

AUDIT OF PLEASANTON INDEPENDENT SCHOOL DISTRICT

June 22, 2017

TRS Internal Audit Department

Audit Objectives	<p>To determine the following:</p> <ul style="list-style-type: none">• Completeness, accuracy, and timeliness of Statutory Minimum, Non-OASDI, and Employment After Retirement Reports submitted to the Teacher Retirement System (TRS) by employer¹ for the test month• Accuracy of census data information (name, date of birth, gender, amount of salary, year of entry, years of service)
Risks	<ul style="list-style-type: none">• Incorrect calculations of contributions and surcharges• Inaccurate actuarial data because census data provided to TRS is not correct
Conclusions and Results	<p>Test Results:</p> <ul style="list-style-type: none">• Statutory Minimum, Non-OASDI, and Employment After Retirement reports were incomplete and inaccurate; however, all reports were submitted timely (see detail of adjustments to reports, page 3). The combined total dollar error rate for these reports was 4.89%• Census data information reported to TRS was accurate <p>Positive Findings:</p> <ul style="list-style-type: none">• Pleasanton ISD officials were prompt in responding to questions and providing supporting documentation; officials also maintain well-organized timekeeping records for retirees
Recommended Actions	<p>We recommend that the Reporting Official:</p> <ul style="list-style-type: none">• Work with TRS Benefit Reporting coaches to correct reports by July 2017• Ensure personnel receive training as needed and are knowledgeable of applicable <i>TRS Laws and Rules</i>
Reporting Entity Responses	<p>Employer's management agrees with the recommendation.</p>

¹ An "employer" is defined in Texas Government Code, Title 8, Subtitle C, Chapter 821.001.

Background

- The *Annual Audit Plan* approved by the Teacher Retirement System of Texas (TRS) Board of Trustees includes audits of employers to confirm member eligibility and accuracy of contributions and fees
- The Governmental Accounting Standards Board (GASB) requires that employers' census data be audited. Additionally, the AICPA issued the *Audit and Accounting Guide for State and Local Governments* and we have included census data testing (date of birth, gender, salary, year of entry, and years of service) in the scope of this audit
- The State Auditor's Office is performing audits of employers' census data as part of the audit of the *TRS Comprehensive Annual Financial Report*
- Employers chosen for audit were selected based on criteria including frequency of adjustments and corrections to reports, complaints about the employer, warrant holds, TRS management requests, etc. The population of employers included all Texas public schools.
- We conducted this audit in accordance with generally accepted government auditing standards contained in the *Government Auditing Standards* issued by the Comptroller General of the United States and the *International Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors, Inc.
- Testing criteria were the *TRS Laws and Rules*.

Scope, Methodology, and Tests

Test month – September 2016

With the exception of the superintendent's salary, we did not test whether salary amounts reported to TRS in the Regular Payroll report were complete, accurate, and authorized. We did not test New Member or Federal Fund/Private Grant reports. We did not test the eligibility to receive an annuity of those retirees who returned to work. We did not test internal controls of the employer. We tested Census Data and the Statutory Minimum, Non-OASDI, and Employment After Retirement reports submitted to TRS.

- To test completeness, accuracy, and timeliness of reports submitted to TRS:
 - Tested 30 of the population of members reported to TRS, as this gives us a 90% confidence of reflecting the entire population and results can be projected to the test month
 - Tested all TRAQS Reports submitted to TRS for timely submission and confirmed totals reported by tracing to the employer's detailed supporting documentation
 - Obtained employer certification of retiree hours worked in a non-substitute position for the test month, and where applicable, performed additional testing of timesheet documentation of hours worked
- To test accuracy of census data information:
 - Assessed supporting documentation for each sample item to confirm date of birth, hire date/years of service, eligible compensation, gender, and dates of termination/retirement

The audit conclusions contained in this report are limited to and based solely on the results of the sample items tested for the test month. Users of this report should not use the information contained in this audit report for any purpose beyond the stated audit objectives and scope.

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We appreciate Pleasanton ISD management and staff for their cooperation, courtesy, and professionalism extended to us during this audit.

PLEASANTON ISD DETAIL OF ADJUSTMENTS TO REPORTS

I. TESTING OF EMPLOYER AND EMPLOYEE CONTRIBUTIONS - SAMPLE SIZE = 30

STATUTORY MINIMUM REPORT								
# OF ERRORS		GRAND TOTAL DOLLARS REPORTED	TOTAL DOLLARS TESTED	UNDER STATED	OVER STATED	REVISED TOTAL DOLLARS TESTED	NUMBER % ERROR	DOLLAR % ERROR
4	Incorrectly calculated and underpaid contributions			\$ 90.48				
1	Incorrectly calculated and overpaid contributions				\$ 6.18			
5		\$ 12,671.89	\$ 1,382.04	\$ 90.48	\$ 6.18	\$ 1,466.34	16.67%	6.99%

NON-OASDI REPORT								
# OF ERRORS		GRAND TOTAL DOLLARS REPORTED	TOTAL DOLLARS TESTED	UNDER STATED	OVER STATED	REVISED TOTAL DOLLARS TESTED	NUMBER % ERROR	DOLLAR % ERROR
1	Incorrectly calculated and underpaid contributions			\$ 1.37				
7	Incorrectly calculated and overpaid contributions				\$ 35.96			
8		\$ 23,132.60	\$ 1,358.71	\$ 1.37	\$ 35.96	\$ 1,324.12	26.67%	2.75%

II. TESTING OF EMPLOYMENT AFTER RETIREMENT - TESTED ALL RETIREES WORKED AND/OR PAID IN THE TEST MONTH - SAMPLE SIZE = 10

EMPLOYMENT AFTER RETIREMENT AREA 1 AND 2 REPORT (DOLLARS NOT APPLICABLE)							
# OF ERRORS		GRAND TOTAL REPORTED	UNDER STATED	OVER STATED	REVISED TOTAL SHOULD BE REPORTED	NUMBER % ERROR	
AREA 1 REPORT							
# OF ERRORS							
	No exceptions						
0		5	-	-	5	0.00%	
AREA 2 REPORT							
# OF ERRORS							
	No exceptions						
0		5	-	-	5	0.00%	

PENSION SURCHARGE FOR RETIREES REPORT								
# OF ERRORS		GRAND TOTAL DOLLARS REPORTED	TOTAL DOLLARS TESTED	UNDER STATED	OVER STATED	REVISED TOTAL DOLLARS TESTED	NUMBER % ERROR	DOLLAR % ERROR
	No exceptions							
0	TOTAL			\$ -	\$ -	\$ -	0.00%	0.00%

TRS-CARE SURCHARGE FOR RETIREES REPORT								
# OF ERRORS		GRAND TOTAL DOLLARS REPORTED	TOTAL DOLLARS TESTED	UNDER STATED	OVER STATED	REVISED TOTAL DOLLARS TESTED	NUMBER % ERROR	DOLLAR % ERROR
	No exceptions							
0	TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%

TOTALS	GRAND TOTAL DOLLAR ADJUSTMENTS	TOTAL DOLLARS TESTED	UNDER STATED	OVER STATED	REVISED TOTAL DOLLARS TESTED	DOLLAR % ERROR
		\$ 2,740.75	\$ 91.85	\$ 42.14	\$ 2,790.46	4.89%
TOTALS	GRAND TOTAL NUMBER ERRORS	TOTAL NUMBER TESTED	TOTAL NUMBER ERRORS		NUMBER % ERROR	
		86	13		15.12%	