



ARIZONA STATE RETIREMENT SYSTEM

3300 NORTH CENTRAL AVENUE • PO BOX 33910 • PHOENIX, AZ 85067-3910 • PHONE (602) 240-2000
7660 EAST BROADWAY BOULEVARD • SUITE 108 • TUCSON, AZ 85710-3776 • PHONE (520) 239-3100
TOLL FREE OUTSIDE METRO PHOENIX AND TUCSON 1 (800) 621-3778
EMAIL ADDRESS: ASKMAC@AZASRS.GOV • WEB ADDRESS: WWW.AZASRS.GOV

Paul Matson
Director

MINUTES OF A PUBLIC MEETING OF THE ARIZONA STATE RETIREMENT SYSTEM OPERATIONS AND AUDIT COMMITTEE

HELD ON
Tuesday, December 9, 2014
10:30 A.M., Arizona Time

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 North Central Avenue, Phoenix, Arizona 85012. Mr. Jeff Tyne, Chair, called the meeting to order at 10:32 A.M.

1. Call to Order; Roll Call; Opening Remarks

Present: Mr. Jeff Tyne, Chair
Mr. Mike Smarik, Vice-chair (via telephone)
Dr. Richard Jacob

Absent: Mr. Brian McNeil

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

2. Approval of the October 7, 2014 Minutes of the OAC Public Meeting

Motion: Dr. Richard Jacob moved to approve the minutes of the October 7, 2014 OAC meetings. Mr. Mike Smarik seconded the motion.

By a vote of 3 in favor, 0 opposed, 0 abstentions, and 1 excused, the motion was approved.

3. Presentation, Discussion and Appropriate Action with Regard to Data Security Initiatives

Mr. Jeff Tyne introduced the item stating the Committee will go into executive session for discussion.

Motion: Dr. Richard Jacob moved to go into executive session to discuss the data security initiatives. Mr. Mike Smarik seconded the motion.

By a vote of 3 in favor, 0 opposed, 0 abstentions, and 1 excused, the motion was approved.

The Committee convened to Executive Session at 10:34 A.M.

The Committee reconvened to Regular Session at 11:20 A.M.

4. Presentation, Discussion and Appropriate Action with Regard to the CEM Benchmarking

Ms. Jan Hartford, CEM provided information regarding the benefits of benchmarking using peer comparative analysis. Ms. Hartford explained how the peer comparisons are done, and also discussed how the ASRS ranks among its peers. CEM's analysis also explains how the ASRS can make improvements to its score.

Currently, the ASRS spends \$81 per member and annuitant which is below the peer average of \$94. Additionally, the ASRS' service score is 85 which is above the peer median score of 77. The outcome demonstrates the ASRS is a high service, low cost organization.

5. Review of Recently Conducted Audit for Eastern Arizona College

Mr. Bernard Glick, Chief Internal Auditor presented the audit of the Eastern Arizona College. The audit revealed three findings: 1) the College did not remit the alternative contribution due for 21 of its return to work retirees; 2) the College did not request a refund for remitted contributions on 12 ineligible members; and 3) the College remitted the alternative contribution on excess compensation for two of its return to work retirees.

The employer acknowledged the findings and made the needed modifications. The employer will also conduct a self-audit of the 2013 fiscal year.

6. Presentation, Discussion and Appropriate Action Regarding the 2015 OAC Calendar

Mr. Guarino presented the proposed calendar for 2015. Dr. Richard Jacob asked about there not being a schedule meeting until March, 2015 and Mr. Guarino responded he did not feel it was a problem, however, if a meeting is needed prior to the March date, one will be set up.

The Committee agreed to the following 2015 dates: March 10, May 12, July 14, September 8, and November 10.

7. Request for Future Agenda Items

There were no requests.

8. Call to the Public

There were no members of the public in either Phoenix or Tucson.

9. Adjournment

Motion: Dr. Richard Jacob moved to adjourn the December 9, 2014 OAC meetings. Mr. Mike Smarik seconded the motion.

By a vote of 3 in favor, 0 opposed, 0 abstentions, and 1 excused, the motion was approved.

Mr. Tyne adjourned the meeting at 11:56 p.m.

Respectfully Submitted,

ARIZONA STATE RETIREMENT SYSTEM

