A quorum of the Operations and Audit Committee (OAC) of the Arizona State Retirement System (ASRS) met in public session in the 14th Floor Conference Room of the ASRS Office, 3300 N. Central Avenue, Phoenix, Arizona 85012. Mr. Jeff Tyne, Chair, called the meeting to order at 10:30 a.m.

The meeting was teleconferenced to the ASRS office at 4400 E. Broadway, Tucson, Arizona 85711.

1. Call to Order; Roll Call; Opening Remarks

Present: Mr. Jeff Tyne, Chair (via teleconference)
Dr. Richard Jacob (via teleconference)

One vacant position.

A quorum of the Committee was present for the purpose of conducting business.

2. Approval of the Minutes of the February 14, 2017 Public Meeting of the OAC

Motion: Dr. Richard Jacob moved to approve the minutes of the February 14, 2017, public meeting of the OAC as written. Mr. Jeff Tyne seconded the motion.

By a vote of 2 in favor, 0 opposed, 0 abstentions, 0 excused, and 1 vacancy, the motion was approved.

3. Review of the ASRS Data Integrity Audit

Mr. Bernard Glick, Chief Internal Auditor of the Internal Audit Division (IAD) introduced Mr. Harold Mackey, Internal Audit Officer, and the newest member of the IAD, to the Committee. Mr. Glick turned the presentation over to Mr. Mackey.

Mr. Mackey provided a summary of the objectives, scope, and observations made during the audit, while reviewing the findings and recommendations with the Committee. The IAD audit revealed five findings with several recommendations made by IAD. The ASRS management agreed with IAD’s findings. Management has agreed to present an action plan by a specific date for some of the recommendations, while other recommendations will need to be investigated further to determine their cost and priority, which will be discussed with the IAD at a later date.

Mr. Mackey responded to questions from the Committee.

4. Review of Recently conducted Employer Audits

Ms. Rosie Tomforde and Mr. Adel Korish, ASRS Audit Officers, reviewed the following audits conducted by the IAD.

- Bagdad Unified School District – Employer Audit
The IAD had four findings from the Bagdad Unified School District audit. The employer agreed with the findings and IAD’s recommendations.

- **Navajo County Accommodation District – Employer Audit**
  The IAD had two findings from the Navajo County Accommodation District audit. The employer agreed with the findings and IAD’s recommendations.

- **Somerton Elementary School District – Employer Audit**
  The IAD had one finding from the Somerton Elementary School District audit. The employer agreed with the findings and IAD’s recommendations.

- **Thatcher Unified School District – Employer Audit**
  The IAD had five findings from the Thatcher Unified School District audit. The employer agreed with the findings and IAD’s recommendations.

- **2016 Employer Compliance Follow-up – Employer Audit**
  The IAD presented the Committee with an employer compliance follow-up for 2016. The IAD reviewed three previously conducted audits as follows:
    - Mammoth-San Manuel Unified School District – Ms. Tomforde reported of the six findings, four were resolved and two were partially resolved.
    - Williams Unified School District – Ms. Tomforde reported of the five findings, one was resolved, two were partially resolved and two have not been resolved.
    - Town of Oro Valley – Mr. Korish reported during the follow-up it was discovered the one finding had only been partially resolved, however, was immediately corrected upon notification.

Ms. Tomforde and Mr. Korish responded to questions from the Committee.

5. **Presentation, Discussion, and Appropriate Action Regarding the Internal Audit Quarterly Update**

Mr. Glick provided a summary of the IAD Quarterly Audit report to the Committee. Mr. Glick announced the IAD was currently working on the ASRS Management Fees audit and is anticipating the start of the Consensus Data GASB 68 audit in late April or early May. Mr. Glick identified two audits the IAD will not be able to complete this plan year due to being without an internal auditor for approximately seven months. The Pension/Survivor Final audit and the Investment Compliance audit will need to be moved to the 2018 Audit Plan.

6. **Request for Future Agenda Items**

None were requested.

7. **Call to the Public**

There were no members of the public in Phoenix requesting to speak. There were no members of the public in Tucson.

8. **The next regular public OAC meeting is scheduled for Tuesday, June 13, 2017, at 10:30 a.m., at 3300 N. Central Avenue, in the 14th Floor Conference Room, Phoenix, Arizona.**
9. Adjournment of the OAC

Mr. Jeff Tyne adjourned the meeting at 11:17 a.m.

Respectfully Submitted,

Melanie A. Alexander
Committee Administrator
ARIZONA STATE RETIREMENT SYSTEM