

Internal Control Questionnaire

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Examinations of Contributory Retirement Systems

- Prior to the start of the examination, the Board's Administrator will be provided with the Internal Control Review Questionnaire prescribed by the Commission.
- This questionnaire is designed to assist in understanding and evaluating internal controls.
- It consists of general questions that apply to all retirement boards, however, it does not purport to cover all aspects of internal control present at a particular system.

Highlights of Updates

- Redundant questions have been deleted
- Space has been provided for responses requiring written comments
- Obsolete questions have been deleted
- Questions have been added

Membership

- What types of reports are generated by the payroll agency to the system?
- Does the report list all payroll employees?
- Are the deduction rates as well as the additional 2% listed on the report?
- Is there an exception code for those employees without retirement with holding?
- Is salary for non-regular compensation separated from regular compensation so that withholdings are made only from regular compensation?

Membership

- Is the retirement system staff fully aware of the regulations concerning the appropriate percentage to be withheld from new employees?
- Does the retirement system staff verify deduction rates with the payroll clerk?
- Is there a procedure for payroll clerks to verify with the retirement system whether or not new employees should be members and what their percentage should be?

General Administration

- Does the system maintain its files in a secure location?
- Has the custodian developed and implemented an approved plan for the expungement of obsolete records? (Disposal Schedule)

General Administration

- Files must be kept in a secure location
 - Under lock and key
 - Take measures to prevent fire and water damage
 - Hallways, attics, and cellars should not be used for record storage
 - A sad story

Records Disposal Schedule

- What to do with obsolete records?
- Examples of Permanent Records:
 - Minutes of meetings
 - Accounting and General Ledger
 - Actuarial valuations studies/reports
 - Supplemental rules, etc.

Records Disposal Schedule

- What to do with obsolete records?
- 80 Year Disposition Period

Examples:

- Member accumulated deductions
- Member control cards
- Notice of member injury
- Notice to inactive members that interest has ceased to accrue, etc.

Records Disposal Schedule

- What to do with obsolete records?
- 7 Year Disposition Period

Examples:

- Check registers
- Cancelled checks
- Annual reports
- Invoices, etc.

Records Disposal Schedule

Permission to Destroy Records:

- Secretary of State
 - Submit letter to Supervisor of Public Records
 - Instructions: www.state.ma.us/sec