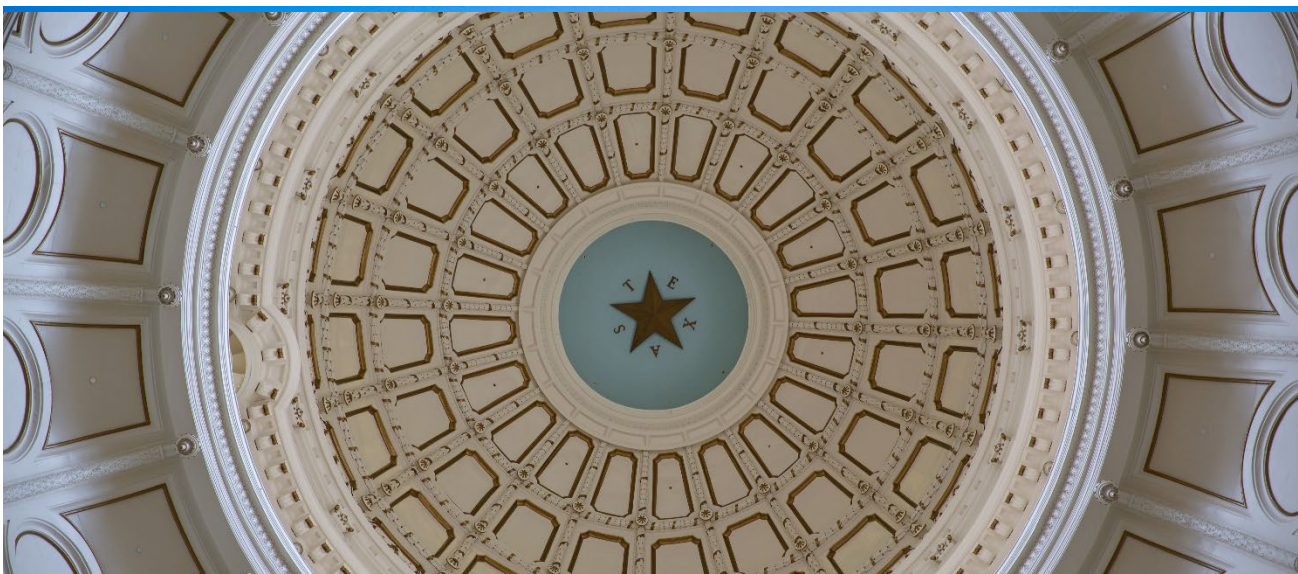




Internal Audit Reporting Employers Testing



**Teresa Menchaca and Melody
Austin**

July 15, 2021



5

Reporting Employers

- Conroe ISD
- El Paso ISD
- Frisco ISD
- Garland ISD
- San Antonio ISD

Timeframe Tested

September 2019 - August 2020



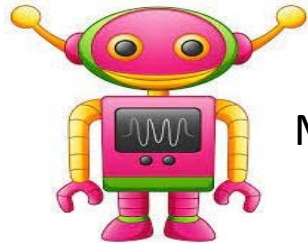
Gross Compensation Testing

- Is the complete payroll reported to TRS?
- Comparison of RE Payroll Register to TRS TRUST
- Assess whether difference of \$500,000 and 0.10 exists

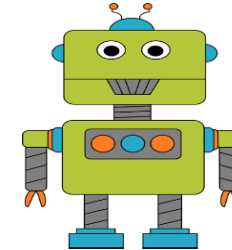
Identified Differences

- Did not meet threshold
- Communicated to Benefit Services

EXAMPLE OF ROUTINE PROCESSES



Missy



Hamilton

Evaluate Reporting Employers (REs) past 12 months of payroll data to identify active members with missing monthly payroll records

Query

Assess REs' submitted regular payroll data

Extract members' payroll data when the payroll records are less than 12

Prepare

Extract payroll data by contribution type, sum regular and adjusted pay, and group members' contribution totals

Assess the extracted missing payroll entries to identify potential missing compensation and contributions

Analyze

Recalculate contribution amounts based on state defined percentage and members' compensation

Document testing procedures and results

Log

Document testing procedures and results

Notify Benefit Reporting management of identified potential underpayments from REs

Email

Notify Benefit Reporting management of identified potential underpayments from REs

Automated Gross Compensation Testing for:

- Payroll Register and TRUST Monthly Gross Compensation
- Comparison of Payroll Register and TRUST Data

Developing Automated Robots to Test:

- Demographic Data (i.e., SSN, name, date of birth, address)
- Eligibility of TRS Membership

Operations Audit Services Team



Teresa Menchaca, CIA, CISA
Senior Audit Manager



Carol Casey, CGAP
Audit Consultant



Mary Presley, CISA
Senior Data Analyst



Reporting Employers Testing



Teacher Retirement System of Texas Internal Audit Department

Business Objective	Receive the complete and accurate reports from the Reporting Employers related to compensation and eligibility data
Business Risks	<ul style="list-style-type: none"> Inaccurate or incomplete total gross compensation reported to TRS Inaccurate or incomplete contributions for eligible members are paid to TRS
Management Assertions	<ul style="list-style-type: none"> Reporting Employers are knowledgeable of <i>TRS Laws and Rules</i> Reporting Employers provide accurate and complete compensation information to TRS
Agreed-Upon Procedures	<p>Test five Reporting Employers' from September 2019 through August 2020</p> <p>Reconcile the total gross compensation within the Reporting Employers' payroll system to the total gross compensation reported to TRS</p>
Test Results	No exceptions
Management Responses	Not applicable

Legend of Results:

Red	- Significant to TRS	Orange	- Significant to Business Objectives
Yellow	- Other Reportable Issue	Green	- Positive Finding or No Issue



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Amanda Jenami,
CIA, CISA, CPA, CFE
Chief Audit Executive

June 30, 2021

Barbie Pearson, Chief Benefit Officer

Subject: Independent Auditor's Report on Reporting Employers Testing Agreed-Upon Procedures

We have completed the **Reporting Employers Testing** Agreed-Upon Procedures, as included in the *Fiscal Year 2021 Audit Plan*.

We performed the procedures agreed to by you. These procedures include testing of data for the months of September 2019 through August 2020 submitted to TRS by five Reporting Employers (REs): Conroe Independent School District, El Paso Independent School District, Frisco Independent School District, Garland Independent School District, and San Antonio Independent School District. The tests related to the areas of compensation and eligibility. The detailed procedures and results are described in the **Appendix**.

This agreed-upon procedures engagement was performed in accordance with generally accepted government auditing standards contained in the *Government Auditing Standards* issued by the Comptroller General of the United States.

The sufficiency of the agreed-upon procedures performed is solely the responsibility of Benefit Services management. Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for information and use by TRS management, the Board of Trustees, and oversight agencies, and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited, except as protected by statute.

* * * * *

We express our appreciation to management and key personnel of Benefit Accounting and to the reporting officials and staff at Conroe Independent School District, El Paso Independent School District, Frisco Independent School District, Garland Independent School District, and San Antonio Independent School District.

Amanda Jenami, CIA, CISA, CPA, CIDA, CFSA, CFE
Chief Audit Executive

Teresa Menchaca, CIA, CISA
Senior Manager of Operations Audit Services

Alejandra Moreno, CPA, CISA
Senior Auditor, Operations Audit Services

Carol Casey, CGAP
Audit Consultant, Operations Audit Services

APPENDIX

Agreed-Upon Procedures and Results

Test Purpose	Test Description	Test Result
<i>Compensation</i> - obtain evidence that REs are reporting the correct compensation amounts to TRS	<p>For each of the test months, reconcile the gross compensation in the RE's Payroll Register to the total gross compensation reported to TRS in the Regular Payroll (RP) and Employment after Retirement (ER) reports in TRUST.</p> <p>Perform this test for the 12 test months selected for each of the 5 REs. An exception is defined as a difference in total gross compensation that is equal to or greater than \$500,000 and 0.10.</p>	<p>5 out of 5 payroll comparisons performed, identified differences in total gross compensation that did not meet or exceed the two criteria of meet or exceed the two criteria of equal to or greater \$500,000 and 0.10 of the RE's payroll.</p> <p>No exceptions.</p>
<i>Eligibility for TRS membership</i> - obtain evidence to determine if employees not reported to TRS during the test month were eligible during the test month.	For a sample of employees not reported to TRS during the test month, review employment information to determine if they were eligible during the test month.	Not applicable since the total gross compensation did not meet or exceed the two criteria of equal to or greater than \$500,000 and 0.10.