue to work with Audit to utilize and fine-tune the results manually generated by Audit.</p> <p>November 2018 Update (Member Services): Pending IT resources, please update target date to December 31, 2019.</p> <p>Member Services (December 2019): Request target date to be changed to December 31, 2020 to allow for IT to complete the process.</p> <p>January 2021 Update (Member Services): Target completion date needs to be changed to December 31, 2021 to allow time for IT to address the issue.</p> <p>January 2022 Update (Member Services): Target completion date needs to be changed to December 31, 2022 to allow time for IT to address the issue.</p> <p>October 2022 Update (Member Services): Target completion date needs to be changed to December 31, 2023, to allow time for IT to address the issue.</p>
Scenario 1:	44														
Scenario 2:	4														
Scenario 3:	7														
Scenario 4:	49														
Total:	104														
1026	Domestic Relations Order Process	02C1	2 - Medium	<p>The SOLARIS functionality used to process alternate payee records, commonly referred to as the DRO Wizard, should be enhanced. The DRO Wizard exists in SOLARIS to help facilitate the creation of alternate payee records and to divide benefits. During this review, several areas were identified for improvement within the DRO Wizard that would enhance automation and increase the effectiveness and efficiency of the DRO process.</p>	<p>The SOLARIS functionality used to process alternate payee records, commonly referred to as the DRO Wizard, should be enhanced. The DRO Wizard exists in SOLARIS to help facilitate the creation of alternate payee records and to divide benefits. During this review, several areas were identified for improvement within the DRO Wizard that would enhance automation and increase the effectiveness and efficiency of the DRO process.</p> <p>Various modules in SOLARIS operate using tracking</p>										

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Various modules in SOLARIS operate using tracking functionality, such as disability and survivor. The tracking functionality can help to facilitate making adjustments or corrections and various workflow processes. Currently, the DRO Wizard does not facilitate this type of functionality.

The DRO Wizard is only accessible when a user creates a new alternate payee record. Once the alternate payee record is created, users cannot access the DRO Wizard again for that payee record. Any adjustments or corrections that need to be made must be performed by modifying the gross components on the payee record.

Additionally, DROs are calculated once a member's final benefit has been approved. There is currently not a process in place to review DRO calculations prior to paying benefits. A review process is needed to help ensure that benefit divisions are calculated correctly prior to payments being issued.

functionality, such as disability and survivor. The tracking functionality can help to facilitate making adjustments or corrections and various workflow processes. Currently, the DRO Wizard does not facilitate this type of functionality.

The DRO Wizard is only accessible when a user creates a new alternate payee record. Once the alternate payee record is created, users cannot access the DRO Wizard again for that payee record. Any adjustments or corrections that need to be made must be performed by modifying the gross components on the payee record.

Additionally, DROs are calculated once a member's final benefit has been approved. There is currently not a process in place to review DRO calculations prior to paying benefits. A review process is needed to help ensure that benefit divisions are calculated correctly prior to payments being issued.

December 2017 Update (Member Services):
Request change of estimated completion date to December 31, 2018, pending IT resources.

November 2018 Update (Member Services):
Please change projected completion date to December 31, 2019.

January 2020 Update (Member Services):
Please change projected completion date to December 31, 2020.

January 2021 Update (Member Services):
Target completion date needs to be changed to December 31, 2021 to allow time for IT to address the issue.

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1801 Agency Contribution Reporting	01	2 - Medium	<p>In order to comply with statute and LASERS policy, Fiscal has a process in place to identify agencies who are delinquent with their contribution reports and/or payments and invoice those where the delinquency amount is above the \$25.00 approved threshold.</p> <p>The current process administered by the LASERS Fiscal staff to track and identify agency delinquencies is not fully documented in procedures and is manual in nature. A spreadsheet is used to record information as agencies submit their reports and payments to LASERS and also calculates the interest due from the agencies determined to be delinquent. During this review, the following examples of weaknesses/errors with the tracking spreadsheet were identified:</p> <p>The spreadsheet does not contain security controls (i.e., locking cells that do not require manual updates).</p> <p>The inherent manual nature of completing this spreadsheet is prone to human error. Two examples of errors identified during this review was as follows:</p> <p>Possible delinquency for an agency not properly calculated due to missing formulas. After being updated by Fiscal, it was confirmed that this error did not result in an actual delinquency.</p>	<p>January 2022 Update (Member Services): Update target date to December 31, 2022 to allow IT to complete the task.</p> <p>October 2022 Update (Member Services): Update target date to December 31, 2023 to allow IT to complete the task.</p> <p>Fiscal should work with IT to identify and evaluate the SOLARIS changes that are necessary to improve and automate the agency delinquency process which, at a minimum, should address the items noted in the observation. Upon completing this evaluation, an implementation plan should be developed and reviewed by all parties involved.</p> <p>In the interim, Fiscal should implement controls and procedures to address the items noted in the observation and that will improve the agency delinquency process.</p> <p>It should be noted that, during this review, Fiscal took steps to address this item. Fiscal updated the procedures for the current process, and entered TFS item 47114 to correct the Agency Accounts Receivable Report and the Create Invoices and Calculate Interest Batch in SOLARIS, which will move toward automating this process.</p> <p>Response: Fiscal has corrected the columns in the manual spreadsheet and locked down the fields. Additionally, procedures have been updated to include the process for agencies that are more than one month late and the process for reviewing the agency delinquency spreadsheet. We will continue to use the manual process until TFS item 47114 is worked, tested, and placed into SOLARIS production. The estimated completion date will be determined by the IT Governance Committee based on</p>
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				<p>Tracking spreadsheet not updated for an agency that was more than one month late with their contributions. After being updated by Fiscal, it was confirmed that this error did result in an actual delinquency.</p> <p>These weaknesses and types of errors could be mitigated by taking steps to improve and automate this process. There is an electronic report in SOLARIS called the “General Report – Agency Accounts Receivable” that exists and should calculate the agency delinquency amounts, but it is not used by Fiscal because it does not effectively identify the agencies that are delinquent.</p> <p>According to Fiscal, these SOLARIS related weaknesses are known issues; therefore, the manual process noted above was implemented as a workaround along with additional compensating controls (i.e. staff experience and proficiency).</p> <p>The effectiveness of the agency delinquency process is necessary to maintain compliance with statute and LASERS policy by ensuring that all agencies that should be invoiced are invoiced appropriately, that agencies are not invoiced when they should not be, and that the correct amount of interest is written off for agencies whose delinquency is under the \$25.00 approved threshold.</p>	<p>the agencies priorities.</p> <p>Auditor Comment: Audit Services has confirmed that the spreadsheet and procedure updates have been made. As for TFS item 47114, a project to revamp SOLARIS ACR has been approved by the IT Governance Committee. The current IT Governance Committee project plan has resources already assigned out for at least the next 12 months. Therefore, the start date and scope for Phase 1 of this project has not been finalized and will be revisited by December 31, 2020. Audit Services will obtain a status update by then.</p> <p>January 2021 Update (Audit Services and Fiscal): The project to revamp SOLARIS ACR is not currently scheduled to be performed in 2021 due to higher priority agency wide projects in progress and available IT resources. Therefore, Audit Services will obtain a formal status update of this item by December 31, 2021.</p> <p>February 2022 Update (Audit Services and Fiscal): The project to revamp SOLARIS ACR is currently scheduled to be started in 2022; however, a realistic target completion date will not be determined until the planning portion of this project has been completed. Therefore, Audit Services will obtain a formal status update of this item by December 31, 2022.</p> <p>January 2023 Update (Audit Services and Fiscal): The project to revamp SOLARIS ACR is not currently scheduled to be started in 2023 due to higher priority agency wide projects in progress and available IT resources. Therefore, Audit Services will obtain a formal status update of this item by December 31, 2023.</p>
1801	Agency	02A	2 -	During this review, testing was performed to	Fiscal should work with IT to ensure that the requirements

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Contribution
Reporting

Medium verify that SOLARIS ACR related exceptions were working as designed. The testing covered both FTP and ESS file reporting types. All Critical Fiscal (CF), Read-Load (RL), Read-Move (RM), X-File-Load (XL), X-File-Move (XM), Non-Critical Fiscal (NCF), and Non-Critical Member Services (NCM) exceptions within the scope of this review were tested. The different situations where the exceptions did not function as expected are outlined below. It should be noted that multiple scenarios were tested for many of the exceptions listed below, but this report contains only the examples in which the exception did not act as expected.

A.The following exceptions are items where the contribution file should have been rejected due to the specific Fiscal exception noted, but did not. In general, these types of exceptions are designed to test the validity of the header, detail, and footer records of the FTP files. Detailed information for these exceptions, the testing scenarios, and results can be found in Appendix A.

•RL-023, RL-025, RL-028, RL-029, RL-030, RL-031, RL-033, RL-038, RL-045, RM-001, RM-006, RM-012, RM-013, RM-014, RM-028, RM-030, RM-035, RM-036, RM-037, RM-038, RM-039, XL-004

B.The following exceptions are items where the contribution file should be processed and the specific Fiscal exception should generate, but did not. In general, these types of exceptions are designed to test the validity of the contribution related data within the FTP and ESS files.

for the RL, RM, XL, XM, CF and NCF exceptions are clearly defined and working as expected. This should include reviewing the file layout specifications to ensure adequate coverage for non-NCF exceptions.

Fiscal has taken action to correct the exceptions listed above, which can be seen in the results sections of Appendix A and B.

Response:

Fiscal has entered and documented several bug fixes in TFS as noted in Appendix A and B to make the edits more meaningful and efficient. The estimated completion date will be determined by the IT Governance Committee based on the agencies priorities.

Auditor Comment:

A project to revamp SOLARIS ACR has been approved by the IT Governance Committee. The current IT Governance Committee project plan has resources already assigned out for at least the next 12 months. Therefore, the start date and scope for Phase 1 of this project has not been finalized and will be revisited by December 31, 2020. Audit Services will obtain a status update on these TFS items by then.

January 2021 Update (Audit Services and Fiscal):

The project to revamp SOLARIS ACR is not currently scheduled to be performed in 2021 due to higher priority agency wide projects in progress and available IT resources. Therefore, Audit Services will obtain a formal status update of this item by December 31, 2021.

February 2022 Update (Audit Services and Fiscal):

The project to revamp SOLARIS ACR is currently scheduled to be started in 2022; however, a realistic target

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				<p>Detailed information for these exceptions, the testing scenarios, and results can be found in Appendix B.</p> <ul style="list-style-type: none"> •NCF-005 (Item Closed) •NCF-038 <p>It should be noted that upon discovering the issues above, audit did not perform testing to identify files that should have been rejected or should have generated an exception, but did not. This is due to Audit's confidence level in the current requirements for the exceptions. Further testing can be performed with the completion of Recommendation #1, as deemed necessary.</p> <p>Furthermore, an evaluation of the process to test and validate the exceptions in place are functioning as intended was performed. According to Fiscal and Member Services, this type of testing is performed only when changes are implemented in SOLARIS that appear to affect specific exceptions (i.e., logic changes to NCF-005 would result in testing of this exception). It was determined that there is no process in place to test the functionality of these exceptions on a periodic, on-going basis. Due to the potential of other changes in SOLARIS impacting the exception process, using this testing method could lead to exceptions not functioning as intended without knowledge of this.</p>	<p>completion date will not be determined until the planning portion of this project has been completed. Therefore, Audit Services will obtain a formal status update of this item by December 31, 2022.</p> <p>January 2023 Update (Audit Services and Fiscal): The project to revamp SOLARIS ACR is not currently scheduled to be started in 2023 due to higher priority agency wide projects in progress and available IT resources. Therefore, Audit Services will obtain a formal status update of this item by December 31, 2023.</p>
1801	Agency Contribution Reporting	05	2 - Medium	<p>A retro is created when an agency submits earnings and/or contributions in a different month than they are due for, which may require the amount(s) to be allocated to the correct month(s). For example, if an employee was not originally</p>	<p>Fiscal should perform a thorough review of the LaGov retro process and work with IT to implement a new process that corrects the issues listed above, as well as, any other deficiencies identified. This may include working with the Louisiana Office of State Uniform Payroll (OSUP)</p>

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enrolled in LASERS, but should have been, the agency will submit a lump sum of earnings and contributions that need to be spread back to the appropriate months they were earned in.

Fiscal performs a monthly process to identify retros for LASERS members whose employer agencies are on the LaGov payroll system and Member Services processes all other retros. This monthly process performed by Fiscal consists of obtaining the Retirement Research Report from LaGov and executing a batch process in SOLARIS to analyze the LaGov report data. The batch process ends with two spreadsheets that must be manually reviewed. Information on these two spreadsheets is as follows:

- The regular retro spreadsheet contains the items that SOLARIS has determined to be a retro. This spreadsheet is manually reviewed to ensure the data appears accurate.
- The “error” spreadsheet contains information that SOLARIS was unable to conclude on. The information on this spreadsheet is compared to information in the LaGov system. When determined to be a valid retro, these entries are manually changed and moved to the regular retro spreadsheet.

After the manual review is complete, the regular retro spreadsheet is then loaded into SOLARIS production and the changes are applied to the appropriate account history records.

During this review, it was determined that this manual process allows for errors. Those errors included, but are not limited to, items that were

to better use the current report or to receive a new report that contains the necessary information to properly process these retros.

In the interim, Fiscal should implement controls and procedures that effectively address the items noted in the observation to ensure LaGov retros are processed accurately.

Response:

TFS item 24465 was entered several years ago to review/improve the retro process. Initially, Fiscal plans to work with Member Services to determine if the existing process can be streamlined due to possible overlapping efforts as well as identify situations where retro processing could be irrelevant. In the interim, Fiscal is modifying the existing retro process to have the spreadsheet completed by staff and reviewed and uploaded into SOLARIS by the supervisor. The interim portion of this recommendation has a target completion date of June 30, 2020. As for the other components of this recommendation, the estimated completion date will be determined by the IT Governance Committee based on the agencies priorities.

Auditor Comment:

Audit Services will review the interim solution by June 30, 2020. As for the long term related changes noted in the recommendation and response, a project to revamp SOLARIS ACR has been approved by the IT Governance Committee. The current IT Governance Committee project plan has resources already assigned out for at least the next 12 months. Therefore, the start date and scope for Phase 1 of this project has not been finalized and will be revisited by December 31, 2020. Audit Services will obtain a status update by then.

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				<p>transferred to the regular retro spreadsheet incorrectly and items that were manually calculated incorrectly. Also, the updated regular retro spreadsheet is not reviewed by a Fiscal staff member that did not perform the updates, prior to being loaded into SOLARIS production for processing.</p> <p>According to Fiscal, these SOLARIS related weaknesses are known issues; therefore, the process relies on compensating controls (i.e. staff experience and proficiency).</p> <p>Overall, the process to identify and complete LaGov retros should be improved to ensure that all retros are properly processed. It is important that retros are identified and processed because this can impact a member's service credit and/or their final average compensation, which impacts their retirement benefit amount.</p>	<p>September 2020 Update (Fiscal): The existing retro process was modified a year ago to have the spreadsheet completed by staff and reviewed and uploaded into SOLARIS by the supervisor. TFS item 24465 is still active and will be prioritized by the IT Governance Committee as part of the ACR Re-write project.</p> <p>January 2021 Update (Audit Services and Fiscal): The project to revamp SOLARIS ACR is not currently scheduled to be performed in 2021 due to higher priority agency wide projects in progress and available IT resources. Therefore, Audit Services will obtain a formal status update of this item by December 31, 2021.</p> <p>February 2022 Update (Audit Services and Fiscal): The project to revamp SOLARIS ACR is currently scheduled to be started in 2022; however, a realistic target completion date will not be determined until the planning portion of this project has been completed. Therefore, Audit Services will obtain a formal status update of this item by December 31, 2022.</p> <p>January 2023 Update (Audit Services and Fiscal): The project to revamp SOLARIS ACR is not currently scheduled to be started in 2023 due to higher priority agency wide projects in progress and available IT resources. Therefore, Audit Services will obtain a formal status update of this item by December 31, 2023.</p>
2118	Benefit Calculation Review	01	2 - Medium	<p>A sample of benefit calculations finalized in 2020 were randomly selected for independent recalculation by Audit Services. Exception results from analytic queries were also reviewed and independent recalculations were performed, where necessary. Lastly, calculations that required a recalculation as identified during the</p>	<p>Member Services should evaluate the benefit calculation process based on the issues noted in the observation and determine which areas should be strengthened to minimize calculation errors. Member Services agrees with this recommendation. Processing staff will continue to review final earnings including the impact to service credit and will notify the Service Credit staff to correct when</p>

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post-final calculation check performed by the Member Services quality assurance specialist were reviewed by Audit Services.

anomalies are found. TFS request 57967 will add a warning message to estimates and benefit calculations when FAC capping occurs.

Of the 152 calculations tested by Audit Services, there were three benefit calculation errors identified. Detailed observations are outlined below.

January 2022 Update (Member Services):
Target completion date needs to be changed to December 31, 2022 to allow time for IT to address the issue.

OBSERVATON 1A:

The monthly benefit amount for one disability retiree was understated due to a discrepancy in the service credit. SOLARIS did not accurately calculate the service credit due to a duplicate base salary for February 2020. This resulted in a benefit underpayment of \$5.47 per month.

October 2022 Update (Member Services):

Target completion date needs to be changed to December 31, 2023, to allow time for IT to address the issue.

Status:

Member Services has taken the necessary action to correct this record. A recalculation was performed changing the retiree's monthly benefit amount. The underpayment of \$28.63 from previous months has also been issued.

OBSERVATON 1B:

The initial retroactive benefit payment made to one retiree was in error. This resulted in a one-time benefit underpayment of \$29.20.

Status:

Member Services has taken the necessary action to correct the record. A payment of \$29.20 was issued to the retiree.

OBSERVATON 1C:

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				<p>The monthly benefit amount for one retiree was understated due to a discrepancy in the final average compensation (FAC) calculation. This resulted in a benefit underpayment of \$26.84 per month.</p> <p>Status: Member Services has taken the necessary action to correct this record. A recalculation was performed changing the member's monthly benefit prospectively. The underpayment of \$167.97 from previous months has also been issued.</p>	
2118	Benefit Calculation Review	03B	2 - Medium	<p>During this project, Audit Services identified an issue in SOLARIS where an incorrect maximum reserve factor is being derived on a benefit recalculation when the retirement date changes from the final calculation.</p> <p>As an example, the maximum reserve factor is used when calculating the amount of the monthly benefit reduction when a retiree selects the Initial Benefit Option (IBO).</p> <p>According to Member Services, when a recalculation is performed, SOLARIS uses the retirement date from the original final calculation as the recalculation effective date. The recalculation effective date is used to derive the maximum reserve factor. However, in the instance where the retirement date changes on the recalculation, the new retirement date should be utilized to derive the maximum reserve factor since it is based on the age at retirement. This issue could cause an error in the monthly benefit amount if the difference in the retirement date</p>	<p>Member Services should work with IT to prioritize and resolve TFS request 57201. Member Services agrees with the recommendation and is currently working with IT to resolve TFS request 57201. Member Services' staff is aware of the issue and will verify recalculations manually until the TFS request is resolved.</p> <p>January 2022 Update (Member Services): Update target date to December 31, 2022 to allow IT to complete the task.</p> <p>October 2022 Update (Member Services): Update target date to December 31, 2023 to allow IT to complete the task.</p>

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				<p>results in a change to the derived age at retirement and the calculation uses the maximum reserve factor.</p> <p>Member Services has submitted TFS request 57201 to address this issue.</p>	
1012	1099R Review	03A	3 - Low	<p>SOLARIS user security allows the ability to manually adjust the safe harbor original and safe harbor monthly exclusion amount for a payee. Since both of these amounts are derived by SOLARIS upon retirement, these fields should not be editable without establishing system controls that reduce the risk of manual error. Currently, there are no controls within SOLARIS to ensure that changes to safe harbor information are approved.</p> <p>Due to the nature of the safe harbor calculation, adjustments may need to be made; however, the process to make these adjustments should be established and include the appropriate controls. The process should ensure that changes require a review and approval process before being made. In addition, the process should take into consideration the point at which the adjustment is being made. If the adjustment to safe harbor information is made after the first benefit payment has been issued, then a recalculation of the safe harbor components will be necessary. SOLARIS does not currently have a process in place to properly handle the recalculation of safe harbor information after the retiree has received a benefit payment.</p> <p>It should be noted that a legal opinion has been requested by Fiscal seeking guidance on the</p>	<p>Member Services should work with IT to establish a process within SOLARIS that ensures updates to safe harbor original and monthly exclusion amounts occur in a controlled environment. Some possible solutions are as follows:</p> <ol style="list-style-type: none"> 1. Modify SOLARIS user security to prevent users from modifying these fields and utilize the data System Investigation Request (SIR) process to make changes that arise. The data SIR process would require a documented change that requires approval and is made by an IT staff member which would be independent of the retirement process. 2. Create a mandatory review of the data change before the record can be saved within SOLARIS. The independent reviewer would approve the change. This differs from the first item in that ongoing IT involvement would not be necessary to make changes. <p>Member Services and IT agree with this recommendation. The "Data SIR" process is not the proper long-term process for making changes to any business data fields in SOLARIS. The margin for error is too high and often leads to mistakes and unintended consequences affecting other SOLARIS data.</p> <p>The recommendation of adding a mandatory review process or integrating these changes with SOLARIS security would be a better long term process. Member Services will review and determine the proper course of action and enter a SOLARIS change request. The</p>

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proper method to use when correcting a member's safe harbor information after their first benefit payment has been issued.

completion date will be assigned based on the priority of this request. The current manual practice is to forward safe harbor worksheet to the appropriate Member Services supervisor for correction. Once safe harbor is fixed, a SIR is entered to limit access to the change. The SOLARIS change will be part of an overall project to modify SOLARIS to address safe harbor related issues. Further discussion related to this project will be held at the Project Planning Committee meeting schedule for the first half of 2012. TFS Change Request 24889 was created which contains several SOLARIS changes related to safe harbor and this item is one on the list. Due to the business and IT resources dedicated to SOLARIS changes related to legislation and select prioritized requests by Member Services, this request is not on the schedule.

December 2016 Update:

A control has been established that will not allow a safe harbor original amount change unless the payee amount matches the benefit account. This control functions similar to not allowing this field to be changed which closes that portion of this item. As for the monthly exclusion amount, this is Member Services current plan of action. Once all processes are redistributing and recalculating safe harbor properly, the monthly exclusion amount field will be made uneditable. Until then, the desk procedures, worksheets, and reports will serve as the controls in place.

Furthermore, a report will be developed to be sent to MS Supervisors notifying them of anyone who had manual changes to the monthly exclusion amount in the past month.

February 2017 Update (Member Services):

This item is still in the process of being completed. Please change the projected completion date to June 30, 2017.

New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified. This report will be presented semi-annually to the Audit Committee.

***Engagement #
and Title***

Item # Priority Observation

Recommendation/Audit Comments

June 2017 Update (Member Services):
The new report is scheduled to be implemented in SOLARIS in the 3rd quarter of 2017. Please update projected completion date to September 30, 2017.

September 2017 Update (Member Services):
The report is still in development. Please extend projected completion date to March 31, 2018.

April 2018 Update (Member Services):
Please set new target completion date of December 31, 2018.

December 2018 Update (Member Services):
Please set new target completion date of December 31, 2019.

January 2019 Update (Member Services):
Monitoring of changes to safe harbor will be handled with the report outlined in Change Request 46859.

January 2020 Update (Member Services):
Please change projected completion date to December 31, 2020.

January 2021 Update (Member Services):
Target completion date needs to be changed to December 31, 2021 to allow time for IT to address the issue.

January 2022 Update (Member Services):
Update target date to December 31, 2022 to allow IT to complete the task.

October 2022 Update (Member Services):
Update target date to December 31, 2023 to allow IT to complete the task.

New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified. This report will be presented semi-annually to the Audit Committee.

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Item # Priority Observation

Recommendation/Audit Comments

1014 Member
Annual
Statements

02

3 - Low

During a review of the annual statement exception reporting process, Audit Services observed that there were approximately 1,600 data exceptions listed in the Annual Statement Exception table stored in SOLARIS. However, the Annual Statement Exceptions report accessed through the SOLARIS Report module cited only one.

In addition, it was determined that 1,063 records were incorrectly identified as exceptions. These records were identified as individuals that had an estimated monthly benefit amount calculated which was either less than \$750 or greater than \$7,500. The estimated monthly retirement benefit amount for these records were \$0; therefore, an exception should not have been generated. It should be noted that the exceptions did not cause the annual statements to be incorrect.

The annual statement exception process should identify suspected data anomalies using certain parameters, which are based upon applicable LASERS laws, procedures and process logic. The details of these exceptions should also be accessible through the SOLARIS Report module to be used during the annual statement testing process.

Member Services should enter a SOLARIS request and work with IT to review the SOLARIS functionality for generating annual statement exceptions and corresponding report(s). In addition to the current exceptions, consideration should be given to developing new exceptions which would enhance the annual statement testing process.

Once the Annual Statement Exceptions report is functional, Member Services should incorporate the review of this report into their annual statement testing process.

Member Services and IT agree with this recommendation. IT can make these changes to the SOLARIS system once Member Services has reviewed and determined the needed process changes. The completion date will depend on the priority placed on this request. TFS Change Request 24601 has been entered to correct this issue. This is a low priority request with no set date for implementing. August 2013 Update: No change in status update. March 2014 Update: Member Services is planning to initiate several changes to annual statements for next year and plan to include this item in the list of changes. September 2014 Update: No status change update. March 2015 Update: Member Services is working with IT to update these reports. New expected completion date December 31, 2015.

March 2016 Update (Member Services): The existing exception report no longer has the usefulness it did at one point, or its intended usefulness, due to several years of updating retirement plans, as well as other factors. The Annual Statement (AS) project this year is still underway. We have been reviewing and using other existing reports during this project (ex: personal data missing, address missing, service reports) as well as

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adding additional reports (service over one year, etc). TFS item 24601 will be edited upon completion of the project and will include exceptions found to be useful to processing AS. Additional exception report items may be added as well. I will update once that change request has been updated with the information. The exception report will be added to the AS Procedures. Those items have an expected completion date of June 30, 2016. To coincide with those, I also request a June 30, 2016 date to complete and have implemented in AS procedures.

September 2016 Update (Member Services):
Annual statement TFS items are worked during the allotted AS project time with IT. This one should be worked as part of this year's project to find data issues that have not been addressed through the year via other exception reports. Request updated target completion date of December 31, 2016 to allow for creation and testing.

December 2016 Update (Member Services):
This item is scheduled to be released by IT on the January 2017 SOLARIS build. Pending the date of the January 2017 build, this is expected to be released then. To allow for movement of the build date, I expect the completion to be no later than February 15, 2017.

February 2017 Update (Member Services):
This item is pending the next SOLARIS build release and testing. Please change the projected completion date to June 30, 2017.

June 2017 Update (Member Services):
Changes to the annual statement exception report are in progress. Request an adjusted target completion date of December 31, 2017, to allow the changes to be tested and

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finalized.

December 2017 Update (Member Services):
Setting this in SOLARIS requires some resources unavailable at this time. Request update of estimated completion date for SOLARIS exception report to December 31, 2018. Until then, the following items will be added to the procedures being developed: - Member working after DROP, but in Active status - Exceptions on member records - Pending enrollment files - Earned Service credit calculated over one year - Member in refunded status with money in account - Invalid Address - Member has no contributions / no membership or agency information can be pulled - Member estimate calculated less than \$200 / More than \$15,000 - FAC > \$20,000; FAC <\$1,000

November 2018 Update (Member Services):
Request new target completion date of December 31, 2019.

December 2019 Update (Member Services):
Request new target complete date of December 31, 2020. Currently using approved list of queries separate from SOLARIS generating them until the exception list can be created in SOLARIS.

January 2021 Update (Member Services):
Target completion date needs to be changed to December 31, 2021 to allow time for IT to address the issue.

January 2022 Update (Member Services):
Request new target completion date of December 31, 2022. Discussion was suspended in 2021 due to staff changes and resources being adjusted. Currently, using spreadsheets through IT and will further discuss with IT

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1026	Domestic Relations Order Process	02A	3 - Low	<p>The SOLARIS functionality used to process alternate payee records, commonly referred to as the DRO Wizard, should be enhanced. The DRO Wizard exists in SOLARIS to help facilitate the creation of alternate payee records and to divide benefits. During this review, several areas were identified for improvement within the DRO Wizard that would enhance automation and increase the effectiveness and efficiency of the DRO process.</p> <p>Currently, a spreadsheet is used to calculate the division of benefits under the Sims formula. This step is performed because SOLARIS is not currently designed to perform this type of calculation. The Sims formula calculates percentages due to each individual, based upon the length of time married during LASERS membership.</p> <p>The percentages calculated on the spreadsheet are then entered into the DRO Wizard to divide the benefits. There is an increased risk of a benefit error due to the manual nature of this step</p>	<p>upon completion of this year's project.</p> <p>January 2023 Update (Member Services): Target completion date needs to be changed to December 31, 2023 to allow time for IT to address the issue.</p> <p>Member Services should work with IT to modify the DRO Wizard to calculate benefit divisions according to the Sims formula. Target completion date is March 31, 2012. Member Services and IT agree with this recommendation. IT noted that this recommendation is feasible from a technical perspective. TFS Change Request 24733 has been entered to address this item. This is a low priority item and no set date for completion has been assigned.</p> <p>March 2014 Update: No status change update.</p> <p>September 2014 Update: No status change update.</p> <p>March 2015 Update: No status change update. New expected completion date July 31, 2016.</p> <p>September 2016 Update (Member Services): New requested completion date of December 31, 2017. Some additional information regarding future process changes to address this item is as follows:</p> <ul style="list-style-type: none"> • When a DRO is received, Legal would enter all of the details on how the DRO should be applied (basically implement the DRO Worksheet into SOLARIS, so that SOLARIS can automatically perform the split of benefits). Legal has agreed to perform this step in the process. • If the member is already retired, then Member Services would perform some steps similar to what the DRO wizard currently does to apply the split to the existing benefit. • If the member is not yet retired, then the calculation process would be changed to automatically create the alternate payee and apply the correct benefit splits through
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Item # Priority Observation

Recommendation/Audit Comments

					all phases of the calculation process (this eliminates the need to have an account go on hold when the preliminary benefit is set up in SOLARIS).
					December 2017 Update (Member Services): Request change of estimated completion date to December 31, 2018, pending IT resources.
					November 2018 Update (Member Services): Please change projected completion date to December 31, 2019.
					January 2020 Update (Member Services): Please change projected completion date to December 31, 2020.
					January 2021 Update (Member Services): Target completion date needs to be changed to December 31, 2021 to allow time for IT to address the issue.
					January 2022 Update (Member Services): Update target date to December 31, 2022 to allow IT to complete the task.
					October 2022 Update (Member Services): Update target date to December 31, 2023 to allow IT to complete the task.
1026	Domestic Relations Order Process	02D	3 - Low	The SOLARIS functionality used to process alternate payee records, commonly referred to as the DRO Wizard, should be enhanced. The DRO Wizard exists in SOLARIS to help facilitate the creation of alternate payee records and to divide benefits. During this review, several areas were identified for improvement within the DRO Wizard that would enhance automation and increase the effectiveness and efficiency of the DRO process.	Member Services should work with IT to modify the DRO Wizard so that supplemental benefits, benefits attributable to unused leave conversion, and retroactive payments can be divided between retirees and alternate payees. When outlining the SOLARIS modifications, consideration should be given to creating new benefit components to facilitate the division of the aforementioned benefits, similar to the method used to divide the base benefit for

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The DRO Wizard currently does not facilitate a division of supplemental benefits, unused leave conversion benefits, and retroactive payments.

When these types of benefits are to be divided between the retiree and alternate payee, benefit analysts must manually modify benefit components to ensure the benefit is divided properly.

When dividing base retirement benefits, the DRO Wizard refers to base benefit components existing on the member record to create an alternate base benefit component on the alternate payee record. In order for the DRO Wizard to properly divide the benefits, a benefit component for each type of benefit must exist on the member record and a related alternate benefit component must exist to offset the retiree's benefit component.

Additionally, it should be noted that a review of benefit components and related alternate benefit components was conducted. It was identified that a benefit component does not exist to divide supplemental benefits, unused leave conversion benefits, and retroactive supplemental benefits with an alternate payee.

alternate payees. Target completion date is March 31, 2012. Member Services and IT agree with this recommendation. IT noted that this recommendation is feasible from a technical perspective and should be done sooner rather than later as determining what occurred is difficult when this type of change is made. TFS Change Request 24732 has been entered to address this item. This is a low priority item and no set date for completion has been assigned.

March 2014 Update: No status change update.

September 2014 Update: No status change update.

March 2015 Update: No status change update. New expected completion date July 31, 2016.

September 2016 Update (Member Services):
New requested completion date of December 31, 2017.
Some additional information regarding future process changes to address this item is as follows:

- When a DRO is received, Legal would enter all of the details on how the DRO should be applied (basically implement the DRO Worksheet into SOLARIS, so that SOLARIS can automatically perform the split of benefits). Legal has agreed to perform this step in the process.
- If the member is already retired, then Member Services would perform some steps similar to what the DRO wizard currently does to apply the split to the existing benefit.
- If the member is not yet retired, then the calculation process would be changed to automatically create the alternate payee and apply the correct benefit splits through all phases of the calculation process (this eliminates the need to have an account go on hold when the preliminary benefit is set up in SOLARIS).

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Recommendation/Audit Comments

1026	Domestic Relations Order Process	02E	3 - Low	<p>The SOLARIS functionality used to process alternate payee records, commonly referred to as the DRO Wizard, should be enhanced. The DRO Wizard exists in SOLARIS to help facilitate the creation of alternate payee records and to divide benefits. During this review, several areas were identified for improvement within the DRO Wizard that would enhance automation and increase the effectiveness and efficiency of the DRO process.</p> <p>There are instances where DROs specify that an additional amount of money be paid to an alternate payee until a certain amount is fulfilled.</p>	<p>December 2017 Update (Member Services): Request change of estimated completion date to December 31, 2018, pending IT resources.</p> <p>November 2018 Update (Member Services): Please change projected completion date to December 31, 2019.</p> <p>January 2020 Update (Member Services): Please change projected completion date to December 31, 2020.</p> <p>January 2021 Update (Member Services): Target completion date needs to be changed to December 31, 2021 to allow time for IT to address the issue.</p> <p>January 2022 Update (Member Services): Update target date to December 31, 2022 to allow IT to complete the task.</p> <p>October 2022 Update (Member Services): Update target date to December 31, 2023 to allow IT to complete the task.</p> <p>Member Services should work with IT to modify the DRO Wizard, so it will facilitate the setting up of additional benefit components to be paid to an alternate payee until a specified amount is fulfilled. Additionally, the process should include adding the additional amount back to the retiree or beneficiary component when paid in full. Target completion date is March 31, 2012. Member Services and IT agree with this recommendation. IT noted that this recommendation is feasible from a technical perspective. This is a good idea for further enhancements to SOLARIS. IT recommends this be placed on the Change Request list and prioritized based on a business analysis comparing the value of this change in relation to the</p>
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Once fulfilled, the additional amount of money is added back to the benefit of the retiree or beneficiary. The DRO Wizard does not facilitate the handling of these situations.

Without manual modification of the starting and ending dates for benefit components, there is a risk that payees could be under- or over-paid.

volume versus the effort. This is a low priority item with no set date for implementing.

March 2014 Update: No status change update.

September 2014 Update: No status change update.

March 2015 Update: No status change update. New expected completion date July 31, 2016.

September 2016 Update (Member Services):
New requested completion date of December 31, 2017.
Some additional information regarding future process changes to address this item is as follows:

- When a DRO is received, Legal would enter all of the details on how the DRO should be applied (basically implement the DRO Worksheet into SOLARIS, so that SOLARIS can automatically perform the split of benefits). Legal has agreed to perform this step in the process.
- If the member is already retired, then Member Services would perform some steps similar to what the DRO wizard currently does to apply the split to the existing benefit.
- If the member is not yet retired, then the calculation process would be changed to automatically create the alternate payee and apply the correct benefit splits through all phases of the calculation process (this eliminates the need to have an account go on hold when the preliminary benefit is set up in SOLARIS).

December 2017 Update (Member Services):
Request change of estimated completion date to December 31, 2018, pending IT resources.

November 2018 Update (Member Services):
Please change projected completion date to December 31, 2019.

New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified. This report will be presented semi-annually to the Audit Committee.

					<p>January 2020 Update (Member Services): Please change projected completion date to December 31, 2020.</p> <p>January 2021 Update (Member Services): Target completion date needs to be changed to December 31, 2021 to allow time for IT to address the issue.</p> <p>January 2022 Update (Member Services): Update target date to January 31, 2022 to allow IT to complete the task.</p> <p>October 2022 Update (Member Services): Update target date to December 31, 2023 to allow IT to complete the task.</p>
1026	Domestic Relations Order Process	03	3 - Low	<p>It was observed that there is not a mechanism in SOLARIS to identify that a DRO exists on a member's record during the retirement process.</p> <p>The current DRO process includes not paying benefits to the retiree or alternate payee until after the final benefit calculation is approved and the DRO calculation is performed. However, there are automatic processes that take place in SOLARIS to begin paying monthly benefits, retroactive benefits, and lump-sum leave payments as they are approved. The retroactive payments and lump-sum leave payments are set up via the Supplemental Request module and paid during interim check run processing.</p> <p>When a DRO exists, benefit analysts must remember to stop any payments that are automatically created and place the benefit account on a "hold" status, so that benefits will</p>	<p>Member Services should work with IT to enhance the SOLARIS Process Retirement module to include a DRO indicator field. When this field is marked to indicate that a DRO is on file, SOLARIS should:</p> <ul style="list-style-type: none"> - Automatically place the benefit account in a "hold" status. - Not allow any benefits or retroactive payments to be generated. - Generate a benefit component for lump-sum leave and retroactive payments only once the final calculation is approved. When the DRO calculation is performed, these gross components would be able to be divided appropriately. <p>Once the DRO calculation is finalized, the benefit account status would be changed to an "active" status by either the DRO benefit analyst manually updating the benefit account status or an automated process could run. Target completion date is March 31, 2012. Member Services and IT agree with this recommendation. IT noted that this recommendation is feasible from a technical perspective.</p>

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not be paid prematurely. Since this process is manual, there is an increased risks that benefits could be paid prematurely, before the DRO calculation is performed.

In addition, there is currently a way to identify DROs in SOLARIS under legal documents which could serve as the flag. TFS Change Request 24731 has been entered to address this item. This is a low priority item and no set date for completion has been assigned.

March 2014 Update: No status change update.

September 2014 Update: No status change update.

March 2015 Update: No status change update. New expected completion date July 31, 2016.

September 2016 Update (Member Services):
New requested completion date of December 31, 2017.
Some additional information regarding future process changes to address this item is as follows:

- When a DRO is received, Legal would enter all of the details on how the DRO should be applied (basically implement the DRO Worksheet into SOLARIS, so that SOLARIS can automatically perform the split of benefits). Legal has agreed to perform this step in the process.
- If the member is already retired, then Member Services would perform some steps similar to what the DRO wizard currently does to apply the split to the existing benefit.
- If the member is not yet retired, then the calculation process would be changed to automatically create the alternate payee and apply the correct benefit splits through all phases of the calculation process (this eliminates the need to have an account go on hold when the preliminary benefit is set up in SOLARIS).

December 2017 Update (Member Services):
Request change of estimated completion date to December 31, 2018, pending IT resources.

New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified. This report will be presented semi-annually to the Audit Committee.

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					<p>December 2018 Update (Member Services): Request change of estimated completion date to December 31, 2019, pending IT resources.</p> <p>January 2020 Update (Member Services): Request change of estimated completion date to December 31, 2020, pending IT resources.</p> <p>January 2021 Update (Member Services): Target completion date needs to be changed to December 31, 2021 to allow time for IT to address the issue.</p> <p>January 2022 Update (Member Services): Update target date to December 31, 2022 to allow IT to complete the task.</p> <p>October 2022 Update (Member Services): Update target date to December 31, 2023 to allow IT to complete the task.</p>
1510	Benefit Calculation Review	01A	3 - Low	<p>A sample of benefit calculations finalized in 2014 was randomly selected for independent recalculation by Audit Services. Exception results from analytic queries were also reviewed and independent recalculations were performed, where necessary. Lastly, calculations that required a recalculation as identified during the post-final calculation check performed by the Member Services quality control analyst were reviewed by Audit Services.</p> <p>Of the 103 calculations tested by Audit Services, there were four benefit calculation errors identified which resulted in a net overpayment of \$1,175.42. Detailed observations are outlined below.</p>	<p>Member Services should examine the benefit calculation process based on the issues noted above and determine which areas should be strengthened to minimize calculation errors. Member Services has taken the necessary action to correct the record. TFS change request 28224 was previously entered which relates to correcting this type of issue in SOLARIS. Furthermore, Member Services will send a reminder to staff to ensure they watch for this possible item in the future.</p> <p>May 2016 Update (Member Services): TFS change request 28224 will not be completed prior to July 1, 2016. This will most likely be a part of the next major calculation overhaul in SOLARIS, with a projected completion date of January 2017. This should be the revised target completion date.</p>

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Item # Priority Observation

Recommendation/Audit Comments

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.

A supplemental benefit was paid to a retiree in error. The retiree was 100 percent vested upon entering DROP and did not work the required 36 months after DROP to earn a new final average compensation (FAC). However, when the individual retired after DROP a supplemental benefit was incorrectly calculated and paid. This resulted in a benefit overpayment of \$170.37 per month.

December 2016 Update (Member Services):
Request updated target completion date of June 30, 2017 for this item. There have been some setbacks that have caused the implementation of the new calculation methods to be delayed.

June 2017 Update (Member Services):
In evaluating the fix for this item, IT and Member Services have run into some challenges that will require additional evaluation, discussion, and testing. Please update target completion date to June 30, 2018.

July 2018 Update (Member Services):
Member Services is currently waiting for available IT resources. Request update of target date to June 30, 2019.

December 2018 Update (Member Services):
Member Services is currently waiting for available IT resources. Request update of target date to December 31, 2019.

Member Services (December 2019):
Request target date to be changed to December 31, 2020 to allow for IT to complete the process.

January 2021 Update (Member Services):
Target completion date needs to be changed to December 31, 2021 to allow time for IT to address the issue.

January 2022 Update (Member Services):
Update target date to December 31, 2022 to allow IT to complete the task.

October 2022 Update (Member Services):
Target completion date needs to be changed to December

New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified. This report will be presented semi-annually to the Audit Committee.

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Item # Priority Observation

Recommendation/Audit Comments

1510 Benefit
Calculation
Review

01B

3 - Low

A sample of benefit calculations finalized in 2014 was randomly selected for independent recalculation by Audit Services. Exception results from analytic queries were also reviewed and independent recalculations were performed, where necessary. Lastly, calculations that required a recalculation as identified during the post-final calculation check performed by the Member Services quality control analyst were reviewed by Audit Services.

Of the 103 calculations tested by Audit Services, there were four benefit calculation errors identified which resulted in a net overpayment of \$1,175.42. Detailed observations are outlined below.

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.

The initial retroactive benefit payment made to one beneficiary was in error. The retiree's

31, 2023, to allow time for IT to address the issue.

Member Services should examine the benefit calculation process based on the issues noted above and determine which areas should be strengthened to minimize calculation errors. Member Services has taken the necessary action to correct the record. TFS change request 31982 was previously entered which relates to adding a secondary approval to the beneficiary setup process in SOLARIS. Furthermore, the death process procedures are being updated and the staff is verifying the manually created retroactive benefit payments, until the death process in SOLARIS is changed.

June 2016 Update (Member Services):

The TFS item is currently a low priority given what is on the horizon for SOLARIS updates (Purchasing & Disability to Regular). We recommend a new target completion date of July 1, 2017. In the interim, Member Services is verifying the manually created retroactive benefits are correct and the appropriate procedures have been updated to reflect this change.

July 2017 Update (Member Services):

The new projected completion date of TFS CR 31982 is March 31, 2018.

April 2018 Update (Member Services):

The new projected completion date of TFS CR 31982 is December 31, 2018. Please update the target completion date of this recommendation to match this date.

November 2018 Update (Member Services):

Request target date to be changed to December 31, 2019 to allow for IT to complete the process.

Member Services (December 2019):

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Item # Priority Observation

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				monthly base benefit was used to calculate the initial retro payment instead of the beneficiary's monthly base benefit. This resulted in a one-time benefit overpayment of \$614.20.	<p>Request target date to be changed to December 31, 2020 to allow for IT to complete the process.</p> <p>January 2021 Update (Member Services): Target completion date needs to be changed to December 31, 2021 to allow time for IT to address the issue.</p> <p>January 2022 Update (Member Services): Target completion date needs to be changed to December 31, 2022 to allow time for IT to address the issue.</p> <p>October 2022 Update (Member Services): Target completion date needs to be changed to December 31, 2023, to allow time for IT to address the issue.</p>
1801	Agency Contribution Reporting	02B1	3 - Low	<p>During this review, testing was performed to verify that SOLARIS ACR related exceptions were working as designed. The testing covered both FTP and ESS file reporting types. All Critical Fiscal (CF), Read-Load (RL), Read-Move (RM), X-File-Load (XL), X-File-Move (XM), Non-Critical Fiscal (NCF), and Non-Critical Member Services (NCM) exceptions within the scope of this review were tested. The different situations where the exceptions did not function as expected are outlined below. It should be noted that multiple scenarios were tested for many of the exceptions listed below, but this report contains only the examples in which the exception did not act as expected.</p> <p>A.The following exceptions are items where the contribution file should have been rejected due to the specific Fiscal exception noted, but did not. In general, these types of exceptions are designed to test the validity of the header, detail, and footer records of the FTP files. Detailed information for</p>	<p>Fiscal and Member Services should develop a process to periodically test that exceptions are functioning as intended. A highly effective solution would be automated testing of these exceptions each time a SOLARIS build is implemented.</p> <p>Response: Once the bug fixes from Recommendation #1 are complete, Fiscal will work with IT to develop testing files that will be used to verify if exceptions are working as intended. These files will be tested at least annually. The development of automated testing is the ideal solution, but would require significant involvement from IT. Fiscal has entered TFS item 48803 for the development of automated testing files. Member Services stated that periodic testing is not likely, at this time, as they currently lack the resources required due to the amount of effort and the level of expertise needed. They noted that they already have safeguards in place through the various processes that are performed, making this particular item low risk; however, agree with implementing automated testing at build time. The estimated completion date will</p>

New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified. This report will be presented semi-annually to the Audit Committee.

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Item # Priority Observation

Recommendation/Audit Comments

these exceptions, the testing scenarios, and results can be found in Appendix A.

be determined by the IT Governance Committee based on the agencies priorities.

•RL-023, RL-025, RL-028, RL-029, RL-030, RL-031, RL-033, RL-038, RL-045, RM-001, RM-006, RM-012, RM-013, RM-014, RM-028, RM-030, RM-035, RM-036, RM-037, RM-038, RM-039, XL-004

Auditor Comment:
A project to revamp SOLARIS ACR has been approved by the IT Governance Committee. The current IT Governance Committee project plan has resources already assigned out for at least the next 12 months. Therefore, the start date and scope for Phase 1 of this project has not been finalized and will be revisited by December 31, 2020. Audit Services will obtain a status update on the TFS items associated with Recommendation #1 and #2 by then.

B.The following exceptions are items where the contribution file should be processed and the specific Fiscal exception should generate, but did not. In general, these types of exceptions are designed to test the validity of the contribution related data within the FTP and ESS files. Detailed information for these exceptions, the testing scenarios, and results can be found in Appendix B.

January 2021 Update (Audit Services and Fiscal):
The project to revamp SOLARIS ACR is not currently scheduled to be performed in 2021 due to higher priority agency wide projects in progress and available IT resources. Therefore, Audit Services will obtain a formal status update of this item by December 31, 2021.

•NCF-005 (Item Closed)
•NCF-038

February 2022 Update (Audit Services and Fiscal):
The project to revamp SOLARIS ACR is currently scheduled to be started in 2022; however, a realistic target completion date will not be determined until the planning portion of this project has been completed. Therefore, Audit Services will obtain a formal status update of this item by December 31, 2022.

It should be noted that upon discovering the issues above, audit did not perform testing to identify files that should have been rejected or should have generated an exception, but did not. This is due to Audit's confidence level in the current requirements for the exceptions. Further testing can be performed with the completion of Recommendation #1, as deemed necessary.

January 2023 Update (Audit Services and Fiscal):
The project to revamp SOLARIS ACR is not currently scheduled to be started in 2023 due to higher priority agency wide projects in progress and available IT resources. Therefore, Audit Services will obtain a formal status update of this item by December 31, 2023.

Furthermore, an evaluation of the process to test and validate the exceptions in place are functioning as intended was performed. According to Fiscal and Member Services, this type of testing is performed only when changes

New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified. This report will be presented semi-annually to the Audit Committee.

				are implemented in SOLARIS that appear to affect specific exceptions (i.e., logic changes to NCF-005 would result in testing of this exception). It was determined that there is no process in place to test the functionality of these exceptions on a periodic, on-going basis. Due to the potential of other changes in SOLARIS impacting the exception process, using this testing method could lead to exceptions not functioning as intended without knowledge of this.	
1801	Agency Contribution Reporting	02B2	3 - Low	<p>During this review, testing was performed to verify that SOLARIS ACR related exceptions were working as designed. The testing covered both FTP and ESS file reporting types. All Critical Fiscal (CF), Read-Load (RL), Read-Move (RM), X-File-Load (XL), X-File-Move (XM), Non-Critical Fiscal (NCF), and Non-Critical Member Services (NCM) exceptions within the scope of this review were tested. The different situations where the exceptions did not function as expected are outlined below. It should be noted that multiple scenarios were tested for many of the exceptions listed below, but this report contains only the examples in which the exception did not act as expected.</p> <p>A. The following exceptions are items where the contribution file should have been rejected due to the specific Fiscal exception noted, but did not. In general, these types of exceptions are designed to test the validity of the header, detail, and footer records of the FTP files. Detailed information for these exceptions, the testing scenarios, and results can be found in Appendix A.</p> <p>•RL-023, RL-025, RL-028, RL-029, RL-030, RL-</p>	<p>Fiscal and Member Services should develop a process to periodically test that exceptions are functioning as intended. A highly effective solution would be automated testing of these exceptions each time a SOLARIS build is implemented.</p> <p>Response: Once the bug fixes from Recommendation #1 are complete, Fiscal will work with IT to develop testing files that will be used to verify if exceptions are working as intended. These files will be tested at least annually. The development of automated testing is the ideal solution, but would require significant involvement from IT. Fiscal has entered TFS item 48803 for the development of automated testing files. Member Services stated that periodic testing is not likely, at this time, as they currently lack the resources required due to the amount of effort and the level of expertise needed. They noted that they already have safeguards in place through the various processes that are performed, making this particular item low risk; however, agree with implementing automated testing at build time. The estimated completion date will be determined by the IT Governance Committee based on the agencies priorities.</p> <p>Auditor Comment:</p>

New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified. This report will be presented semi-annually to the Audit Committee.

031, RL-033, RL-038, RL-045, RM-001, RM-006, RM-012, RM-013, RM-014, RM-028, RM-030, RM-035, RM-036, RM-037, RM-038, RM-039, XL-004

B. The following exceptions are items where the contribution file should be processed and the specific Fiscal exception should generate, but did not. In general, these types of exceptions are designed to test the validity of the contribution related data within the FTP and ESS files. Detailed information for these exceptions, the testing scenarios, and results can be found in Appendix B.

- NCF-005 (Item Closed)
- NCF-038

It should be noted that upon discovering the issues above, audit did not perform testing to identify files that should have been rejected or should have generated an exception, but did not. This is due to Audit's confidence level in the current requirements for the exceptions. Further testing can be performed with the completion of Recommendation #1, as deemed necessary.

Furthermore, an evaluation of the process to test and validate the exceptions in place are functioning as intended was performed. According to Fiscal and Member Services, this type of testing is performed only when changes are implemented in SOLARIS that appear to affect specific exceptions (i.e., logic changes to NCF-005 would result in testing of this exception). It was determined that there is no

A project to revamp SOLARIS ACR has been approved by the IT Governance Committee. The current IT Governance Committee project plan has resources already assigned out for at least the next 12 months. Therefore, the start date and scope for Phase 1 of this project has not been finalized and will be revisited by December 31, 2020. Audit Services will obtain a status update on the TFS items associated with Recommendation #1 and #2 by then.

January 2021 Update (Member Services):
Target completion date needs to be changed to December 31, 2021 to allow time for IT to address the issue.

January 2022 Update (Member Services):
Target completion date needs to be changed to December 31, 2022 to allow time for IT to address the issue.

October 2022 Update (Member Services):
Target completion date needs to be changed to December 31, 2023, to allow time for IT to address the issue.

New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified. This report will be presented semi-annually to the Audit Committee.

				<p>process in place to test the functionality of these exceptions on a periodic, on-going basis. Due to the potential of other changes in SOLARIS impacting the exception process, using this testing method could lead to exceptions not functioning as intended without knowledge of this.</p>	
1801	Agency Contribution Reporting	03A	3 - Low	<p>There are situations where the earning, base pay, and/or contribution amounts reported to LASERS may need to be updated (e.g., resolve identified exceptions, apply reported retroactive contributions to the correct period, etc.). Changes to these items can only be made if an exception exists on a record.</p> <p>NCM or NCF exceptions can be generated in two ways: system (SOLARIS) generated and manually created. System generated exceptions are accompanied with a work item, created in Optimus, that indicates what could be wrong with the record. Manually created exceptions are created by a user when they want to update a record that does not have a system generated exception. When an exception is cleared in all instances, the record is flagged with a check mark on the main SOLARIS Account History screen and a comment is included that contains the username of the person who made the change when viewing the record details.</p> <p>During this review, the following situations outline areas where controls related to account history record changes should be improved:</p> <p>a. Currently, there are two methods used to access identified account history record exceptions in SOLARIS. One method is by selecting the account history record from the</p>	<p>Fiscal and Member Services should work with IT to ensure that the logic in SOLARIS is consistent by requiring comments for any updates made to contribution records, regardless of how the update is made. TFS item 46959 has been entered to address this item.</p> <p>Response: TFS item 46959 has been entered to address this item in SOLARIS. The estimated completion date will be determined by the IT Governance Committee based on the agencies priorities.</p> <p>Auditor Comment: A project to revamp SOLARIS ACR has been approved by the IT Governance Committee. The current IT Governance Committee project plan has resources already assigned out for at least the next 12 months. Therefore, the start date and scope for Phase 1 of this project has not been finalized and will be revisited by December 31, 2020. Audit Services will obtain a status update on this TFS item by then.</p> <p>January 2021 Update (Audit Services and Fiscal): The project to revamp SOLARIS ACR is not currently scheduled to be performed in 2021 due to higher priority agency wide projects in progress and available IT resources. Therefore, Audit Services will obtain a formal status update of this item by December 31, 2021.</p> <p>February 2022 Update (Audit Services and Fiscal):</p>

New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified. This report will be presented semi-annually to the Audit Committee.

Account History tab and the other is by selecting the exception from the Exception tab. When accessing the exception via the Account History tab, no exception can be created and saved unless a comment containing text is entered. However, from the Exception tab, a comment is still required, but no text actually has to be entered. When creating or resolving account history record exceptions in SOLARIS, the individual performing the task should be required to enter a comment stating the reason why the exception is being created or cleared. The SOLARIS functionality should consistently require a text comment to be entered, regardless of the manner in which an exception is accessed.

b. It was observed that an individual, with security access to edit account history records, is able to make adjustments to their own contribution records in SOLARIS. It should be noted that during this review TFS item 41326 was created to address this. Audit is not aware of any examples of when an individual updated their own record.

c. It was observed that an individual's earnings and contributions could be modified through the exception resolution process. The current process for resolving exceptions that require changes to the account history data does not include a system approval prior to the updates being made. However, the following items relate to a review performed on completed NCM and NCF exceptions:

- Fiscal reviews ten percent of completed, system generated exceptions.
- Member Services does not have a review process in place for completed, system generated exceptions.

The project to revamp SOLARIS ACR is currently scheduled to be started in 2022; however, a realistic target completion date will not be determined until the planning portion of this project has been completed. Therefore, Audit Services will obtain a formal status update of this item by December 31, 2022.

January 2023 Update (Audit Services and Fiscal):
The project to revamp SOLARIS ACR is not currently scheduled to be started in 2023 due to higher priority agency wide projects in progress and available IT resources. Therefore, Audit Services will obtain a formal status update of this item by December 31, 2023.

New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified. This report will be presented semi-annually to the Audit Committee.

				<p>•Neither Fiscal nor Member Services has a review process in place for manually generated exceptions.</p> <p>d.When attempting to save changes made to account history records, the updated record is not validated against the active NCF or NCM exceptions to identify if the changes violate any pre-defined rules. This process improvement would prevent improper adjustments from being made to an account history record. During limited sample testing, no examples of instances where an improper adjustment was made to a record was identified.</p> <p>Proper controls related to the member account history record changes should be implemented to ensure consistency and reduce the possibility of error or internal fraud.</p>	
1801	Agency Contribution Reporting	03C	3 - Low	<p>There are situations where the earning, base pay, and/or contribution amounts reported to LASERS may need to be updated (e.g., resolve identified exceptions, apply reported retroactive contributions to the correct period, etc.). Changes to these items can only be made if an exception exists on a record.</p> <p>NCM or NCF exceptions can be generated in two ways: system (SOLARIS) generated and manually created. System generated exceptions are accompanied with a work item, created in Optimus, that indicates what could be wrong with the record. Manually created exceptions are created by a user when they want to update a record that does not have a system generated exception. When an exception is cleared in all instances, the record is flagged with a check</p>	<p>Fiscal and Member Services should work with IT to identify and evaluate the SOLARIS changes that are necessary to address the control weakness related to the approval of account history data changes. Upon completing this evaluation, an implementation plan should be developed and reviewed by all parties involved.</p> <p>In the interim, Fiscal should develop and implement a review process to include manually generated NCF exceptions. Member Services should develop and implement a process to review NCM exceptions.</p> <p>Response: Fiscal noted that TFS item 24466 was entered in 2010 to create a new report for exceptions and we have now entered TFS item 48794 to replace the original item. TFS 48794 requests we create a report listing all non-critical exceptions cleared during a given time frame. The report</p>

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mark on the main SOLARIS Account History screen and a comment is included that contains the username of the person who made the change when viewing the record details.

During this review, the following situations outline areas where controls related to account history record changes should be improved:

a. Currently, there are two methods used to access identified account history record exceptions in SOLARIS. One method is by selecting the account history record from the Account History tab and the other is by selecting the exception from the Exception tab. When accessing the exception via the Account History tab, no exception can be created and saved unless a comment containing text is entered. However, from the Exception tab, a comment is still required, but no text actually has to be entered. When creating or resolving account history record exceptions in SOLARIS, the individual performing the task should be required to enter a comment stating the reason why the exception is being created or cleared. The SOLARIS functionality should consistently require a text comment to be entered, regardless of the manner in which an exception is accessed.

b. It was observed that an individual, with security access to edit account history records, is able to make adjustments to their own contribution records in SOLARIS. It should be noted that during this review TFS item 41326 was created to address this. Audit is not aware of any examples of when an individual updated their own record.

c. It was observed that an individual's earnings and contributions could be modified though the

will be used to select items for review (10% of total exceptions including NCF-000). Fiscal's updated process includes a ten percent review of all cleared exceptions, regardless of how they were created. Member Services noted that they currently review ten percent of all processes where NCM exceptions are manually created. The requirement to review cleared exceptions has been added to the ten percent check for Service Credit Reviews and Retirement Processing. The estimated completion date will be determined by the IT Governance Committee based on the agencies priorities.

Auditor Comment:

Audit Services has confirmed that the review process for exceptions as noted in the response from Fiscal and Member Services has been implemented. As for the long term SOLARIS related changes noted in the recommendation and response, a project to revamp SOLARIS ACR has been approved by the IT Governance Committee. The current IT Governance Committee project plan has resources already assigned out for at least the next 12 months. Therefore, the start date and scope for Phase 1 of this project has not been finalized and will be revisited by December 31, 2020. Audit Services will obtain a status update by then.

January 2021 Update (Audit Services and Fiscal):

The project to revamp SOLARIS ACR is not currently scheduled to be performed in 2021 due to higher priority agency wide projects in progress and available IT resources. Therefore, Audit Services will obtain a formal status update of this item by December 31, 2021.

February 2022 Update (Audit Services and Fiscal):

The project to revamp SOLARIS ACR is currently scheduled to be started in 2022; however, a realistic target

New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified. This report will be presented semi-annually to the Audit Committee.

				<p>exception resolution process. The current process for resolving exceptions that require changes to the account history data does not include a system approval prior to the updates being made. However, the following items relate to a review performed on completed NCM and NCF exceptions:</p> <ul style="list-style-type: none"> •Fiscal reviews ten percent of completed, system generated exceptions. •Member Services does not have a review process in place for completed, system generated exceptions. •Neither Fiscal nor Member Services has a review process in place for manually generated exceptions. <p>d.When attempting to save changes made to account history records, the updated record is not validated against the active NCF or NCM exceptions to identify if the changes violate any pre-defined rules. This process improvement would prevent improper adjustments from being made to an account history record. During limited sample testing, no examples of instances where an improper adjustment was made to a record was identified.</p> <p>Proper controls related to the member account history record changes should be implemented to ensure consistency and reduce the possibility of error or internal fraud.</p>	<p>completion date will not be determined until the planning portion of this project has been completed. Therefore, Audit Services will obtain a formal status update of this item by December 31, 2022.</p> <p>January 2023 Update (Audit Services and Fiscal): The project to revamp SOLARIS ACR is not currently scheduled to be started in 2023 due to higher priority agency wide projects in progress and available IT resources. Therefore, Audit Services will obtain a formal status update of this item by December 31, 2023.</p>
1801	Agency Contribution Reporting	03D	3 - Low	<p>There are situations where the earning, base pay, and/or contribution amounts reported to LASERS may need to be updated (e.g., resolve identified exceptions, apply reported retroactive contributions to the correct period, etc.). Changes to these items can only be made if an exception</p>	<p>Fiscal and Member Services should work with IT to identify and evaluate the SOLARIS changes that are necessary to validate account history record changes against established validations prior to the change being processed. Upon completing this evaluation, an implementation plan should be developed and reviewed by</p>

New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified. This report will be presented semi-annually to the Audit Committee.

exists on a record.

all parties involved.

NCM or NCF exceptions can be generated in two ways: system (SOLARIS) generated and manually created. System generated exceptions are accompanied with a work item, created in Optimus, that indicates what could be wrong with the record. Manually created exceptions are created by a user when they want to update a record that does not have a system generated exception. When an exception is cleared in all instances, the record is flagged with a check mark on the main SOLARIS Account History screen and a comment is included that contains the username of the person who made the change when viewing the record details.

Response:
TFS item 48853 has been entered to address this in SOLARIS. The estimated completion date will be determined by the IT Governance Committee based on the agencies priorities.

Auditor Comment:
A project to revamp SOLARIS ACR has been approved by the IT Governance Committee. The current IT Governance Committee project plan has resources already assigned out for at least the next 12 months. Therefore, the start date and scope for Phase 1 of this project has not been finalized and will be revisited by December 31, 2020. Audit Services will obtain a status update on this TFS item by then.

During this review, the following situations outline areas where controls related to account history record changes should be improved:

a. Currently, there are two methods used to access identified account history record exceptions in SOLARIS. One method is by selecting the account history record from the Account History tab and the other is by selecting the exception from the Exception tab. When accessing the exception via the Account History tab, no exception can be created and saved unless a comment containing text is entered. However, from the Exception tab, a comment is still required, but no text actually has to be entered. When creating or resolving account history record exceptions in SOLARIS, the individual performing the task should be required to enter a comment stating the reason why the exception is being created or cleared. The

January 2021 Update (Audit Services and Fiscal):
The project to revamp SOLARIS ACR is not currently scheduled to be performed in 2021 due to higher priority agency wide projects in progress and available IT resources. Therefore, Audit Services will obtain a formal status update of this item by December 31, 2021.

February 2022 Update (Audit Services and Fiscal):
The project to revamp SOLARIS ACR is currently scheduled to be started in 2022; however, a realistic target completion date will not be determined until the planning portion of this project has been completed. Therefore, Audit Services will obtain a formal status update of this item by December 31, 2022.

January 2023 Update (Audit Services and Fiscal):
The project to revamp SOLARIS ACR is not currently scheduled to be started in 2023 due to higher priority

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SOLARIS functionality should consistently require a text comment to be entered, regardless of the manner in which an exception is accessed.

b.It was observed that an individual, with security access to edit account history records, is able to make adjustments to their own contribution records in SOLARIS. It should be noted that during this review TFS item 41326 was created to address this. Audit is not aware of any examples of when an individual updated their own record.

c.It was observed that an individual's earnings and contributions could be modified through the exception resolution process. The current process for resolving exceptions that require changes to the account history data does not include a system approval prior to the updates being made. However, the following items relate to a review performed on completed NCM and NCF exceptions:

- Fiscal reviews ten percent of completed, system generated exceptions.
- Member Services does not have a review process in place for completed, system generated exceptions.
- Neither Fiscal nor Member Services has a review process in place for manually generated exceptions.

d.When attempting to save changes made to account history records, the updated record is not validated against the active NCF or NCM exceptions to identify if the changes violate any pre-defined rules. This process improvement would prevent improper adjustments from being made to an account history record. During limited sample testing, no examples of instances where an improper adjustment was made to a record

agency wide projects in progress and available IT resources. Therefore, Audit Services will obtain a formal status update of this item by December 31, 2023.

New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified. This report will be presented semi-annually to the Audit Committee.

				was identified.	
				Proper controls related to the member account history record changes should be implemented to ensure consistency and reduce the possibility of error or internal fraud.	
1801	Agency Contribution Reporting	04B	3 - Low	<p>Upon receiving an agency's monthly contribution report and corresponding payment, Fiscal pre-loads the report into a test environment to ensure there are no file rejection errors. Once this is confirmed, the files are placed into a folder so it can be loaded into SOLARIS production. After the report is loaded into SOLARIS production, Fiscal also confirms that the total employee and employer contribution amount matches the payment amount. According to Fiscal, if there is an error or a difference, staff performs the following:</p> <p>a. In situations where an error that would stop the file from merging into SOLARIS production is found, Fiscal manually changes the original file that was submitted by the agency instead of sending it back to them for correction. After these changes are made, the file is loaded into SOLARIS production.</p> <p>b. In situations where an agency's payment is off by less than \$1.00, Fiscal will reject the file, after being loaded into SOLARIS production and change it in ESS by making a small adjustment to an individual's employer contributions. After these changes are made, Fiscal will re-submit the file that now matches the payment amount.</p> <p>According to Fiscal, these SOLARIS related weaknesses are known issues; therefore, the manual process noted above was implemented</p>	<p>Fiscal should work with IT to identify and evaluate the SOLARIS changes that are necessary to ensure:</p> <ul style="list-style-type: none"> • The original reports submitted by the agency are not accessible to Fiscal staff. • A system approval process is implemented for any changes made to the reports submitted by the agency. <p>Upon completing this evaluation, an implementation plan should be developed and reviewed by all parties involved.</p> <p>In the interim, Fiscal should develop and implement a process to review any files that are changed prior to being finalized into SOLARIS production. This should include updating access to change the original report prior to being loaded into SOLARIS to essential personnel only.</p> <p>Response: TFS item 48856 was entered to address this issue. Fiscal has begun rejecting files and, in very limited situations, manual corrections are made. Upon completion of manual changes, the file is processed in SOLARIS and if it is not rejected, then this confirms that all changes were made correctly. Furthermore, the Fiscal staff that have access to modify the files are limited only to those that perform or oversee ACR functions. The interim portion of this recommendation is complete. As for the other components of this recommendation, the estimated completion date will be determined by the IT Governance Committee based on the agencies priorities.</p>

New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified. This report will be presented semi-annually to the Audit Committee.

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as a workaround along with additional compensating controls (i.e. staff experience and proficiency). It should be noted that audit is not aware of any examples of files being updated inaccurately.

In both of these situations, changing the reports submitted by the agency poses the risk of the files being updated with inaccurate information. Furthermore, the current process for changing the reports submitted by the agency does not include a system approval prior to the changes being made or a review after the changes are processed.

Auditor Comment:

Audit Services has confirmed the interim changes made to this process are complete. As for the long term related changes noted in the recommendation and response, a project to revamp SOLARIS ACR has been approved by the IT Governance Committee. The current IT Governance Committee project plan has resources already assigned out for at least the next 12 months. Therefore, the start date and scope for Phase 1 of this project has not been finalized and will be revisited by December 31, 2020. Audit Services will obtain a status update by then.

January 2021 Update (Audit Services and Fiscal):

The project to revamp SOLARIS ACR is not currently scheduled to be performed in 2021 due to higher priority agency wide projects in progress and available IT resources. Therefore, Audit Services will obtain a formal status update of this item by December 31, 2021.

February 2022 Update (Audit Services and Fiscal):

The project to revamp SOLARIS ACR is currently scheduled to be started in 2022; however, a realistic target completion date will not be determined until the planning portion of this project has been completed. Therefore, Audit Services will obtain a formal status update of this item by December 31, 2022.

January 2023 Update (Audit Services and Fiscal):

The project to revamp SOLARIS ACR is not currently scheduled to be started in 2023 due to higher priority agency wide projects in progress and available IT resources. Therefore, Audit Services will obtain a formal status update of this item by December 31, 2023.

1818 Benefit Calculation 01A 3 - Low A sample of benefit calculations finalized in 2016 and 2017 were randomly selected for

Member Services should examine the benefit calculation process based on the issues noted above and determine

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Review

independent recalculation by Audit Services. Exception results from analytic queries were also reviewed and independent recalculations were performed, where necessary. Lastly, calculations that required a recalculation as identified during the post-final calculation check performed by the Member Services quality control analyst were reviewed by Audit Services.

Of the 186 calculations tested by Audit Services, there were four benefit calculation errors identified. Detailed observations are outlined in the table below.

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.

The monthly benefit amount for one individual in DROP accrual was overstated due to a discrepancy in the final average compensation (FAC) calculation. SOLARIS did not accurately calculate the FAC because several months in the FAC period where double the amount of the

which areas should be strengthened to minimize calculation errors.

Member Services agrees with this recommendation. The corrective action plan for this item is noted below.

Corrective Action Plan (Short-Term) (CLOSED)

The following actions have been taken to address the Disability to Regular related issues:

- The Disability to Regular worksheet has been corrected.
- The Quality Assurance (QA) Specialist has begun checking all Disability to Regular calculations.

In regards to FAC, a minimum of two analysts will continue to check FAC before the calculation is finalized and no short-term changes are recommended to this process.

Corrective Action Plan (Long-Term) (OPEN)

There are future plans to make the following changes in SOLARIS related to the issues noted in the observation:

- Incorporate the Disability to Regular process into the calculation module.
- Simplify and redesign the FAC calculation method.

The priority for this long-term plan has been set as low for the following reasons:

- Very low volume of Disability to Regular calculations.
- Changes noted in the short-term corrective action plan.
- The current controls in place to verify the accuracy of the FAC.

The target completion date for this long-term plan will be established no later than December 31, 2018.

New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified. This report will be presented semi-annually to the Audit Committee.

**Engagement #
and Title**

Item # Priority Observation

Recommendation/Audit Comments

				<p>actual earnings reported to LASERS. This resulted in a benefit overpayment of \$371.06 per month.</p> <p>Member Services has taken the necessary action to correct this record.</p> <p>A recalculation was performed changing the member's monthly benefit amount prospectively. A deduction of \$5,182.87 was made to the member's DROP account to correct the balance for the overpayment from previous months.</p>	<p>Member Services (December 2018): Request a change of the target completion date to December 31, 2019. We will continue with the short-term solution until IT can make changes to SOLARIS.</p> <p>Member Services (December 2019): Request target date to be changed to December 31, 2020 to allow for IT to complete the process.</p> <p>January 2021 Update (Member Services): Target completion date needs to be changed to December 31, 2021 to allow time for IT to address the issue.</p> <p>January 2022 Update (Member Services): Target completion date needs to be changed to December 31, 2022 to allow time for IT to address the issue.</p> <p>October 2022 Update (Member Services): Target completion date needs to be changed to December 31, 2023, to allow time for IT to address the issue.</p>
1818	Benefit Calculation Review	01B	3 - Low	<p>A sample of benefit calculations finalized in 2016 and 2017 were randomly selected for independent recalculation by Audit Services. Exception results from analytic queries were also reviewed and independent recalculations were performed, where necessary. Lastly, calculations that required a recalculation as identified during the post-final calculation check performed by the Member Services quality control analyst were reviewed by Audit Services.</p> <p>Of the 186 calculations tested by Audit Services, there were four benefit calculation errors identified. Detailed observations are outlined in the table below.</p>	<p>Member Services should examine the benefit calculation process based on the issues noted above and determine which areas should be strengthened to minimize calculation errors.</p> <p>Member Services agrees with this recommendation. The corrective action plan for this item is noted below.</p> <p>Corrective Action Plan (Short-Term) (CLOSED)</p> <p>The following actions have been taken to address the Disability to Regular related issues:</p> <ul style="list-style-type: none"> •The Disability to Regular worksheet has been corrected. •The Quality Assurance (QA) Specialist has begun checking all Disability to Regular calculations.

New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified. This report will be presented semi-annually to the Audit Committee.

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.

The monthly benefit amount for two retirees were overstated due to the use of incorrect retirement option actuarial factors. Both individuals converted from disability to regular retirement with an IBO option. The disability to regular calculation utilized the factors from the original calculation instead of the factors in place at the time the disability to regular calculation was performed. This resulted in a benefit overpayment of \$12.10 and \$22.50 per month for each individual respectively.

Member Services has taken the necessary action to correct this record.

A recalculation was performed changing the monthly benefit amount for each member prospectively. Member Services submitted the details of these exceptions to Legal for review and it was determined that the retroactive

In regards to FAC, a minimum of two analysts will continue to check FAC before the calculation is finalized and no short-term changes are recommended to this process.

Corrective Action Plan (Long-Term) (OPEN)

There are future plans to make the following changes in SOLARIS related to the issues noted in the observation:

- Incorporate the Disability to Regular process into the calculation module.
- Simplify and redesign the FAC calculation method.

The priority for this long-term plan has been set as low for the following reasons:

- Very low volume of Disability to Regular calculations.
- Changes noted in the short-term corrective action plan.
- The current controls in place to verify the accuracy of the FAC.

The target completion date for this long-term plan will be established no later than December 31, 2018.

Member Services (December 2018):

Request a change of the target completion date to December 31, 2019. We will continue with the short-term solution until IT can make changes to SOLARIS.

Member Services (December 2019):

Request target date to be changed to December 31, 2020 to allow for IT to complete the process.

January 2021 Update (Member Services):

Target completion date needs to be changed to December 31, 2021 to allow time for IT to address the issue.

January 2022 Update (Member Services):

New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified. This report will be presented semi-annually to the Audit Committee.

**Engagement #
and Title**

Item # Priority Observation

Recommendation/Audit Comments

				overpayments totaling \$677.44 should not be collected.	Target completion date needs to be changed to December 31, 2022 to allow time for IT to address the issue.
					October 2022 Update (Member Services): Target completion date needs to be changed to December 31, 2023, to allow time for IT to address the issue.
1818	Benefit Calculation Review	01C	3 - Low	<p>A sample of benefit calculations finalized in 2016 and 2017 were randomly selected for independent recalculation by Audit Services. Exception results from analytic queries were also reviewed and independent recalculations were performed, where necessary. Lastly, calculations that required a recalculation as identified during the post-final calculation check performed by the Member Services quality control analyst were reviewed by Audit Services.</p> <p>Of the 186 calculations tested by Audit Services, there were four benefit calculation errors identified. Detailed observations are outlined in the table below.</p> <p>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</p>	<p>Member Services should examine the benefit calculation process based on the issues noted above and determine which areas should be strengthened to minimize calculation errors.</p> <p>Member Services agrees with this recommendation. The corrective action plan for this item is noted below.</p> <p>Corrective Action Plan (Short-Term) (CLOSED)</p> <p>The following actions have been taken to address the Disability to Regular related issues:</p> <ul style="list-style-type: none"> •The Disability to Regular worksheet has been corrected. •The Quality Assurance (QA) Specialist has begun checking all Disability to Regular calculations. <p>In regards to FAC, a minimum of two analysts will continue to check FAC before the calculation is finalized and no short-term changes are recommended to this process.</p> <p>Corrective Action Plan (Long-Term) (OPEN)</p> <p>There are future plans to make the following changes in SOLARIS related to the issues noted in the observation:</p> <ul style="list-style-type: none"> •Incorporate the Disability to Regular process into the calculation module. •Simplify and redesign the FAC calculation method. <p>The priority for this long-term plan has been set as low for the following reasons:</p>

New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified. This report will be presented semi-annually to the Audit Committee.

**Engagement #
and Title**

Item # Priority Observation

Recommendation/Audit Comments

				able to perform the final calculation.	<ul style="list-style-type: none"> •Very low volume of Disability to Regular calculations. •Changes noted in the short-term corrective action plan. •The current controls in place to verify the accuracy of the FAC.
				<p>The monthly benefit amount for one retiree was understated due to the use of an incorrect retirement option actuarial factor and the exclusion of the 1986 cost of living adjustment (COLA). This individual elected to convert from disability to regular retirement with an IBO option effective June 30, 2017. The disability to regular calculation utilized the factor scheduled to be effective on July 1, 2017 instead of the one in place on June 30, 2017. Furthermore, the member should have received an additional \$25 per month for being hired prior to July 1, 1986. This was missing from the member's original disability calculation. These discrepancies resulted in a total benefit underpayment of \$23.39 per month.</p> <p>Member Services has taken the necessary action to correct this record.</p> <p>A recalculation was performed changing the member's monthly benefit prospectively. A payment of \$3,580.76 was issued to the member for the underpayment from previous months.</p>	<p>The target completion date for this long-term plan will be established no later than December 31, 2018.</p> <p>Member Services (December 2018): Request a change of the target completion date to December 31, 2019. We will continue with the short-term solution until IT can make changes to SOLARIS.</p> <p>Member Services (December 2019): Request target date to be changed to December 31, 2020 to allow for IT to complete the process.</p> <p>January 2021 Update (Member Services): Target completion date needs to be changed to December 31, 2021 to allow time for IT to address the issue.</p> <p>January 2022 Update (Member Services): Target completion date needs to be changed to December 31, 2022 to allow time for IT to address the issue.</p> <p>October 2022 Update (Member Services): Target completion date needs to be changed to December 31, 2023, to allow time for IT to address the issue.</p>
1914	Rehired Retiree Process Review	01	3 - Low	<p>Fiscal uses the SOLARIS Cancel Retirement History module to track rehire and termination information for LASERS rehired retirees. SOLARIS was originally designed to require that a separate entry be created when entering a termination date instead of updating the rehire entry to simply include the termination date. It should be noted that TFS request 27425 was</p>	<p>Fiscal should work with IT and take the necessary steps in SOLARIS to require the rehire termination entries to be directly associated with the rehire hire entries by executing TFS request 27425. Upon completion of this TFS request, all related SOLARIS rehired retiree processes should be evaluated and updated based on this new data structure.</p> <p>In the interim, Fiscal should take the necessary steps to</p>

New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified. This report will be presented semi-annually to the Audit Committee.

created in 2013 to allow for the termination date to be associated with the rehire entry in SOLARIS and currently remains open. The current process in SOLARIS can create data integrity issues which impacts various other rehired retiree processes, queries, and reports that utilize this information. Furthermore, this data structure also causes the annual rehired retiree processes (i.e., annual allowable earnings letter and annual earnings request letter) to be unnecessarily complex which can lead to errors.

The following examples further illustrate the impact of the current data structure in the SOLARIS Cancel Retirement History module on related processes:

- The Option 1A rehired retiree annual allowable earnings letter process includes a step to identify all of the individuals that should receive this letter for the current fiscal year. The logic for this step does not utilize the data in the SOLARIS Cancel Retirement History, but instead uses the status reason code from the retiree's benefit account. When a rehire entry is created in the SOLARIS Cancel Retirement History module, the status reason is changed to the code Rehired Retiree (Option 1A). During this review, there were 14 instances identified where the data in the SOLARIS Cancel Retirement History was updated, but the status reason code was not which caused these individuals to either be incorrectly included or excluded from the FYE 2018 annual allowable earnings letter process.
- The Option 1A rehired retiree annual earnings request letter process includes a step to identify all of the individuals that should receive this letter

ensure that the related SOLARIS rehired retiree processes impacted by this issue are functioning properly.

Fiscal agrees with this recommendation. We entered the TFS item in 2015 to make the improvements being recommended by Audit at this time. The process will continue as is until the IT Governance Committee prioritizes it to be worked. This has been assigned a low priority because this is a small process where the population of approximately 750 has not justified a higher priority. The completion date will be determined by the IT Governance Committee based on the agencies priorities. TFS 27425 and 36303 (from observation 2) should be worked together.

The rehired retiree related TFS items are on the list of projects for future consideration and prioritization by the IT Governance Committee. The current IT Governance Committee project plan has resources already assigned out for at least the next 12 months. Therefore, Audit Services will obtain a status update of this item by December 31, 2020.

January 2021 Update (Audit Services and Fiscal):
The rehired retiree related TFS items are not currently scheduled to be performed in 2021 due to higher priority agency wide projects in progress and available IT resources. Therefore, Audit Services will obtain a formal status update of this item by December 31, 2021.

February 2022 Update (Audit Services and Fiscal):
The rehired retiree related TFS items are not currently scheduled to be performed in 2022 due to higher priority agency wide projects in progress and available IT resources. Therefore, Audit Services will obtain a formal status update of this item by December 31, 2022.

New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified. This report will be presented semi-annually to the Audit Committee.

for the most recent fiscal year. The logic for this step utilizes the data in the SOLARIS Cancel Retirement History, but due to the separate rehire and termination entries, the results are not accurate. During this review, there were 15 instances identified where the individuals were either incorrectly included or excluded from the FYE 2018 annual earnings request letter process. It should be noted that, prior to this review, Fiscal determined that there were at least 100 individuals where the earnings had not been requested for the last three years and should have been. They have taken the steps to obtain the earnings information from the employer agencies for these individuals.

In each of these instances, the SOLARIS change that would require the termination date to be associated with the rehire entry would allow for the annual processes to be simplified and more reliable.

1914 Rehired
Retiree
Process
Review

02

3 - Low

Fiscal performs the annual process to submit a letter requesting the most recent fiscal year actual earnings for Option 1A rehired retirees from the appropriate employer agency. As part of the annual earnings request letter process, two different document types are stored in OPTIMUS, which is the imaging software that LASERS utilizes for file and document management. The separate document types is necessary to ensure the letter and returned request are classified separately in OPTIMUS and also facilitates the notification of Fiscal staff when the request has been received back from the employer agency.

Currently, this process is performed manually

January 2023 Update (Audit Services and Fiscal): The rehired retiree related TFS items are not currently scheduled to be performed in 2023 due to higher priority agency wide projects in progress and available IT resources. Therefore, Audit Services will obtain a formal status update of this item by December 31, 2023.

Fiscal should work with IT to develop a solution that automates the annual earnings request letter generation process by executing TFS request 36303. In the interim, Fiscal should take the necessary steps to ensure that the current workarounds are being properly performed.

Fiscal agrees with this recommendation. We entered the TFS item in 2016 to make the improvements being recommended by Audit at this time. The process will continue as is until the IT Governance Committee prioritizes it to be worked. This has been assigned a low priority because this is a small process where the population of approximately 750 has not justified a higher priority. The completion date will be determined by the IT Governance Committee based on the agencies priorities.

New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified. This report will be presented semi-annually to the Audit Committee.

				<p>outside of SOLARIS via a Microsoft Word mail merge. The first step in the process is to generate an electronic only version of the letter for all affected individuals and import into OPTIMUS under the document type RROPT1LT. The next step is to manually change the document type to RROPT1RP, then print and mail this correspondence to the employer agency. The use of the document type RROPT1RP ensures that when the document is received back from the agency that it will be classified separately from the letter prior to the response (RROPT1LT). It should be noted that TFS request 36303 was created in 2016 to automate this process in SOLARIS and currently remains open.</p> <p>During this review, it was determined that, for the FYE 2018 annual process, both the letter sent to the employer agency and received back were incorrectly classified as the same document type in OPTIMUS (RROPT1LT). However, for the FYE 2019 annual process, this did not occur and instead the two separate document types were created, as expected.</p> <p>Automation of this process in SOLARIS will reduce the risk of manual breakdowns (i.e., typographical errors) and ensure the proper document classification in OPTIMUS.</p>	<p>TFS 27425 (from observation 1) and 36303 should be worked together.</p> <p>The rehired retiree related TFS items are on the list of projects for future consideration and prioritization by the IT Governance Committee. The current IT Governance Committee project plan has resources already assigned out for at least the next 12 months. Therefore, Audit Services will obtain a status update of this item by December 31, 2020.</p> <p>January 2021 Update (Audit Services and Fiscal): The rehired retiree related TFS items are not currently scheduled to be performed in 2021 due to higher priority agency wide projects in progress and available IT resources. Therefore, Audit Services will obtain a formal status update of this item by December 31, 2021.</p> <p>February 2022 Update (Audit Services and Fiscal): The rehired retiree related TFS items are not currently scheduled to be performed in 2022 due to higher priority agency wide projects in progress and available IT resources. Therefore, Audit Services will obtain a formal status update of this item by December 31, 2022.</p> <p>January 2023 Update (Audit Services and Fiscal): The rehired retiree related TFS items are not currently scheduled to be performed in 2023 due to higher priority agency wide projects in progress and available IT resources. Therefore, Audit Services will obtain a formal status update of this item by December 31, 2023.</p>
1914	Rehired Retiree Process Review	04	3 - Low	<p>Potential rehired retirees may choose an option that would suspend their annual retirement benefit and enroll them as contributing members of LASERS while employed. If they work for at least 36 months, then they can earn a</p>	<p>Fiscal should work with IT to update the appropriate payee account status when Option 3 rehires and terminations are processed in SOLARIS. Note: When making this change, logic for related rehired retiree processes (e.g., the annual allowable earnings letter) should be evaluated since they</p>

New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified. This report will be presented semi-annually to the Audit Committee.

supplemental retirement benefit. Otherwise, the paid employee contributions can be refunded after termination.

SOLARIS is designed to automatically change the retiree's benefit account to a suspended status once the Option 3 rehire entry is saved in the SOLARIS Cancel Retirement module. Also, the benefit account status is automatically changed to an active status once a termination entry is saved in the SOLARIS Cancel Retirement module. In general, these automated controls prevent the monthly benefit payment from being issued while the individual is employed and restarts the benefit after termination.

When an individual retires, a benefit account is created in SOLARIS along with the associated payee(s). The payee record contains all of the applicable monthly benefit payment information. This data hierarchy is necessary since there can be more than one payee associated with a benefit account. When the benefit account is suspended, no payment can be issued from any payee associated with that benefit account.

In the case of Option 3 rehired retirees that participated in DROP, the benefit account has to be manually changed to an active status when a payment from their LASERS DROP payee account is made. After payment is issued, then the benefit account status has to be manually changed back to suspended.

In order to alleviate this situation and possible

may reference the benefit account status.

Fiscal agrees with this recommendation. TFS item 51410 has been entered to research the logic and correspondence and TFS item 51409 to change what suspends. This has been assigned a low priority because this is a small process where the population of approximately 750 has not justified a higher priority. The completion date will be determined by the IT Governance Committee based on the agencies priorities.

The rehired retiree related TFS items are on the list of projects for future consideration and prioritization by the IT Governance Committee. The current IT Governance Committee project plan has resources already assigned out for at least the next 12 months. Therefore, Audit Services will obtain a status update of this item by December 31, 2020

January 2021 Update (Audit Services and Fiscal):
The rehired retiree related TFS items are not currently scheduled to be performed in 2021 due to higher priority agency wide projects in progress and available IT resources. Therefore, Audit Services will obtain a formal status update of this item by December 31, 2021.

February 2022 Update (Audit Services and Fiscal):
The rehired retiree related TFS items are not currently scheduled to be performed in 2022 due to higher priority agency wide projects in progress and available IT resources. Therefore, Audit Services will obtain a formal status update of this item by December 31, 2022.

January 2023 Update (Audit Services and Fiscal):
The rehired retiree related TFS items are not currently scheduled to be performed in 2023 due to higher priority

New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified. This report will be presented semi-annually to the Audit Committee.

**Engagement #
and Title**

Item # Priority Observation

Recommendation/Audit Comments

			others, the appropriate payee status should be suspended for the Option 3 rehired retirees instead of the benefit account.	agency wide projects in progress and available IT resources. Therefore, Audit Services will obtain a formal status update of this item by December 31, 2023.
SOLA PHASE V RIS	50	3 - Low	Issue_AS_2006_115 Birth date field edits	<p>Parameters should be set in SOLARIS on the member's date of birth field to not accept dates of birth that would make the member less than or older than a predefined age.</p> <p>There are edits in place in Employer Self Service (ESS) Member Enrollment and Maintenance that require the DOB make the member at least 16 and no older than 99. Additionally, TFS Change Request 24172 has been entered to apply the same/similar validation parameters to the Date of Birth field in the Maintain Person Module as exist in the Enrollment and Employer Self Service Modules. Scheduled to be completed by December 31, 2009. This is a low priority item with no set date for implementing. March 2014 Update: No status change update. September 2014 Update: No status change update. March 2015 Update: No action taken at this time since it requires further discussion. New expected completion date December 31, 2015.</p> <p>March 2016 Update (Member Services): After discussion with the Audit Team, Member Services agrees that while validation rules being in place for age restrictions may not be in our interest, we do need a process within SOLARIS that will identify enrollment anomalies (including age checking) in order to decide whether or not something needs to be done, and to at least verify the data sent by the agency was accurate. We will begin design and implementation of this process. Please set a new projected completion date of March 31, 2017 for follow-up.</p> <p>June 2017 Update (Member Services):</p>

New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified. This report will be presented semi-annually to the Audit Committee.

**Engagement #
and Title**

Item # Priority Observation

Recommendation/Audit Comments

SOLA PHASE V
RIS

52

3 - Low

Issue_AS_2006_117 Date of birth should not be
equal to or after the member's hire date

Please set new projected completion date of March 31,
2018.

April 2018 Update (Member Services):
Please set new target completion date of December 31,
2018.

December 2018 Update (Member Services):
Please change projected completion date to December 31,
2019.

January 2019 Update (Member Services):
Report will be implemented under TFS 46856.

January 2020 Update (Member Services):
Please change projected completion date to December 31,
2020.

January 2021 Update (Member Services):
Target completion date needs to be changed to December
31, 2021 to allow time for IT to address the issue.

January 2022 Update (Member Services):
Update target date to December 31, 2022 to allow IT to
complete the task.

October 2022 Update (Member Services):
Update target date to December 31, 2023 to allow IT to
complete the task.

SOLARIS should not allow the date of birth to be equal to
or after the member's hire date.

TFS Change Request 24172 has been entered to apply
the same validation parameters to the Date of Birth field in
the Maintain Person Module as exist in the Enrollment
Module. Scheduled to be completed by December 31,

*New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified.
This report will be presented semi-annually to the Audit Committee.*

**Engagement #
and Title**

Item # Priority Observation

Recommendation/Audit Comments

2009. This is a low priority request with no set date for implementing. March 2014 Update: No status change update. September 2014 Update: No status change update. March 2015 Update: No action taken at this time since it requires further discussion. New expected completion date December 31, 2015.

March 2016 Update (Member Services):
After discussion with the Audit Team, Member Services agrees that while validation rules being in place for age restrictions may not be in our interest, we do need a process within SOLARIS that will identify enrollment anomalies (including age checking) in order to decide whether or not something needs to be done, and to at least verify the data sent by the agency was accurate. We will begin design and implementation of this process. Please set a new projected completion date of March 31, 2017 for follow-up.

June 2017 Update (Member Services):
Please set new projected completion date of March 31, 2018.

April 2018 Update (Member Services):
Please set new target completion date of December 31, 2018.

December 2018 Update (Member Services):
Please set new target completion date of December 31, 2019.

January 2019 Update (Member Services):
Report will be implemented under TFS 46856.

January 2020 Update (Member Services):
Please change projected completion date to December 31,

New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified. This report will be presented semi-annually to the Audit Committee.

***Engagement #
and Title***

Item # Priority Observation

Recommendation/Audit Comments

2020.

January 2021 Update (Member Services):
Target completion date needs to be changed to December 31, 2021 to allow time for IT to address the issue.

January 2022 Update (Member Services):
Update target date to December 31, 2022 to allow IT to complete the task.

October 2022 Update (Member Services):
Update target date to December 31, 2023 to allow IT to complete the task.

New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified. This report will be presented semi-annually to the Audit Committee.

Engagement

and Title

Item # Observation

Recommendation/Audit Comments

2201 Empower
E IRS Form
1099-R
Testing

01 Incorrect distribution codes were assigned to 1099-R forms for five public safety plan retirees. Under the Pension Protection Act of 2006, there is an exception to the early distribution and additional 10 percent tax that is granted to public safety employees. The exception applies if separation from service occurred in or after the year the employee reached age 50. If the exception is not correctly applied, there can be tax consequences for the retiree.

In the five instances identified:

- Four 1099-R forms issued to retirees of a public safety plan were incorrectly assigned a distribution code of 1, signifying an early distribution. The four participants identified were all age 50 or greater when they separated from service. Empower has issued corrected 1099-R forms for these individuals.
- One 1099-R form issued to a retiree of a public safety plan was incorrectly assigned a distribution code of 2, signifying an early distribution with an exception. The participant identified had not yet met age 50 when they separated from service. Empower has issued a corrected 1099-R forms for this individual.

LASERS provides Empower with dates of birth, termination dates, and an indicator to

Empower agrees with this recommendation. Empower is in the process of building the system coding to read the Public Safety Officer Indicator that is being sent on the LASERS demographics file. This code will be inserted into the participant accounts so that when a cash distribution (payment to self) is processed the system will assign the appropriate tax type code of 2 to be reported on the 1099-R form.

March 2023 Update (Empower Retirement):

The system coding to read and add the Retired Public Safety Officer codes from the LASERS Demographics files has been implemented effective with the file received February 7, 2023. Distributions processed on or after February 7, 2023 will be coded with the appropriate tax type code for the eligible retired public safety officers who's indicator has been added to their account.

The 1099-R forms for 2022 distributions were reviewed and updated with the appropriate tax type code as needed prior to being generated on January 31, 2023.

Distributions that had completed in 2023 prior to February 7, 2023 have been reviewed and the tax type code for eligible public safety officers will be corrected prior to the 2023 1099-R Forms printing in January 2024.

March 2023 Update (Audit Services):

New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified. This report will be presented semi-annually to the Audit Committee.

<i>Engagement # and Title</i>	<i>Item #</i>	<i>Observation</i>	<i>Recommendation/Audit Comments</i>
		communicate if a retiree retired from a public safety plan for all SDP participants.	This item will remain open until confirmation can be performed during testing of 2023 1099-Rs. Suggested new target completion date of March 31, 2024.

New items will appear on this report after we present the reports at our quarterly Audit Committee meeting. Items will be marked closed when evidence is presented and verified. This report will be presented semi-annually to the Audit Committee.



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To: LASERS Audit Committee
From: Ryan Babin
Subject: Customer Service Evaluation Summary

EXTERNAL REVIEWS

2306 University of Louisiana at Lafayette

The survey was completed by one individual and consisted of all positive responses.

BOARD OF TRUSTEES:

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EXECUTIVE SUMMARY OF AUDIT REPORTS

2211 Phone System Replacement Project

This was a planned engagement on the fiscal year end 2022 Audit Plan. The fieldwork for this engagement was completed on October 10, 2022.

In mid-2021, IT and Member Services began the search for a new phone system. The Avaya IP Office Contact Center, an on-premise system, was nearing end-of-support and no longer met LASERS needs for reporting and flexibility. The phone system search focused on cloud-based solutions that would allow for increased connectivity flexibility and provide enhancements to the Member Services Call Center.

As part of the Phone System Replacement Project, a team primarily made up of members from IT and Member Services developed requirements and criteria that would be needed in a new phone system. An analysis of cloud-based phone systems was performed and each was evaluated according to LASERS needs and requirements. A summary of each of the key areas of our involvement in this project is outlined below.

1. Vendor Review and Selection

- Identification of Possible Vendors and Selection of Three Finalists

IT performed research, utilizing ratings from Gartner and Forrester evaluations, to identify potential vendors that could be reviewed. The project team developed an internal needs assessment to determine LASERS needs and requirements. Each vendor was provided a listing of LASERS requirements to ensure their web demonstrations covered the necessary information.

- In-depth Review of Three Finalists

The project team performed an in-depth review of the three vendors selected as finalists based on cost, ease of use, application features, company maturity, security, and service agreement/support. Ratings were assigned to each vendor based on how well they met the criteria. At the conclusion of this phase, Avaya Cloud Office by RingCentral was selected as the final vendor.

BOARD OF TRUSTEES:

Shannon Templet, *Chair*
Barbara McManus, *Vice Chair*
Thomas Bickham
Virginia Burton
Charles F. Castille

Comm'r Jay Dardenne
Byron P. Decoteau, Jr.
Ternisa Hutchinson
Rep. Barry Ivey
Judge William Kleinpeter

Amy A. Mathews
Sen. Barrow Peacock, *Designee*
Sen. Edward Price
Hon. John Schroder

Cindy Rougeou, *Executive Director*

- Security Review of Selected Vendor

One of LASERS established security standards require that cloud vendors obtain a Cloud Security Alliance Security Trust Assurance and Risk (CSA STAR) Certification, ISO 27001 Certificate, and a Systems and Organization Controls (SOC) 2, Type 2 audit before being utilized. Although the selected vendor does not have a CSA STAR certification, they provided a copy of their Consensus Assessments Initiative Questionnaire (CAIQ) self-assessment and their Health Information Trust Alliance (HITRUST) certification. Obtaining a HITRUST demonstrates that an organization has implemented rigorous controls to protect sensitive data. According to IT, the HITRUST certification was an acceptable certification in lieu of the CSA STAR certification. IT and Audit Services staff reviewed the security documentation provided and confirmed that Avaya Cloud Office by RingCentral met LASERS requirements.

Audit Services involvement in the vendor review and selection phase consisted of participating in system demonstrations, reviewing the project team vendor evaluation documentation, and reviewing security documentation for the selected vendor.

At the conclusion of the three phases of this analysis, LASERS staff provided a recommendation to purchase and implement Avaya Cloud Office by RingCentral. IT obtained unanimous approval from the Executive and Senior Management staff to begin the transition. ConvergeOne was selected as the consultant to manage the transition from the Avaya IP Office System to the Avaya Cloud Office Platform.

2. System Development, Testing, and Implementation

The project with Avaya Cloud Office by RingCentral officially kicked off on April 1, 2022. Weekly design sessions took place to communicate phone line and user information, configure necessary settings, and design call-flows to ensure the new phone system met LASERS expectations. Audit Services participated in these sessions.

Once the new system's design was developed, testing took place to verify that the system functioned as intended. Audit Services participated in the testing phase by reviewing requirements and the testing plan created by Member Services. Feedback was communicated to Member Services and IT that included obtaining clarification and recommending the addition of various requirements and tests. Additionally, Audit Services conducted testing independently from the project team. Testing was accomplished by calling into the system as if a member was calling Customer Service to ensure the call flowed through the contact center as designed. Other testing was performed by acting as a customer service agent, to ensure that calls could be received and could be classified once the call ended and that statuses and options were available to the agent as designed. Audit Services performed testing to help ensure that roles and permissions were appropriately assigned to users. It was also verified that login takes place through single sign-on functionality for users connecting through the LASERS network. Users connecting outside of LASERS network must be validated through multi-factor authentication before allowing access to the phone system.

The go-live date for the new system took place August 13, 2022 and was a successful implementation. There were no reportable observations related to the implementation of the phone system.

2217 Benefit Calculation Review

This was a planned engagement on the fiscal year end (FYE) 2022 Audit Plan. The fieldwork for this engagement was completed on January 26, 2023.

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.

During this review, there was one observation noted which relates to benefit calculation errors for nine individuals whose prorated unused leave calculation did not include service credit purchased for computational purposes.

OBSERVATION #1

A sample of benefit calculations finalized from January through November 2021 were randomly selected for independent recalculation by Audit Services. Exception results from analytic queries were also reviewed and independent recalculations were performed, where necessary. Lastly, calculations that required a recalculation as identified during the post-final calculation check performed by the Member Services quality assurance specialist were reviewed by Audit Services. Of the 175 calculations tested by Audit Services, nine benefit calculation errors were identified.

During this review, benefit calculation errors were identified for nine individuals whose prorated unused leave calculation did not include service credit purchased for computational purposes (Air Time B). Unused leave is prorated when an individual has service credit in multiple retirement plans that have varying accrual rates (i.e., 2.5% and 3.33%). In these nine instances, the unused leave was prorated between their varying accrual rates; however, the service credit allocated to each accrual rate was incorrect because the Air Time B service credit was not included.

Furthermore, when SOLARIS calculates the retirement benefit in this type of scenario, it does not include Air Time B service credit, so a manual calculation by Member Services is required to confirm the accuracy of the retirement benefit and adjustments made accordingly. It should be noted that Member Services recently entered TFS Bug 94127 to address this issue in SOLARIS. The chart below contains details on the financial impact of these errors which is a total net underpayment of \$3,339.65 through January 31, 2023.

	Amount	Overpayment/Underpayment
Member 1	\$496.18	Overpayment
Member 2	\$1,931.97	Overpayment

Member 3	\$162.48	Underpayment
Member 4	\$281.35	Underpayment
Member 5	\$320.40	Underpayment
Member 6	\$360.91	Underpayment
Member 7	\$964.60	Underpayment
Member 8	\$1,216.85	Underpayment
Member 9	\$2,461.21	Underpayment

RECOMMENDATION #1 (CLOSED)

Member Services should perform the necessary steps to correct the calculation errors for the individuals noted in the observation.

DIVISION RESPONSE

Member Services agrees with this recommendation. All benefit payments will be corrected effective for the March monthly payroll and retro payments will go out in February. The priority for this item has been set as high with a target completion date of February 22, 2023.

RECOMMENDATION #2

Member Services should examine the benefit calculation process and procedures based on the issue noted above and determine which areas should be strengthened to minimize calculation errors. Furthermore, any relevant staff communication and training should be performed.

DIVISION RESPONSE

Member Services agrees with this recommendation. Staff will be required to use the calculation worksheet when members' benefits fall under this scenario. A workaround procedures document will be written to explain and highlight how this is addressed until SOLARIS is updated. Additionally, an automated report will be created to identify when members in this situation are within the retirement process. The priority for this item has been set as high with a target completion date of March 31, 2023. Worksheet will be used immediately and procedures will be ready by March 31, 2023.

RECOMMENDATION #3

Member Services should work with IT to address TFS Bug 94127 which should result in SOLARIS correctly including service credit purchased for computational purposes when prorating unused leave.

DIVISION RESPONSE

Member Services agrees with this recommendation. The priority for this item has been set as medium with a target completion date of December 31, 2023. Member Services will request an estimated time for the fix since it has the appearance of low complexity and we are available when IT resources are ready to work on this bug.

2301F LASERS IRS Form 1099-R Testing

This was a planned engagement on the fiscal year end (FYE) 2023 Audit Plan. The fieldwork for this engagement was completed on January 20, 2023.

The Internal Revenue Service (IRS) requires that 1099-R forms be reported annually for benefit and refund recipients. The Fiscal Division processes these forms for all benefit recipients that receive a payment directly from LASERS and submits the corresponding electronic data file to the IRS. Empower Retirement performs this process for LASERS benefit recipients with self-directed plan accounts.

A thorough review and testing of 1099-Rs issued for tax year 2022 was performed by LASERS staff to help ensure that all critical errors were resolved prior to issuance. The 1099-R forms were mailed to benefit recipients prior to the January 31st deadline and the corresponding file was accepted by the IRS prior to the February 28th deadline. There were no reportable observations identified during this review.

2301G LASERS Required Minimum Distribution (RMD) Testing

This was a planned engagement on the fiscal year end (FYE) 2023 Audit Plan. The fieldwork for this engagement was completed on January 30, 2023.

The Fiscal Division processes RMDs for retirees and beneficiaries of retirees who participated in Deferred Retirement Option Plan (DROP) or took an Initial Benefit Option (IBO), prior to the establishment of the Self Directed Plan (SDP).

A thorough review and testing of RMDs processed by LASERS for 2022 was performed by LASERS staff to help ensure that all critical errors were resolved. RMDs were issued to necessary payees prior to the December 31st deadline. There were no reportable observations identified during this review.

2306 University of Louisiana at Lafayette (External Review)

This was a planned engagement on the fiscal year end 2023 Audit Plan. The fieldwork for this engagement was completed on October 4, 2022. ULL employs approximately 435 LASERS members.

During this review, the following observations were noted and detailed below:

1. Base pay was reported incorrectly for one part-time individual.
2. Agency should report deferred payout earnings when paid.
3. One individual was incorrectly reported as a rehired retiree.

OBSERVATION #1

According to the LASERS Employer's Guide to Retirement (Chapter 2: Service Credit), base pay for part-time employees should be reported using the yearly base salary that the member would have earned had he or she worked as a full-time employee. During this review, it was noted that the agency incorrectly reported the base for one individual based on their part-time yearly salary. Base pay for this employee was reported as one-twelfth their part-time annual salary, instead of correctly being reported as one-twelfth the equivalent full-time salary for

this position. This could cause the employee's service credit and final average compensation to be overstated. This is an agency system limitation and this individual's base pay will need to be manually corrected prior to submitting the monthly contribution reporting to LASERS.

RECOMMENDATION #1 (CLOSED)

The agency should work with LASERS Member Services staff to correct the previously reported base pay of this individual. Target completion date is October 31, 2022.

AGENCY RESPONSE

The agency agrees with this recommendation. A letter was sent to LASERS Members Services to review the members base and service credit back to 4/20/17.

RECOMMENDATION #2 (CLOSED)

The agency should improve their LASERS contribution reporting process to ensure that the base pay for part-time individuals is reported based on a full-time salary. Procedures should be updated accordingly. Target completion date is January 31, 2023.

AGENCY RESPONSE

The agency agrees with this recommendation. Procedures have been updated to review all new hires to check if salary is listed at a full time rate. If the new hire is part-time and salary is listed less than full time in the university system, a manual correction will be made to the monthly report to change the base to full time.

OBSERVATION #2

According to the LASERS Employer's Guide to Retirement (Chapter 3: Contribution Reporting), each agency employing members of the system shall submit a certified monthly retirement report to the board of trustees containing the following information: The earned compensation of each employee who was paid during the period reported.

According to the agency, they have historically reported deferred payout earnings in the month when earned and not paid. During this review, three individuals were identified with errors in the timing of when their deferred payout was reported to LASERS. This type of error could cause service credit and final average compensation (FAC) to be incorrect.

RECOMMENDATION #1 (CLOSED)

The agency should work with LASERS Member Services staff to determine whether the reporting of deferred payout earnings when earned resulted in an impact to the service credit or FAC for the current employees that receive deferred payout pay. Additionally, any required corrections should be made. Target completion date is January 31, 2023.

AGENCY RESPONSE

The agency agrees with this recommendation. The University will work with LASERS member services team in determining any impact to the three individuals identified based on reporting deferred pay when earned versus when paid.

RECOMMENDATION #2

The agency should review their procedures and process in place and make any necessary updates to ensure deferred payout earnings are reported in the month when they are paid. Target completion date is January 31, 2023.

AGENCY RESPONSE

The agency agrees with this recommendation. Per LASERS requirements, the University will make any necessary changes to ensure deferred payout earnings are reported in the month when they are paid. This will be completed by January 31, 2023.

OBSERVATION #3

According to the LASERS Employer's Guide to Retirement (Chapter 15: Re-employed Retirees), unclassified employees at any state university are not subject to LASERS re-employed retiree provisions. During this review, it was noted that the agency incorrectly reported one LASERS retiree that was re-employed in an unclassified position as a LASERS Option 1A rehired retiree. This caused the employee to be unnecessarily subject to an earnings limitation.

RECOMMENDATION #1 (CLOSED)

The agency should work with LASERS Fiscal staff to correct the reporting of this individual as a LASERS rehired retiree. Target completion date is October 31, 2022.

AGENCY RESPONSE

The agency agrees with this recommendation. The University will email: Ask LASERS – Fiscal Department, notifying them that we incorrectly enrolled an employee as a Return to Work Retiree. He was not eligible for Rehire Retiree Status. We ask that they remove him.

RECOMMENDATION #2 (CLOSED)

The agency should improve their rehired retiree reporting process to ensure that individuals are properly reported as LASERS rehired retirees based on their position's eligibility and number of years of service credit. Procedures should be updated accordingly. Target completion date is January 31, 2023.

AGENCY RESPONSE

The agency agrees with this recommendation. The University's planned corrective action is to follow the LASERS Chapter 15 rules for Retirees returning to work. It is the agency's responsibility to determine if the retired member is subject to re-employed retiree restrictions.

When hiring a retiree, the agency must first determine:

- If the retiree is a LASERS member
and
- If the position is LASERS eligible

These rules only apply to retirees of LASERS who are re-employed in state service in a LASERS eligible position. They do not apply to retirees who are self-employed, employed in the private sector, LASERS Disability Retirees or employed in a public position that is not LASERS eligible. We have updated our procedures to reflect the corrective action.

2313 Louisiana House of Representatives (External Review)

This was a planned engagement on the fiscal year end 2023 Audit Plan. The fieldwork for this engagement was completed on January 19, 2023. The Louisiana House of Representatives employs approximately 160 LASERS members.

During this review, there was one observation noted which relates to the agency not having a process to report breakdowns of lumpsum retroactive earnings and contributions to LASERS.

OBSERVATION

According to the LASERS Employer's Guide to Retirement (Chapter 3: Contribution Reporting), a retroactive payment occurs when a lump sum of contributions for a single member is reported within 12 months of determining the reporting issue. In cases where a lump sum is reported, agencies should correctly calculate the member's employee and employer contributions due based on the rate in effect for the retroactive months. To ensure that contributions are allocated correctly, agencies should submit documentation to LASERS showing a month-by-month breakdown.

During this review, it was noted that the agency does not have a process to report the month-by-month breakdown when lump sum retroactive earnings and contributions are reported to LASERS. Not reporting breakdowns of a lump sum could cause errors when calculating a member's service credit and final average compensation.

RECOMMENDATION

The agency should develop a process to properly report breakdowns of lump sum retroactive earnings and contributions to LASERS. Target completion date is June 30, 2023.

AGENCY RESPONSE

The agency agrees with this recommendation. Effective February 1, 2023, the House of Representatives will report the month-to-month breakdown of all retroactive lump sum payments to LASERS:

- Each pay-period the Accounting Office will notify the Human Resources Office of any retroactive lump sum payment and the dollar amount of the payment.
- The Human Resources Office will breakdown the payment into earnings and contributions by month, in a spreadsheet retro to the effective date of the pay change.

The Human Resources Office will send a letter to LASERS explaining the retroactive pay situation and attached the corresponding spreadsheet that details the monthly retroactive breakdown of the earnings and contributions.

NOTICE AND AGENDA
Investment Committee Meeting
Thursday, March 23, 2023
1:00 p.m.

The Investment Committee will meet in the fourth floor Board Room of the Retirement Systems Building, 8401 United Plaza Boulevard, Baton Rouge, Louisiana.

Please silence your cell phone before meeting begins.

I. CALL TO ORDER

II. ROLL CALL

III. PUBLIC COMMENT

IV. REGULAR BUSINESS

1. Approval of the minutes of the February 16, 2023, meeting of the Investment Committee
(Action Item)
Thomas Bickham, Chair

V. NEW BUSINESS

1. Asset Allocation Discussion and Recommendation **(Action Item) (Educational)**
Bobby Beale, CFA, CAIA – Chief Investment Officer
David Barnes, CFA, CAIA – Senior Consultant, NEPC
2. Monthly Performance Review **(Educational)**
Bobby Beale, CFA, CAIA – Chief Investment Officer

VI. OTHER BUSINESS

VII. ADJOURNMENT

There are no managers on the blackout list.

NOTE: If special accommodations are needed, please contact this office prior to meeting.



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**Louisiana State Employees' Retirement System
Investment Committee Meeting**

February 16, 2023

The Investment Committee of the Louisiana State Employees' Retirement System met on Thursday, February 16, 2023, in the fourth floor Board Room of the Retirement Systems Building located at 8401 United Plaza Boulevard, Baton Rouge, Louisiana. Thomas Bickham, Committee Chair, called the meeting to order at 12:30 p.m. Jennifer Adams, recording secretary, conducted roll call.

ROLL CALL

Members present: Mr. Thomas Bickham, Mr. Charles Castille, Mr. Byron Decoteau, Representative Barry Ivey, Ms. Ternisa Hutchinson*, Judge William Kleinpeter, Ms. Amy Mathews, Mr. Rick McGimsey – Designee, Commissioner of Administration*; Ms. Barbara McManus, Mr. Julius Roberson – Designee, Louisiana State Treasurer and Ms. Shannon Templett

Members absent: Ms. Virginia Burton and Senator Barrow Peacock

Staff present: Ms. Cindy Rougeou, Executive Director; Ms. Tina Vicari Grant, Executive Counsel; Mr. Trey Boudreaux, Chief of Staff; Mr. Travis McIlwain, Chief Administrative Officer; Ms. Beth Labello, Executive Staff Officer; Mr. Logan Davis, IT Technical Support Analyst; Mr. Barney Miller, IT Technical Support Analyst; Mr. Johnathon Sprouse, IT Director; Investment Staff: Mr. Bobby Beale, Chief Investment Officer; Ms. Laney Sanders, Mr. Reeves Pearce, Ms. Celeste Funderburk, Ms. Alisa Lacombe and Ms. Jennifer Adams

Also present: Mr. David Barnes, NEPC; Mr. Eric Harnish, NEPC; Ms. Shelley Johnson, Foster and Foster; Mr. Joey David, Legislative Analyst; Ms. Lebra Bias, Louisiana Senate Judiciary A Committee Attorney and David Gorbaty, Retired 4th Circuit Court of Appeals Judge

*Mr. McGimsey arrived at 12:42 p.m.

*Ms. Hutchinson arrived at 1:06 p.m.

A quorum was declared present, and the meeting opened for business.

Mr. Bickham called for public comment. There were no public comments.

REGULAR BUSINESS

The committee considered the minutes of the January 18, 2023, and the January 19, 2023, Investment Committee meetings. **Ms. McManus moved, seconded by Judge Kleinpeter, to approve minutes of the January 18, 2023, and the January 19, 2023, Investment Committee meetings. With no further discussion, and no objections, the motion carried.**

NEW BUSINESS

Private Market Presentation: Collier Capital

Mr. Eric Foran & Mr. Jim Katarincic gave a presentation detailing Collier International Partners IX.

Private Market Discussion and Recommendation

Mr. Eric Harnish and Mr. David Barnes, both of NEPC, along with Ms. Sanders, reviewed and discussed the fund with the Board.

Ms. McManus moved, seconded by Judge Kleinpeter, to commit up to \$110 million to the Collier International Partners IX. With no further discussion, and no objections, the motion carried.

Monthly Performance Report

Mr. Beale reviewed the Plan performance for January 2023. He stated that the Total Plan return for January 31, 2023, was 4.5%, making the Total Plan FYTD return 6.2%.

OTHER BUSINESS

No other business was brought before the committee and the meeting adjourned at 1:33 p.m.

LASERS INVESTMENT COMMITTEE

PROPOSED 2023 AGENDA ITEMS

JANUARY 18 & 19

- Trustee Workshop
 - Performance Review
 - Trustee Education
 - Actuarial Science
 - Laws, Rules, and Regulations
 - Fiduciary Duty
 - Investment
- Management Committee/Regular Board Meeting

FEBRUARY 16

- Private Markets Presentation: Collier Capital IX
- Private Markets Discussion & Recommendation
- Performance Review

MARCH 23

- Asset Allocation Discussion & Recommendation
- Performance Review

APRIL 27 (*Legislative Session convenes 4/10*)

- Private Market Recommendation: KPS
- Performance Review

MAY 18

- Private Market Recommendation: Insight
- NEPC Contract Review
- Performance Review

JUNE 22 (*Legislative Session adjourns 6/8*)

- Performance Review

JULY 27

- Performance Review

AUGUST 24

- Review of Self-Directed DROP
- Optional Retirement Plan
- Performance Review

SEPTEMBER 28

- Performance Review

OCTOBER 26

- Performance Review

NOVEMBER 16

- Performance Review
- Internal Funds Portfolio Review
- Annual Trading Report
- Annual Proxy Report
- Class Action Litigation Report
- Withholding Tax Reclaim Report
- Annual Custodian Review

DECEMBER 14

- Performance Review
- Investment Division Annual Report

*All agenda items are subject to change

BOLD items require a quorum



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NOTICE AND AGENDA
Legislative Committee Meeting
Thursday, March 23, 2023
Immediately following Investment Committee

The Legislative Committee will meet in the fourth floor Board Room of the Retirement Systems Building, 8401 United Plaza Boulevard, Baton Rouge, Louisiana.

Please silence your cell phone before the meeting begins.

I. CALL TO ORDER

II. ROLL CALL

III. PUBLIC COMMENT (allowed upon request before action items)

IV. REGULAR BUSINESS

1. Approval of the Minutes of the February 16, 2023, meeting of the Legislative Committee
(Action Item)
Charles Castille, Legislative Committee Chair

V. NEW BUSINESS

1. 2023 Regular Legislative Session
Tina Grant, Executive Counsel
Cindy Rougeou, Executive Director

VI. OTHER BUSINESS

VII. ADJOURNMENT

NOTE: If special accommodations are needed, please contact this office prior to meeting.



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**Louisiana State Employees Retirement System
Legislative Committee Meeting
February 16, 2023**

The Legislative Committee of the Louisiana State Employees Retirement System met on Thursday, February 16, 2023, in the fourth floor Board Room of the Retirement Systems Building, located at 8401 United Plaza Boulevard, Baton Rouge, Louisiana.

Mr. Charles Castille, Committee Chair, called the meeting to order at 1:44 p.m. Roll was called by Ms. Beth Labello, recording secretary.

Members present: Mr. Thomas Bickham, Mr. Charles Castille, Mr. Byron Decoteau, Ms. Ternisa Hutchinson, Representative Barry Ivey, Judge William Kleinpeter, Ms. Amy Mathews, Mr. Rick McGimsey (designee of the Commissioner), Ms. Barbara McManus, Mr. Julius Roberson (designee of the Treasurer), and Ms. Shannon Templet

Members absent: Ms. Virginia Burton and Senator Barrow Peacock

Staff present: Ms. Cindy Rougeou, Executive Director; Mr. Trey Boudreaux, Chief of Staff; Mr. Travis McIlwain, Chief Administrative Officer; Ms. Tina Grant, Executive Counsel; Mr. Bobby Beale, Chief Investment Officer; Ms. Tricia Gibbons, Retirement Benefits Administrator; Mr. Ryan Babin, Audit Director; Ms. Wretha Drinnon, Deputy Fiscal Officer; Mr. Johnathon Sprouse, IT Director; Ms. Mallory Sharp, PID Director; Mr. Steve Stark, Deputy General Counsel; Ms. Morgan Robertson, Attorney; Mr. Barney Miller, IT Technical Support Analyst; Mr. Logan Davis, IT Technical Support Analyst; Amanda Celestine, Executive Staff Officer; and Ms. Beth Labello, recording secretary

Also present: Ms. Shelley Johnson, Actuary, Foster & Foster; Mr. Joey David, Legislative Analyst; Mr. Jimmy Anthony, RSEA; Ms. Lebra Bias, Attorney, Senate Judiciary A Committee; and David Gorbaty, Retired Judge 4th Circuit Court of Appeals

A quorum was declared present, and the meeting opened for business.

Public Comment

Mr. Castille called for public comment. No public comments were made.

Regular Business

Mr. Castille called for approval of the minutes of the January 18, 2023, Legislative Committee meeting. **Mr. Bickham moved, seconded by Ms. McManus, to approve the minutes. With no discussion or objection, the motion carried.**

New Business

Ms. Grant discussed a legislative notice that LASERS will be tracking, which pertains relative to the state retirement systems' survivor and disability benefits.

Ms. Rougeou gave an update on the proposed COLA reform legislation. LASERS and other systems' staff have met with various legislators, legislative staff, Senate Fiscal and Retirement Committee staff, and others regarding the language of the proposed bill. Per the Governor's request, a meeting has been set up with Sam Jones prior to meeting with the Governor. Many positive responses have been received for the bill.

Last week, LASERS staff testified before the House Retirement Sub-Committee on Constitutional Revisions. Representative Ivey provided a brief explanation of the purpose of the sub-committee, and what they hope to achieve.

Other Business

There was no further business to discuss.

Adjournment

The meeting adjourned at 1:57 p.m.

NOTICE AND AGENDA
Management Committee Meeting
Thursday, March 23, 2023
Immediately following Legislative Committee

The Management Committee will meet in the fourth floor Board Room of the Retirement Systems Building, 8401 United Plaza Boulevard, Baton Rouge, Louisiana.

Please silence your cell phone before the meeting begins.

I. CALL TO ORDER

II. ROLL CALL

III. PUBLIC COMMENT (allowed upon request before action items)

IV. REGULAR BUSINESS

1. Approval of the Minutes of the February 16, 2023, Management Committee Meeting
(Action Item)
Judge Will Kleinpeter, Management Committee Chair
2. **Executive Session** – Review of the March 2023 Disability Retirement Report **(Action Item)**
Megan Jones, Retirement Benefits Supervisor
3. Executive Counsel's Report
Tina Grant, Executive Counsel

V. NEW BUSINESS

1. Annual Disability Report
Megan Jones, Retirement Benefits Supervisor
2. Conflict of Interest Report
Virginia Burton, Audit Committee Chair
Ryan Babin, Audit Services Director
3. Proposed Administrative Rule Amendment **(Action Item)**
Steve Stark, Deputy General Counsel

4. Chief Administrative Officer's Comments
 - a. Monthly Operating Budget Report
 - b. Benefit Payees Report
Travis McIlwain, PMP - Chief Administrative Office
5. Chief of Staff's Comments
Trey Boudreaux, Chief of Staff
6. Executive Director's Comments
Cindy Rougeou, Executive Director

VI. OTHER BUSINESS

VII. ADJOURNMENT

NOTE: If special accommodations are needed, please contact this office prior to meeting.

**Louisiana State Employees Retirement System
Management Committee Meeting
February 16, 2023**

The Management Committee of the Louisiana State Employees Retirement System met on Thursday, February 16, 2023, in the fourth floor Board Room of the Retirement Systems Building, located at 8401 United Plaza Boulevard, Baton Rouge, Louisiana.

Judge William Kleinpeter, Committee Chair, called the meeting to order at 1:57 p.m. Roll was called by Ms. Beth Labello, recording secretary.

Members present: Mr. Thomas Bickham, Mr. Charles Castille, Mr. Byron Decoteau, Ms. Ternisa Hutchinson, Representative Barry Ivey, Judge William Kleinpeter, Ms. Amy Mathews, Mr. Rick McGimsey (designee of the Commissioner), Ms. Barbara McManus, Mr. Julius Roberson (designee of the Treasurer), and Ms. Shannon Templet

Members absent: Ms. Virginia Burton and Senator Barrow Peacock

Staff present: Ms. Cindy Rougeou, Executive Director; Mr. Trey Boudreaux, Chief of Staff; Mr. Travis McIlwain, Chief Administrative Officer; Ms. Tina Grant, Executive Counsel; Mr. Bobby Beale, Chief Investment Officer; Ms. Tricia Gibbons, Retirement Benefits Administrator; Mr. Ryan Babin, Audit Director; Ms. Wretha Drinnon, Deputy Fiscal Officer; Mr. Johnathon Sprouse, IT Director; Ms. Mallory Sharp, PID Director; Mr. Steve Stark, Deputy General Counsel; Ms. Morgan Robertson, Attorney; Mr. Barney Miller, IT Technical Support Analyst; Mr. Logan Davis, IT Technical Support Analyst; Amanda Celestine, Executive Staff Officer; and Ms. Beth Labello, recording secretary

Also present: Ms. Shelley Johnson, Actuary, Foster & Foster; Mr. Joey David, Legislative Analyst; Ms. Lebra Bias, Attorney, Louisiana Senate Judiciary A Committee; and David Gorbaty, Retired Judge 4th Circuit Court of Appeals

A quorum was declared present, and the meeting opened for business.

Public Comment

Judge Kleinpeter called for public comment. Judge Gorbaty appeared before the Committee to speak about the importance of COLA funding for retirees.

Regular Business

Judge Kleinpeter called for approval of the January 18 & 19, 2023, Management Committee minutes. **Ms. McManus moved, seconded by Mr. Bickham, to approve the minutes. With no discussion or objection, the motion passed.**

In the Executive Counsel's report, Ms. Grant announced that Dr. Ralph Slaughter filed a new petition naming LASERS a defendant. The petition is for declaratory judgment, compensatory damages, and injunctive relief. He is challenging all the statutes that allow judges' supplemental pay to be retirement eligible. The judicial administrator for the Supreme Court, all the clerks of court, LASERS, and all fiduciaries of LASERS are named defendants. He also filed a motion for the recusal of all judges in the state of Louisiana. Although this case is being handled primarily by ORM, Ms. Grant will serve as a counsel of record.

New Business

Ms. Celestine gave a presentation on the 2023 strategic plan updates.

Mr. McIlwain reviewed the Chief Administrative Officer's comments. Mr. McIlwain will resend the link to the risk survey to the Board.

Mr. Boudreaux reviewed the Chief of Staff's comments. He included the Member Satisfaction Survey Results in his comments.

Ms. Rougeou reviewed the Executive Director's comments.

Judge Kleinpeter announced there were no disability approvals or denials this month.

Ms. McManus moved, seconded by Mr. Bickham, to go into Executive Session for the purpose of discussing the Executive Director's position. With no discussion or objection, the motion passed.

Ms. McManus moved, seconded by Mr. Bickham, to return to regular session. With no discussion or objection, the motion passed.

Ms. McManus moved, seconded by Mr. Bickham, to approve that effective June 30, 2023, Trey Boudreaux is named Executive Director, with the same salary as the current Executive Director, and in Ms. Rougeou's absence prior to that date, Mr. Boudreaux will serve as acting Executive Director with the full power and authority of the Executive Director. With no objection and one abstention by Mr. Robertson, the motion carried.

Other Business

There was no further business to discuss.

Adjournment

The meeting adjourned at 3:41 p.m.

**Board of Trustees
2022 Disability Report**

**New Claims Summary
Applications Received for the Period of January 2022 - December 2022**

MONTH	APPLIED*	APPROVED**	CANCELLED*	DENIED**	APPEALS*
JANUARY	2	4	2	1	0
FEBRUARY	2	2	1	0	0
MARCH	8	3	1	0	0
APRIL	5	5	2	1	1
MAY	1	4	0	0	0
JUNE	1	0	0	0	0
JULY	1	2	1	0	0
AUGUST	3	1	2	0	0
SEPTEMBER	4	3	0	0	0
OCTOBER	3	2	0	0	0
NOVEMBER	0	2	0	1	1
DECEMBER	1	4	8	0	0
TOTAL	31	32	17	3	2

* Results based on the date application was received by LASERS

** Results based on the date of approval or denial by LASERS Board of Trustees

**Board of Trustees
2022 Disability Report**

**Total Disability Payroll
As of December 31, 2022**

DISABILITY RETIREES	TOTAL PAYMENTS
740	\$1,049,988.30

**Payment Summary
For the Period of January 2022 - December 2022**

MONTH	DISABILITY BENEFITS FOR NEW APPROVALS	SAVINGS FROM TERMINATED & DISCONTINUED
JANUARY	\$5,717.05	\$5,919.76
FEBRUARY	\$7,213.36	\$5,159.32
MARCH	\$1,667.59	\$10,259.33
APRIL	\$3,667.61	\$1,251.37
MAY	\$1,702.74	\$11,054.78
JUNE	\$7,383.79	\$0.00
JULY	\$967.51	\$664.84
AUGUST	\$4,150.95	\$4,740.67
SEPTEMBER	\$1,331.14	\$7,458.05
OCTOBER	\$1,195.67	\$1,952.03
NOVEMBER	\$666.56	\$2,831.22
DECEMBER	\$3,882.75	\$0.00
TOTAL	\$39,546.72	\$51,291.37

Board of Trustees
2022 Disability Report

Disability Payroll Decrease Due to Conversion to Regular Retirement
For the Period of January 2022 - December 2022

MONTH	DISABILITY RETIREES CONVERTED TO REGULAR RETIREMENT	DECREASE FROM CONVERTING TO REGULAR RETIREMENT
JANUARY	2	\$4,768.45
FEBRUARY	2	\$2,487.29
MARCH	1	\$827.13
APRIL	1	\$491.19
MAY	0	\$0.00
JUNE	1	\$1,539.20
JULY	1	\$624.49
AUGUST	2	\$2,933.21
SEPTEMBER	0	\$0.00
OCTOBER	1	\$1,770.31
NOVEMBER	1	\$2,406.93
DECEMBER	0	\$0.00
TOTAL	12	\$17,848.20

**Board of Trustees
2022 Disability Report**

**New Retiree Disability Average Summary
For the Period of January 2022 - December 2022**

Average Age	53
Average Years of Service	16.23
Average Monthly Benefit	\$1,589.25

**Overall Disability Average Summary
For the Period of January 2022 - December 2022**

Average Age	62
Average Years of Service	16.27
Average Monthly Benefit	\$1,283.97

**Board of Trustees
2022 Disability Report**

**Disability Type Summary
For the Period of January 2022 - December 2022**

TYPE OF DISABILITY	COUNT
DISEASES OF THE CIRCULATORY SYSTEM	6
DISEASES OF THE MUSCULOSKELETAL SYSTEM AND CONNECTIVE TISSUE	10
DISEASES OF THE NERVOUS SYSTEM AND SENSE ORGANS	4
ENDOCRINE, NUTRITIONAL AND METABOLIC DISEASES, AND IMMUNITY DISORDERS	2
INJURY	2
MENTAL DISORDERS	3
NEOPLASMS	4
SYMPTOMS, SIGNS, AND ILL-DEFINED CONDITIONS	1
TOTAL	32

**Disability Approved as the Result of Injury in the Line of Duty
For the Period of January 2022 - December 2022**

Line of Duty	0
Line of Duty with Intentional Act of Violence	1
Non-Line of Duty	31
TOTAL	32

Board of Trustees
2022 Disability Report

Disability Percentage of Active Membership Summary
For the Period of January 2022 - December 2022

DEPARTMENT	ACTIVE	DISABILITY	% OF AGENCY
BD OF COMMISSIONERS PORT OF NEW ORLEANS	233	1	0.4292%
CADDO PARISH SCHOOL BOARD	4	1	25%
DEPARTMENT OF CHILDREN AND FAMILY SERVICES	3,901	2	0.0513%
DEPARTMENT OF CORRECTION	5,484	5	0.0912%
DEPARTMENT OF PUBLIC SAFETY	1,613	1	0.062%
DEPARTMENT OF VETERANS AFFAIRS	902	2	0.2217%
DEPT OF TRANSPORTATION & DEVELOPMENT	4,435	3	0.0676%
LA MILITARY DEPT	943	1	0.106%
LA STATE UNIVERSITY MEDICAL CENTER	442	1	0.2262%
LALLIE KEMP CHARITY HOSPITAL	324	1	0.3086%
LDH-CAPITOL AREA HUMAN SERVICES DISTRICT	221	1	0.4525%
LDH-MEDICAL VENDOR ADMINISTRATION	1,091	1	0.0917%
LDH-OFFICE FOR CITIZEN WITH DISABILITIES	2,051	2	0.0975%
LDH-OFFICE OF BEHAVIORAL HEALTH	1,777	1	0.0563%
LDH-OFFICE OF PUBLIC HEALTH	1,353	2	0.1478%
LSU MEDICAL CENTER IN SHREVEPORT	253	1	0.3953%
MONROE CITY SCHOOL BOARD	3	1	33.3333%
NORTHWESTERN STATE UNIVERSITY	199	1	0.5025%
SOUTHEASTERN LA UNIVERSITY	383	2	0.5222%
WORKFORCE SUPPORT AND TRAINING	869	1	0.1151%
TOTAL	26,481	31	

**Board of Trustees
2022 Disability Report**

**Board Physician Statistics and Case Review Time Frames
For the Period of January 2022 - December 2022**

BOARD DOCTOR	DOCTOR SPECIALTY	TOTAL CASES REVIEWED	TOTAL CASES APPROVED	TOTAL CASES DENIED	ADDITIONAL INFO NEEDED	AVG TURN AROUND IN DAYS
JOSE ARTECONA	PSYCHIATRY	2	0	1	1	41
DAVID FERACHI	ORTHOPEDICS	11	5	1	4	10
BRIAN GREMILLION	INTERNAL MEDICINE	27	21	0	5	11
JAMES LALONDE	ORTHOPEDICS	1	1	0	0	33
		41	27	2	10	24

**Board of Trustees
2022 Disability Report**

**Disability Fee Summary
For the Period of January 2022 - December 2022**

BOARD DOCTOR	DOCTOR SPECIALTY	FEES PAID FOR IN 2022
BRIAN GREMILLION	INTERNAL MEDICINE	\$24,200.00
DAVID FERACHI	ORTHOPEDICS	\$12,800.00
JAMES LALONDE	ORTHOPEDICS	\$3,000.00
JOSE ARTECONA	PSYCHIATRY	\$3,000.00
DOUGLAS BROWN	ORTHOPEDICS	\$650.00
HORACE MITCHELL	NEUROLOGY	\$40.00
JON OLSON	NEUROLOGY	\$40.00
SAMIR PATEL	NEUROLOGY	\$40.00
MICHAEL HINTON	ORTHOPEDICS	\$25.00
		\$43,795.00

To: LASERS Management Committee
From: Ryan Babin, Audit Services Director
Subject: Conflict of Interest Affirmation Report (2023)

There were no conflicts disclosed on the affirmations returned. In addition, responses were not received from five trustees/designees as noted below.

Board of Trustees

Trustee	Conflicts Disclosed
Shannon Templet	None
Barbara McManus	None
Judge William Kleinpeter	None
Ternisa Hutchinson	None
Thomas Bickham	None
Virginia Burton	None
Byron Decoteau	None
Charles Castille	None
Amy Mathews	None
John Broussard*	None
Julius Roberson*	None
Philip Qualls*	No Response
Barbara Goodson**	None
Rick McGimsey**	None
Commissioner Jay Dardenne	No Response
Sen. Barrow Peacock	No Response
Sen. Edward Price	No Response
Rep. Barry D. Ivey	None
Treasurer John M. Schroder	No Response

LASERS Staff

Staff Member	Conflicts Disclosed
Cindy Rougeou	None
Trey Boudreaux	None
Travis McIlwain	None
Tina Grant	None
Bobby Beale	None
Darren Fournierat	None
Laney Sanders	None
Celeste Funderburk	None
Alisa Lacombe	None
M. Reeves Pearce, Jr.	None
Jacques Brousseau	None

*2023 Designee – John M. Schroder, State Treasurer

**2023 Designee – Jay Dardenne, Commissioner of Administration



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PROPOSED ADMINISTRATIVE RULE AMENDMENT
AMENDMENT TO CHAPTER 27

MARCH 2023

PROPOSED RULE AMENDMENT: Amendment to Chapter 27 of LAC 58:I

In consultation with LASERS tax attorney, staff is proposing amending one of our rules. This amendment may be summarized as follows:

Chapter 27. DROP Program

- **§2713** should be amended to comply with the SECURE 2.0 Act of 2022, which on January 1, 2023 raised the age for Required Minimum Distributions (“RMDs”) from 72 to 73. RMDs are to begin no later than April 1 of the calendar year following the calendar year in which an employee turns age 73 or the calendar year in which the employee retires (whichever is later).

Title 58

RETIREMENT

Part I. Louisiana State Employees' Retirement System

Chapter 27. DROP Program

Subchapter A. Participation

§2713. Time for Disbursement

A.-B. ...

C. When a retiree reaches age **72 73**, mandatory annual distributions shall begin in accordance with IRS regulations. The amount of the distributions will be recalculated annually. The mandatory distribution is based on the retiree's age and DROP account balance using the table above.

D.

AUTHORITY NOTE: Promulgated in accordance with R.S. 11:515.

HISTORICAL NOTE: Promulgated by the Department of Treasury, Board of Trustees of the State Employees' Retirement System, LR 22:373 (May 1996), amended LR 25:2466 (December 1999), LR 29:1121 (July 2003), LR 30:2079 (September 2004), LR 32:1070 (June 2006), LR 35:2476 (November 2009), LR 46:1695 (December 2020).

BOARD OF TRUSTEES:

Shannon Templet, *Chair*
Barbara McManus, *Vice Chair*
Thomas Bickham
Virginia Burton
Charles F. Castille

Comm'r Jay Dardenne
Byron P. Decoteau, Jr.
Ternisa Hutchinson
Rep. Barry Ivey
Judge William Kleinpeter

Amy A. Mathews
Sen. Barrow Peacock, *Designee*
Sen. Edward Price
Hon. John Schroder

Cindy Rougeou, *Executive Director*



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March 2023 Management Committee Meeting Chief Administrative Officer's Comments

Fiscal

- The April 2023 benefit payments will have an effective date of Saturday, April 1, 2023. Financial institutions may not make the funds available until the next business day, April 3, 2023, due to April 1 being on a weekend.
- GASB Statement No. 96, Subscription-Based Information Technology Arrangements (GASB 96), is effective for fiscal years beginning after June 15, 2022. The standard defines a subscription-based information technology arrangement (SBITA) for governmental entities. Further, it also explains how to account for SBITAs and what financial statement disclosures are required. Fiscal has begun inventorying LASERS SBITA to provide a list to OSRAP by April 3.

Fiscal Division

OPERATING BUDGET REPORT

February 28, 2023

(Unaudited)

Category	2021-2022 Actual	2022-2023 Budget	Monthly Expenses	2022-2023 YTD Actual	Remaining Balance	2022-23 % of Budget	2021-22 % of Actual
Division Operating							
Personnel	\$ 15,821,142	\$ 16,977,000	\$ 1,272,776	\$ 10,195,196	\$ 6,781,804	60%	60%
Travel Expenses	21,924	162,100	-	55,016	107,084	34%	5%
Operating Services	3,125,863	3,578,900	262,005	2,685,750	893,150	75%	74%
Professional Services	412,517	511,000	33,858	242,555	268,445	47%	50%
Acquisitions	319,255	300,000	-	27,808	272,192	9%	25%
Total Division Operating	19,700,701	21,529,000	1,568,639	13,206,325	8,322,675	61%	61%
Project Operating							
Operating Services	186,297	600,000	-	215,545	384,455	36%	71%
Professional Services	126,862	1,950,000	350	57,730	1,892,270	3%	23%
Acquisitions	12,840	450,000	-	3,811	446,189	1%	0%
Total Project Operating	325,999	3,000,000	350	277,086	2,722,914	9%	35%
Total Operating	20,026,700	24,529,000	1,568,989	13,483,411	11,045,589	55%	60%
Investment Fees	27,041,649	32,500,000	2,233,883	17,619,650	14,880,350	54%	57%
GRAND TOTAL	\$ 47,068,349	\$ 57,029,000	\$ 3,802,872	\$ 31,103,061	\$ 25,925,939	55%	58%



Board of Trustees
Benefit Payees Added During Period
2/1/2023 - 2/28/2023

Regular

Under Age 55 at Retirement	18
Age 55-59 at Retirement	26
Age 60+ at Retirement	93
Total	137
Minimum Benefit	\$386
Maximum Benefit	\$12,271
Minimum Age	46
Maximum Age	80
Minimum Years Service	6
Maximum Years Service	43
Average Age	61
Average Service	24
Average Gross Benefit	\$3,125

Disability

Total	1
Minimum Benefit	\$835
Maximum Benefit	\$835
Minimum Age	47
Maximum Age	47
Minimum Years Service	16
Maximum Years Service	16
Average Age	47
Average Service	16
Average Gross Benefit	\$835

Survivor

Total	1
Minimum Benefit	\$2,615
Maximum Benefit	\$2,615
Minimum Age	43
Maximum Age	43
Minimum Years Service	13
Maximum Years Service	13
Average Age	43
Average Service	13
Average Gross Benefit	\$2,615

Beneficiary

Total	29
Minimum Benefit	\$360
Maximum Benefit	\$4,337
Minimum Age	42
Maximum Age	76
Minimum Years Service	6
Maximum Years Service	34
Average Age	58
Average Service	22
Average Gross Benefit	\$1,389

Drop Accruals

Total	26
Average Age	56
Average Service	25
Average Gross Benefit	\$3,114



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March 2023 Management Committee Meeting Chief of Staff's Comments

Information Technology

Projects

- The Asana Project Management Software setup is complete, and onboarding and training of staff have started.
- Recently completed products include the Kofax Upgrade and AD Audit security software installation.

Cybersecurity

- 24/7 Security Operations Center (SOC) – A vendor was selected, and IT has started the approval process to begin this project.
- The January cybersecurity newsletter covered “Protecting Yourself on Mobile Devices.”
- The cybersecurity training video for staff this month covered Ransomware and Identity Theft.

Misc.

- IT is hiring for several open development positions.
- IT has hired a new IT Intern from LSU, Henry Do.

Member Services

- Working with IT, Member Services completed the 2022 Annual Member Account Statement project, processing around 41,000 member statements. Of this number, 5% of LASERS members opted to receive only paperless statements.
- Kofax, the software used for scanning and ingesting documents into member files, was upgraded on 2/27/2023.
- Recent comments from members:
 - *“Ms. [Terri] Lamana was excellent and provided excellent service. Thank you.”*
 - *“Susan [Goodrich] went above and beyond to answer questions. Very helpful!”*
 - *“Ms. [Amy] Canella was very professional and courteous during our phone conversation and in person. Her service was truly appreciated.”*



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March 2023 Management Committee Meeting Executive Director's Comments

Executive Director

Joint Legislative Committee on the Budget

- The LASERS budget will be presented to the Joint Legislative Committee on the Budget March 17th.

Personal Financial Disclosures

- The Personal Financial Disclosure forms are due May 15, 2023.
- They can be mailed to the Louisiana Board of Ethics at P.O. Box 4368, Baton Rouge, LA 70821. You may also fax the report to 225-381-7271. Please let us know if you need any assistance.

RSEA Chapter Meetings

- Trey and I are attending all RSEA Chapter Meetings, except for the Northshore meeting in Covington. Since that meeting conflicts with our meeting today, Travis is making the LASERS presentation there.

Office Closure

- Our office will be closed April 7, in observance of Good Friday.

Public Information Division

- 2023 Board Election – Nominations opened March 1 and will close July 11. Election details and nomination packets are on our website. RSEA Tour – PID is preparing informational packets and press materials for the tour.

- Legislative Session / SB 18 – A new page with details and FAQs on Senate Bill 18 is available on our website. The regular legislative session page with retirement legislation is also live. PID will make updates to both pages throughout the Session and will send Member Connection emails as needed.
- *The Beam* newsletter – The Spring issue is currently being drafted and approved. This issue highlights retirement legislation and Cindy's retirement news. The target mailing date is mid-April.
- *The Link* Employee Newsletter – The latest issue is on the Board Portal.

Web & Social Media Report

AS OF MARCH 3, 2023



FACEBOOK

**2,533
FOLLOWERS**



TWITTER

**706
FOLLOWERS**



YOUTUBE

**744
SUBSCRIBERS**



**MEMBER CONNECTION
EMAIL**

**63,189
CONTACTS**

WWW.LASERSONLINE.ORG

**WEBSITE USERS:
15,383**

**TOTAL PAGEVIEWS:
53,540**

**MOST SEARCHED TERM:
"DROP"**

**MOST VISITED PAGE:
myLASERS
login**

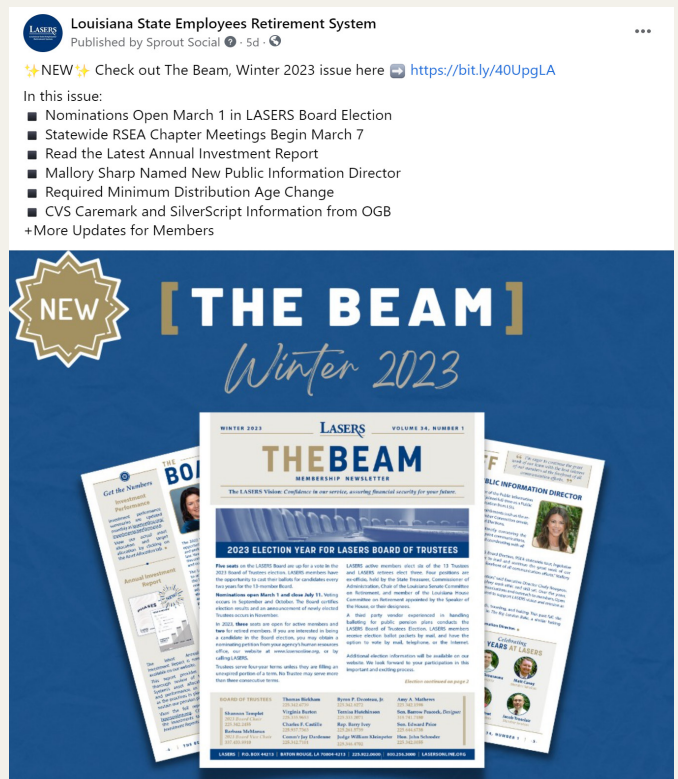
TOP PERFORMING EMAIL TO MEMBERS:



IN THIS ISSUE:

- Nominations Open March 1 in LASERS Board Election
- Statewide RSEA Chapter Meetings Begin March 7
- Read the Latest Annual Investment Report
- Mallory Sharp Named New Public Information Director
- Required Minimum Distribution Age Change
- CVS Caremark and SilverScript Information from OGB

TOP PERFORMING FACEBOOK POST:





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NOTICE AND AGENDA
Board Meeting
Thursday, March 23, 2023
Immediately following Management Committee

The Board of Trustees will meet in the fourth floor Board Room of the Retirement Systems Building, 8401 United Plaza Boulevard, Baton Rouge, Louisiana.

Please silence your cell phone before the meeting.

I. CALL TO ORDER

II. ROLL CALL

III. PUBLIC COMMENT (allowed upon request before action items)

IV. REGULAR BUSINESS

1. Approval of the February 16, 2023, Board Meeting Minutes **(Action Item)**
Shannon Templet, Chair of the Board
2. Report and Recommendations of the Audit Committee **(Action Item)**
Virginia Burton, Audit Committee Chair
3. Report and Recommendations of the Investment Committee **(Action Item)**
Thomas Bickham, Investment Committee Chair
4. Report and Recommendations of the Legislative Committee **(Action Item)**
Charles Castille, Legislative Committee Chair
5. Report and Recommendations of the Management Committee **(Action Item)**
Judge Will Kleinpeter, Management Committee Chair
6. Acknowledgement of Receipt of Administrative Errors Report/Documentation **(Action Item)**
Tina Grant, Executive Counsel

V. NEW BUSINESS

1. LASERS New Employee(s)
Cindy Rougeou, Executive Director

VI. OTHER BUSINESS

VII. ADJOURNMENT

Note: If special accommodations are needed, please contact this office prior to the meeting.

**Louisiana State Employees Retirement System
Regular Board Meeting
February 16, 2023**

The Board of Trustees of the Louisiana State Employees Retirement System met on Thursday, February 16, 2023, in the fourth floor Board Room of the Retirement Systems Building located at 8401 United Plaza Boulevard, Baton Rouge, Louisiana.

Ms. Shannon Templet, Board Chair, called the meeting to order at 3:42 p.m. Roll call was conducted by Ms. Beth Labello, recording secretary.

Members present: Mr. Thomas Bickham, Mr. Charles Castille, Mr. Byron Decoteau, Representative Barry Ivey, Judge William Kleinpeter, Ms. Amy Mathews, Mr. Rick McGimsey (designee of the Commissioner), Ms. Barbara McManus, Mr. Julius Roberson (designee of the Treasurer), and Ms. Shannon Templet

Members absent: Ms. Virginia Burton, Ms. Ternisa Hutchinson, and Senator Barrow Peacock

Staff present: Ms. Cindy Rougeou, Executive Director; Mr. Trey Boudreaux, Chief of Staff; Mr. Travis McIlwain, Chief Administrative Officer; Ms. Tina Grant, Executive Counsel; Mr. Bobby Beale, Chief Investment Officer; Ms. Tricia Gibbons, Retirement Benefits Administrator; Mr. Ryan Babin, Audit Director; Mr. Johnathon Sprouse, IT Director; Ms. Mallory Sharp, PID Director; Ms. Morgan Robertson, Attorney; Mr. Barney Miller, IT Technical Support Analyst; Mr. Logan Davis, IT Technical Support Analyst; Amanda Celestine, Executive Staff Officer; Mr. Bobby Wilkins, IT Supervisor; Mr. Tim Foreman, IT Applications Developer; Ms. Lauren Cotton, Public Information Officer; Mr. Reginald Gerard, IT Supervisor; Mr. Gregory Merchan, IT Applications Developer; Mr. Jacob Trosclair, Retirement Benefits Supervisor; Dr. Diann Moran, Retirement Benefits Analyst; Mr. Keith Landry, Retirement Benefits Analyst; and Ms. Beth Labello, recording secretary

Also present: Ms. Shelley Johnson, Actuary, Foster & Foster; Mr. Joey David, Legislative Analyst; and Ms. Lebra Bias, Attorney, Louisiana Senate Judiciary A Committee

A quorum was declared present, and the meeting opened for business.

Public Comment

Ms. Templet called for public comment. No public comments were made.

Regular Business

Ms. Templet called for approval of the minutes of the January 19, 2023, Board Meeting.

Ms. McManus moved, seconded by Mr. Bickham, to approve the minutes. With no objection or discussion, the motion passed.

Mr. Bickham reported the Investment Committee met on Thursday, February 16, 2023, and had the following item to report:

Mr. Bickham moved, seconded by Ms. McManus, to recommend up to a \$110 million follow-up commitment to Collier International Partners IX. With no objection or discussion, the motion carried.

Mr. Castille reported the Legislative Committee met on Thursday, February 16, 2023, and had no items to report.

Judge Kleinpeter reported the Management Committee met on Thursday, February 16, 2023, and had the following item to report.

Judge Kleinpeter moved, seconded by Mr. Bickham, to approve that effective June 30, 2023, Trey Boudreaux is named Executive Director, with the same salary as the current Executive Director, and in Ms. Rougeou's absence prior to that date, Mr. Boudreaux will serve as acting Executive Director with the full power and authority of the Executive Director. With no objection and one abstention by Mr. Robertson, the motion carried.


Ms. Grant presented the administrative errors report and supporting documentation. **Mr. Bickham moved, seconded by Ms. Mathews, to acknowledge receipt of the administrative errors report and documentation. With no objection or discussion, the motion carried.**

New Business

Ms. Rougeou introduced Mr. Foreman, Ms. Cotton, Mr. Merchan, Dr. Moran, and Mr. Landry as new LASERS employees

Adjournment

With no other business to discuss, the meeting adjourned at 3:47 p.m.



Cindy Rougeou, Executive Director

Administrative Error Report

March 23, 2023

Member's Name:	Karen Albritton
Agency:	Louisiana Tech University
Reason for Administrative Error:	Retirement Application Submitted Late Allowed Member to Retire on 10/5/2022

Member's Name:	Cathy Moss
Agency:	Louisiana Patient's Comp Fund Oversight Board
Reason for Administrative Error:	Incorrect Termination Date Changed from 10/31/2022 to 10/30/2022

Member's Name:	Tracy Himel
Agency:	Department of Corrections
Reason for Administrative Error:	Retirement Application Submitted Late Allowed DROP Start Date of 12/27/2022

Member's Name:	Michael Lockhart
Agency:	LA Tech University
Reason for Administrative Error:	Incorrect Termination Date Changed from 5/15/2022 to 5/13/2022

Member's Name:	Mark Denham
Agency:	Department of Transportation & Development
Reason for Administrative Error:	Incorrect Termination Date Changed from 1/2/2023 to 1/3/2023

Member's Name:	Kathleen Ward
Agency:	Department of Transportation & Development
Reason for Administrative Error:	Incorrect Termination Date Changed from 1/2/2023 to 1/3/2023

Member's Name:	Rodney Williams
Agency:	Grambling University
Reason for Administrative Error:	Incorrect Termination Date Changed from 12/14/2022 to 12/8/2022

Member's Name:	Marjana Herring
Agency:	Louisiana State University
Reason for Administrative Error:	Incorrect Termination Date Changed from 10/30/2022 to 10/31/2022

LASERS

Louisiana State Employees'
Retirement System

Date: February 17, 2023

To: Cindy Rougeou
Tina V. Grant

From: Tricia Gibbons

Subject: Administrative Error – Retirement Application Submitted Late

Member Information:

Name: Karen Albritton

SSN: xxx-xx-8918

This request for administrative error is for an employee with Louisiana Tech University (00085). We received a completed retirement application on 10/10/2022 listing a termination date of 10/4/2022. Due to agency error, the retirement application was not submitted to LASERS timely.

The agency requests that the member be allowed to retire using a termination date of 10/4/2022 and a retirement date of 10/5/2022.

I recommend that this request be approved.

Recommendation of Executive Counsel – Tina V. Grant

Tina Vicari Grant

Tina Vicari Grant (Feb 17, 2023 14:46 CST)

Recommendation of Executive Director - Cindy Rougeou

Cindy Rougeou

Cindy Rougeou (Feb 22, 2023 12:12 CST)

LASERS Benefits Louisiana.



LOUISIANA TECH UNIVERSITY

OFFICE OF HUMAN RESOURCES

October 12, 2022

LASERS
PO Box 44213
Baton Rouge, LA 70804-4213

Administration Error Letter – Karen Albritton

To Whom It May Concern:

Please acknowledge this letter to accept and process Karen Albritton's application (**_**-8918) for retirement. Karen submitted her form to HR in a timely manner; however, due to open enrollment and because we are understaffed, her application was not submitted to LASERS in a timely manner. This omission of submitting timely is our mistake.

Please let me know if you need anything further. Thank you for your time and assistance.

Best Regards,


Cazandra Hollidy
Benefits Manager
Louisiana Tech University

**A MEMBER OF THE UNIVERSITY OF LOUISIANA SYSTEM
P.O. BOX 3173 • RUSTON, LA 71272 • TELEPHONE (318) 257-2235 • FAX (318) 257-2482
AN EQUAL OPPORTUNITY UNIVERSITY**



Louisiana State Employees'
Retirement System

Date: March 1, 2023
To: Cindy Rougeou
Tina V. Grant
From: Tricia Gibbons
Subject: Administrative Error – Incorrect Termination Date

Member Information:

Name: Cathy Moss SSN: xxx-xx-6360

This request for administrative error is for an employee with the Louisiana Patient's Comp Fund Oversight Board (00921). We received an Application for Retirement with IBO on 9/8/2022 listing an incorrect termination date of 10/31/2022.

The agency has requested that the member be allowed to retire using a termination date of 10/30/2022 and a retirement date of 10/31/2022 since this was due to agency error.

I recommend that this request be approved.

Recommendation of Executive Counsel – Tina V. Grant

Tina Vicari Grant

Tina Vicari Grant (Mar 2, 2023 09:01 CST)

Recommendation of Executive Director – Cindy Rougeou

Cindy Rougeou

Cindy Rougeou (Mar 2, 2023 11:22 CST)

LASERS Benefits Louisiana.

Patient's Compensation Fund

State of Louisiana
Division of Administration

JOHN BEL EDWARDS
Governor



P.O. Box 3718
Baton Rouge, LA 70821
(225) 342-5200
(866) 469-9555

Ken Schnauder, Executive Director

Date: December 19, 2022

To: LASERS

From : Nolitha LeDay-McDowell, Human Resources Director
Patient's Compensation Fund

Re: Administrative Error on Cathy Moss Retirement Date

To Whom It May Concern:

It has been brought to my attention by the Office of Group of Benefits that there was a conflict with the retirement effective date they received certified by the Patient's Compensation Fund and what they received from LASERS on Ms. Cathy Moss. The agency certified 10/31/22 as the retirement effective date while LASERS confirms the employee retired 11/1/22.

I have gone through the employee personnel file and electronic communications. On 9/29/22, the employee changed her retirement date from 11/1/22 to 10/31/22. I located the revised retirement application and fax cover sheet identifying the change, however, I was unable to locate the fax confirmation page. When I certified the form 7-01 on Ms. Cathy Moss, the form was submitted with 10/30/22 as the last day worked, however, on 11/7/22, I was sent email from LASERS identifying Form 7-01 didn't match the retirement application, reflecting 10/31/22.

I thought perhaps I misunderstood "termination" date and submitted a revised form 7-01 changing the date to 10/31/22 and including in the email that the form was attached that Ms. Cathy Moss' last day worked was 10/30/22 and separation date was 10/31/22. What I didn't catch is that LASERS didn't have the revised retirement application submitted 9/29/22 and it wasn't the form 7-01 that needed correction, but that LASERS needed to be re-sent the retirement application reflecting Ms. Cathy Moss changed her retirement effective date to 10/31/2022. Please consider this as an Administrative Error to support the correct date for retirement as 10/31/2022.

Regards,

A handwritten signature in dark ink, appearing to read "Nolitha LeDay-McDowell", with a horizontal line extending to the right.

Nolitha LeDay-McDowell

Cc: Employee File

An Equal Opportunity Employer

LASERS

Louisiana State Employees'
Retirement System

Date: March 2, 2023

To: Cindy Rougeou
Tina V. Grant

From: Tricia Gibbons

Subject: Administrative Error – Retirement Application Submitted Late

Member Information:

Name: Tracy Himel SSN: xxx-xx-2718

This request for administrative error is for an employee with the Department of Corrections (00053). We received a completed DROP Application on 1/3/2023 listing a DROP start date of 12/27/2022. Due to agency error, the DROP Application was not submitted to LASERS timely.

The agency requests that the member be allowed to enter DROP using a start date of 12/27/2022.

I recommend that this request be approved.

Recommendation of Executive Counsel – Tina V. Grant

Tina Vicari Grant

Tina Vicari Grant (Mar 2, 2023 13:34 CST)

Recommendation of Executive Director - Cindy Rougeou

Cindy Rougeou

Cindy Rougeou (Mar 2, 2023 13:35 CST)

LASERS Benefits Louisiana.

Department of Public Safety & Corrections
State of Louisiana

JOHN BEL EDWARDS
GOVERNOR



JAMES M. LE BLANC
SECRETARY

January 9, 2023

Ms. Cindy Rougeou
Louisiana State Employees' Retirement System
P.O. Box 44213
Baton Rouge, LA 70804

Dear Ms. Rougeou:

RE: Administrative Error Request
Tracy Himel
XXX-XX-2718

Tracy Himel is employed with Louisiana Department of Corrections – Adult Probation and Parole (P&P). Ms. Himel completed her Deferred Retirement Option Plan (DROP) application on November 16, 2022 at P&P Human Resources Office, with an effective date of December 27, 2022. P&P HR staff forwarded Ms. Himel's DROP application to LASERS and DOC Headquarters Human Resources office on January 3, 2023. Upon review, it was found that an oversight was made by P&P Human Resources Office in sending the forms to LASERS and Headquarters Human Resources Office after the effective date of December 27, 2022. Due to this oversight, Ms. Himel's DROP application was not received in a timely manner by your agency thus resulting in this administrative error. We are asking that LASERS accepts the DROP start effective date of December 27, 2022 as this was no fault of the employee.

If you should need any additional information in correcting this administrative error, please contact our Headquarters Human Resources Office at 225-342-2215.

Sincerely,

A handwritten signature in dark ink, appearing to read "Teresa Davis", is written over a horizontal line.

Teresa Davis
Human Resources Director



Louisiana State Employees'
Retirement System

Date: March 6, 2023

To: Cindy Rougeou
Tina V. Grant

From: Tricia Gibbons

Subject: Administrative Error – Incorrect Termination Date

Member Information:

Name: Michael Lockhart SSN: xxx-xx-1030

This request for administrative error is for an employee with LA Tech University (00085). We received an application for retirement on 4/7/2022 listing an incorrect termination date of 5/15/2022.

The agency has requested that the member be allowed to retire using a termination date of 5/13/2022 and a retirement date of 5/14/2022 since this was due to agency error.

I recommend that this request be approved.

Recommendation of Executive Counsel – Tina V. Grant

Tina Vicari Grant

Tina Vicari Grant (Mar 7, 2023 11:37 CST)

Recommendation of Executive Director – Cindy Rougeou

Cindy Rougeou

Cindy Rougeou (Mar 7, 2023 10:32 CST)

LASERS Benefits Louisiana.



LOUISIANA TECH UNIVERSITY
OFFICE OF HUMAN RESOURCES

July 26, 2022

LASERS
8401 United Plaza Blvd.
Baton Rouge, LA 70809

Administration Correction Letter
Termination of Coverage

To Whom It May Concern:

This letter is to notify you of an administrative error that was submitted in regards to Michael Lockhart's (**-**-1030) termination date. Please correct his termination date to 5/13/2022.

Please let me know if you need anything further. Thank you for your time and assistance.

Best Regards,

Cazandra Hollidy
Benefits Manager
Louisiana Tech University

A MEMBER OF THE UNIVERSITY OF LOUISIANA SYSTEM
P.O. BOX 3173 • RUSTON, LA 71272 • TELEPHONE (318) 257-2235 • FAX (318) 257-2482
AN EQUAL OPPORTUNITY UNIVERSITY



Louisiana State Employees'
Retirement System

Date: March 6, 2023
To: Cindy Rougeou
Tina V. Grant
From: Tricia Gibbons
Subject: Administrative Error – Incorrect Termination Date

Member Information:

Name: Mark Denham SSN: xxx-xx-4806

This request for administrative error is for an employee with the Department of Transportation & Development (00700). We received an application for retirement on 7/5/2022 listing an incorrect termination date of 1/2/2023.

The agency has requested that the member be allowed to retire using a termination date of 1/3/2023 and a retirement date of 1/4/2023 since this was due to agency error.

I recommend that this request be approved.

Recommendation of Executive Counsel – Tina V. Grant

Tina Vicari Grant
Tina Vicari Grant (Mar 6, 2023 15:35 CST)

Recommendation of Executive Director – Cindy Rougeou

Cindy Rougeou
Cindy Rougeou (Mar 6, 2023 15:47 CST)



Office of the Undersecretary
PO Box 94745 | Baton Rouge, LA 70804-9745
ph: 225-379-1270 | fx: 225-379-1848

John Bel Edwards, Governor
Shawn D. Wilson, Ph.D., Secretary

01/04/2023

LASERS
Member Services Division
8401 United Plaza Blvd
Baton Rouge, LA 70804

Re: Mark Denham (4806)

Dear Member Services,

Due to a miscommunication, the employees listed above were in the office yesterday (01/03/2023). Therefore, they will both need to officially change their date of retirement to 01/04/2023. Please accept their retirement date correction. I have attached the last page of their retirement application with the updated termination date.

Best Regards,

A handwritten signature in black ink, appearing to read "Ashanti Perkins", with a large, sweeping flourish extending from the end of the name.

Ashanti Perkins
Human Resources Specialist
Ph: (225) 379-1229
Email: ashanti.perkins2@la.gov



Louisiana State Employees'
Retirement System

Date: March 6, 2023
To: Cindy Rougeou
Tina V. Grant
From: Tricia Gibbons
Subject: Administrative Error – Incorrect Termination Date

Member Information:

Name: Kathleen Ward

SSN: xxx-xx-6875

This request for administrative error is for an employee with the Department of Transportation & Development (00700). We received an application for retirement on 8/24/2022 listing an incorrect termination date of 1/2/2023.

The agency has requested that the member be allowed to retire using a termination date of 1/3/2023 and a retirement date of 1/4/2023 since this was due to agency error.

I recommend that this request be approved.

Recommendation of Executive Counsel – Tina V. Grant

Tina Vicari Grant

Tina Vicari Grant (Mar 7, 2023 09:30 CST)

Recommendation of Executive Director – Cindy Rougeou

Cindy Rougeou

Cindy Rougeou (Mar 7, 2023 17:31 CST)



Office of the Undersecretary
PO Box 94245 | Baton Rouge, LA 70804-9245
ph: 225-379-1270 | fx: 225-379-1848

John Bel Edwards, Governor
Shawn D. Wilson, Ph.D., Secretary

01/04/2023

LASERS
Member Services Division
8401 United Plaza Blvd
Baton Rouge, LA 70804

Re:
Kathleen Ward (6875)

Dear Member Services,

Due to a miscommunication, the employees listed above were in the office yesterday (01/03/2023). Therefore, they will both need to officially change their date of retirement to 01/04/2023. Please accept their retirement date correction. I have attached the last page of their retirement application with the updated termination date.

Best Regards,

A handwritten signature in black ink, appearing to read "Ashanti Perkins", with a large, sweeping flourish extending to the right.

Ashanti Perkins
Human Resources Specialist
Ph: (225) 379-1229
Email: ashanti.perkins2@la.gov

LASERS

Louisiana State Employees'
Retirement System

Date: March 7, 2023
To: Cindy Rougeou
Tina V. Grant
From: Tricia Gibbons
Subject: Administrative Error – Incorrect Termination Date

Member Information:

Name: Rodney Williams SSN: xxx-xx-0274

This request for administrative error is for an employee with Grambling University (00081). We received an application for retirement on 12/14/2022 listing an incorrect termination date of 12/14/2022.

The agency has requested that the member be allowed to retire using a termination date of 12/8/2022 and a retirement date of 12/9/2022 since this was due to agency error.

I recommend that this request be approved.

Recommendation of Executive Counsel – Tina V. Grant


Tina Vicari Grant (Mar 8, 2023 09:04 CST)

Recommendation of Executive Director – Cindy Rougeou


Cindy Rougeou (Mar 8, 2023 14:47 CST)

LASERS Benefits Louisiana.



Office of Human Resources Management

FAX – (225)935-2856

LASERS

Attn: Lauryn Rabalais

P. O. Box 44213

Baton Rouge, LA. 70804-4213

RE: Rodney Williams XXX-XX-0274

Dear Ms. Rabalais:

Please accept this correspondence as notification of the Administrative Error made on the retirement application for Rodney Williams. His termination date should have been December 8, 2022 instead of December 14, 2022. The corrected retirement application was e-mailed January 30, 2023.

Sincerely,

A handwritten signature in cursive script, appearing to read "Cheryl Ivory".

Cheryl Ivory

Human Resources Analyst C

xc: Rodney Williams
Employee Personnel File

LASERS

Louisiana State Employees'
Retirement System

Date: March 8, 2023
To: Cindy Rougeou
Tina V. Grant
From: Tricia Gibbons
Subject: Administrative Error – Incorrect Termination Date

Member Information:

Name: Marjana Herring SSN: xxx-xx-2774

This request for administrative error is for an employee with Louisiana State University at Eunice (00520). We received an application for retirement on 10/21/2022 listing an incorrect termination date of 10/30/2022.

The agency has requested that the member be allowed to retire using a termination date of 10/31/2022 and a retirement date of 11/1/2022 since this was due to agency error.

I recommend that this request be approved.

Recommendation of Executive Counsel – Tina V. Grant

Tina Vicari Grant

Tina Vicari Grant (Mar 8, 2023 11:30 CST)

Recommendation of Executive Director – Cindy Rougeou

Cindy Rougeou

Cindy Rougeou (Mar 8, 2023 12:44 CST)

LASERS Benefits Louisiana.



OFFICE OF
HUMAN RESOURCE MANAGEMENT

March 3, 2023

Louisiana State Employees' Retirement System
P.O. Box 44213
Baton Rouge, LA 70804
Re: Administrative Error Letter-Marjana Herring (xxx-xx-2774)

This letter is being submitted on behalf of the above-mentioned participant. Ms. Herring's retirement date was 11/1/2022 and her termination date was 10/31/2022. When entering the dates, I made an error. I am new and still learning the process. I apologize for the confusion this has caused.

Please contact me at 337-550-1202 should you have any questions.

Thank you,

A handwritten signature in black ink that reads "Jennifer Thibodeaux". The signature is fluid and cursive.

Jennifer Thibodeaux
Human Resource Coordinator
Jthibod3@lsue.edu
337-550-1202



2023 Committee Assignments

Shannon Templet, Board Chair

Management Committee

William Kleinpeter, Chair
Thomas Bickham
**John Broussard/Philip Qualls/Julius Roberson
Virginia Burton
Charles Castille
Byron Decoteau
*Barbara Goodson/Richard McGimsey
Ternisa Hutchinson
Representative Barry Ivey
Amy Mathews
Barbara McManus
Senator Ed Price/Barrow Peacock
Shannon Templet

Investment Committee

Thomas Bickham, Chair
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Representative Barry Ivey
William Kleinpeter
Amy Mathews
Barbara McManus
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Shannon Templet

Barbara McManus, Vice Chair

Legislative Committee

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Virginia Burton
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Ternisa Hutchinson
Representative Barry Ivey
William Kleinpeter
Amy Mathews
Barbara McManus
Senator Ed Price/Barrow Peacock
Shannon Templet

Audit Committee

Virginia Burton, Chair
Thomas Bickham
Ternisa Hutchinson
Byron Decoteau

*Designee – Commissioner - D of A

**Designee – Treasurer Schroder