



Audit Committee Meeting
December 8, 2020



Presented for Review and Approval
March 10, 2021

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**AUDIT COMMITTEE MEETING
EMPLOYEES RETIREMENT SYSTEM OF TEXAS
December 8, 2020**

All or part of the December 8-9, 2020 meeting of the ERS Board of Trustees may be held by video conference call as authorized under Section 551.127 of the Texas Government Code. THIS MEETING WILL BE CONDUCTED BY VIDEOCONFERENCE IN ACCORDANCE WITH THE GOVERNOR'S AUTHORIZATION CONCERNING SUSPENSION OF CERTAIN OPEN MEETING LAW REQUIREMENTS IN RESPONSE TO THE COVID-19 (CORONAVIRUS) DISASTER. A quorum of members of the Board will participate in the meeting remotely and will be visible and/or audible to the public. Members of the public may access the meeting by clicking <https://ers.texas.gov/about-ers/ers-board-of-trustees/2020-december-board-meeting>

Members of the public may provide public comment on agenda items presented to the Board by registering first with ERS by submitting an email to kelley.davenport@ers.texas.gov identifying the name of the person requesting to provide public comment and the agenda item no later than 8:30 a.m. on December 8, 2020 for agenda items posted for the December 8 meeting date, and no later than 7:30 a.m. on December 9, 2020 for agenda items posted for the December 9 meeting date. ERS will provide further instructions to those who timely request to make a public comment on an agenda item for either the December 8 or December 9 meeting in accordance with the above instructions.

TRUSTEES PRESENT

Brian Barth, Audit Committee Chair
Craig Hester, Board Chair
Catherine Melvin, Member
Ilesa Daniels, Member
Dr. James Kee, Member

ERS DIRECTORS PRESENT

Porter Wilson, Executive Director
Cathy Terrell, Deputy Executive Director
Paula A. Jones, Deputy Executive Director & General Counsel
Tony Chavez, Director of Internal Audit
Bernie Hajovsky, Director of Enterprise Planning Office
Diana Kongevick, Director of Group Benefits
DeeDee Sterns, Director of Human Resources

ERS STAFF PRESENT

Kelley Davenport, Executive Office
Christi Davis, Customer Benefits
Tressie Landry, Internal Audit
Greg Magness, Internal Audit
Roger Nooner, Benefits Communications
Karen Norman, Internal Audit
Jamey Pauley, Enterprise Planning Office
Jonathan Puckett, Internal Audit
Tanna Ridgway, Investments
Bernie Stewart, Customer Benefits

ALSO PRESENT

David Friedenber, Weaver
Reema Parappilly, Weaver

Meeting of the ERS Board of Trustees Audit Committee

1. Call Meeting of the ERS Board of Trustees Audit Committee to Order

Mr. Brian Barth, Chair of the Audit Committee of the Employees Retirement System of Texas (ERS), noting a quorum was present, called the meeting to order at 9:00 a.m. on Tuesday, December 8, 2020 and read the following statement:

“A public notice of the ERS Board of Trustees Audit Committee meeting containing all items on the proposed agenda was filed with the Office of the Secretary of State at 1:22p.m. on Monday, November 23, 2020, as required by Chapter 551 Texas Government Code, referred to as the Open Meetings Law.”

2. Review and Approval of the Minutes to the August 19, 2020 ERS Audit Committee Meeting – (ACTION)

Audit Chair Brian Barth opened the floor for a motion on the approval of the minutes from the August 19, 2020 ERS Audit Committee meeting.

Move that the Audit Committee of the Employees Retirement System of Texas approve the minutes to the meeting held on August 19, 2020.

Motion by Craig Hester second by Catherine Melvin

Final Resolution: Motion Carries

Aye: Craig Hester, Brian Barth, Ilesa Daniels, Jim Kee, Catherine Melvin

3. Review of External Audit Reports

ERS' Director of Internal Audit Tony Chavez reviewed an external audit report from the Texas State Auditor's Office on Incentive Compensation at the Employees Retirement System of Texas (ERS) and other agencies. The audit was completed in August 2020 and is an annual audit that reviews the policies and procedures and controls over the payments for incentive compensation.

In Plan Year 2019 ERS awarded almost \$4 million to 74 employees. The awards are paid over a three year period as long as the employee remains employed. The state auditors found that ERS paid incentive compensation in accordance with the plan and rated ERS with a low or green rating level, which indicates no significant issues. One recommendation included in the report was to continue improvements to policies and procedures.

This agenda item was presented for information and discussion purposes only. There was no further discussion or questions and no action was taken.

4. Review of Internal Reports

COVID-19 Information Technology Review

Mr. Chavez introduced Tressie Landry, ERS Audit Manager, and co-sourced auditors from Weaver – Reema Parappilly, Partner, IT Advisory Services and David Friedenberg, Manager, IT Advisory Services. Mr. Chavez described that Internal Audit utilizes co-sourced resources, particularly in highly specialized areas such as information technology.

Ms. Landry described the purpose of the engagement was to evaluate the transition of ERS employees to remote work due to the COVID-19 pandemic. The objectives of the engagement was to evaluate:

- The scalability and availability of existing hardware and software
- Whether security controls remained effective
- If governance effectively supported a remote workforce

As many other employers, ERS was required to move their workforce to a remote working situation very quickly. A brief timeline was presented showing ERS began restricting travel to areas where the pandemic started and initially spread in January. On March 16, 2020 the ERS building was restricted to essential employees only and workers began working remotely. By March 23, the majority of employees were working remotely, a transition which was accomplished in six business days.

Mr. Friedenbergl began reviewing the engagement procedures and results, noting that there were 17 points of analysis resulting in four observations, six improvement opportunities and four commendations. A survey of managers and team leaders was conducted to identify significant changes in the use of collaboration tools, work monitoring and the methodology for connection to ERS systems.

Observations noted in the review include recommendations for ERS to:

- Update policies and procedures to reflect larger remote workforce
- Implement stronger requirements for certain employees to allow Information Systems to perform required maintenance
- Review encryption requirements for certain processes
- Implement a formal rotation for recovery testing

Commendations recognized that ERS staff:

- Proactively repurposed existing hardware and contract resources to facilitate the transition
- Identified needs and acquired additional hardware and licenses in a timely manner
- Provided proactive end user support through FAQs and Wiki pages (Process Owner Questionnaire)
- Provided quick responses and resolution to support issues (Process Owner Questionnaire)

In response to a question from Dr. Kee, Ms. Landry explained that employees were using a mixture of personal and ERS issued computers. Both personal and agency devices can establish secure connections to ERS systems. Ms. Parappilly noted that the method of connecting to ERS systems certainly changed from being in office to remote working. The review included an assessment of the remote connections. When an employee has an ERS laptop they connect through a virtual private network (VPN) and when using their own personal computer they connect through a virtual desktop interface (VDI). Both connection methods have the necessary security controls. Both of these methods were established prior to the pandemic, but their use increased significantly.

Ms. Catherine Melvin asked if Mr. Chuck Turner, Director of Information Systems, would like to note whether management agrees with the findings since the findings are the part of the report that is confidential. Mr. Turner stated that they do generally agree with the observations. He noted that the return to office will be different, most of the policies were developed based on a majority of employees being in the office and they will be changing those to meet the adjustments necessary for post pandemic work.

Survivor Benefits Audit

Mr. Chavez introduced Mr. Jonathon Puckett as the project lead for the audit of Survivor Benefits.

Mr. Puckett stated the audit objective for this audit was to determine if survivor benefits are processed accurately, timely, and in accordance with statutory requirements. Survivor Benefits are those benefits paid when a member or retiree dies. In every audit, Internal Audit strives to align its audit activities with the strategic initiatives of ERS. This audit was aligned with the strategic objective of supporting members' retirement security.

Internal Audit also tries to incorporate the program objective for each program reviewed. For Survivor Benefits, their program objective is to work closely with families, state agencies, Social Security Administration, and other sources to process death benefits quickly and accurately.

Mr. Puckett noted that survivors of deceased members or covered public safety officers may be eligible to receive certain survivor benefits. These benefits can be placed into several different categories.

There are two main categories of survivor benefits -- standard survivor benefits and public safety survivor benefits, otherwise known as Chapter 615 benefits, in reference to Texas Government Code, Ch. 615. Standard survivor benefits are available to designated beneficiaries of members and are paid out of ERS' general fund. There are various benefits available, as noted in the table on page three of the report. There are also other benefits such as insurance, 401(k), and Texa\$aver.

Chapter 615 public safety benefits

Mr. Puckett explained that public safety survivor benefits are benefits that are available to eligible survivors of individuals who served the public in a covered occupational category described in Texas Government Code. Funding is provided by the state of Texas, not the ERS trust fund, for these types of benefits, which include a \$500,000 lump-sum payment, funeral expenses, health insurance, child payments, and an annuity for the surviving spouse.

Mr. Puckett explained that public safety survivor benefits are available to survivors of covered public safety officers who died from an injury in the line of duty. These are not only survivors of ERS members, such as public safety officers employed by an agency like the Department of Public Safety. These benefits are also available to local fire, police, correctional officers, and others that meet the (Tx Govt. Code) Chapter 615 eligibility requirements. ERS is the administrator of this program and is responsible for reviewing and approving applications as well as determining what documentation is necessary to apply for benefits. Within ERS, the Customer Benefits division has primary responsibility for processing these benefits. They also receive support from the Office of General Counsel and ERS' medical board. Mr. Puckett reiterated that funding for these benefits is provided by the state of Texas, not ERS, which is different from the standard survivor benefits.

Survivor benefits

In Fiscal Year 2019, there were approximately 2,900 claims, with \$65 million in payments for standard survivor benefits. Mr. Puckett discussed a chart that displayed the total payments made for standard survivor benefits by payment type in Fiscal Year 2019. The majority of payments are made for an optional annuity. Optional annuities are payments that are due to a beneficiary because the member selected a reduced annuity at retirement so that their beneficiary would continue to receive annuity payments after their death. The second largest section in the displayed chart represents the retiree lump-sum death benefits, which is a \$5,000 benefit paid to survivors of retired members. This benefit makes up a substantial portion of all survivor benefits, with total payments of about \$10 million.

Benefits processing

Mr. Puckett stated that COVID-19 has not surprisingly had an impact on survivor benefits. It has presented new challenges, such as processing benefits remotely. To help achieve this, changes in procedures were made, including allowing online notaries whereas in the past, a person may have had to go to a physical notary. Other changes include accepting copies of documents where certified copies were previously required.

COVID-19 has also impacted the public safety (Chapter 615) survivor benefits. The number of claims in Fiscal Year 2020 is more than double the amount received annually in the previous four fiscal years. This chart shows that COVID-19 was cited as the cause of death on many of the new claims. There was also a substantial increase in deaths due to an injury while on duty.

Audit results

Mr. Puckett noted that the overall rating for the audit was satisfactory. The first scope area for the audit was standard survivor benefits, which was also rated as satisfactory. However, there was one observation. The second scope area was public safety, or Chapter 615, survivor benefits, also rated as satisfactory. For this scope area, Internal Audit determined that controls are in place to provide reasonable assurance that objectives will be met.

There are several key controls identified in survivor benefits processing. Letters are sent to survivors that informs them what benefits are available. These letters are reviewed prior to sending to verify that all the benefits are communicated. This helps ensure that a survivor has the opportunity to apply for all the available benefits for which they are eligible. Manual calculations of benefit payments are reviewed by another analyst to ensure their accuracy. Further, to help deter fraud, notarization is required on claim forms.

For public safety (Chapter 615) survivor benefits where payments can be very high, with a minimum of \$500,000 paid to each eligible surviving spouse, reviews are performed by a medical board when a death was natural and not clearly due to an event that occurred in the line of duty. The ERS Office of General Counsel reviews all claims and also provides research when dealing with claims involving a fireman who died of cancer. The final review and approval is performed by the director of Customer Benefits for all claims.

Mr. Puckett provided details on the observation in the standard survivor benefits scope area. The procedures for retiree lump-sum death benefits do not align with the timeliness requirements of Texas statute and regulations. The retiree lump-sum death benefit payment is \$5,000 and is available to survivors of retirees or their estate. The documentation that is required for this benefit is primarily a death certificate and a claim form. Estate documentation may be required if a beneficiary wasn't named, has died, or is not available. In Fiscal Year 2019, there were a total of about \$9.7 million in payments for retiree lump sum death benefits to about 2,500 beneficiaries. Nearly 85% of all survivors receive this type of benefit.

Mr. Puckett noted that Internal Audit reviewed several retiree lump-sum death benefit payments and all were processed accurately. However, the timeliness requirements for payment were not met. In 2005, the legislature amended statute to add a timeliness provision for processing lump-sum death benefit payments. This was to provide for payment within seven days of the receipt of the proof of death. Supporters for this amendment noted that timely payment would help offset funeral and other expenses. Previously, there was no statutory time requirement that was mandated. The Texas Administrative Code further clarifies that payment should be provided for no later than seven days after the receipt of all required documentation.

Mr. Puckett gave an overview of the timeline. It highlights the differences between what the regulatory requirements are for determining timeliness versus the criteria that ERS is using to determine timeliness. Currently, ERS is measuring the start of the seven-day timeline after an analyst has reviewed the required documentation, confirmed it is complete, and has approved the claim for payment. However, the regulatory requirements state that the seven-day timeline to provide for payment should start once all required documentation is received. Due to this difference, claims documentation may be received and stay in a worklist queue for several days before being reviewed, pushing the time to provide for payment past the seven days after the receipt of documentation.

Internal Audit recommendation is to align procedures with regulatory requirements on timeliness so that payment is provided seven days from the receipt of the completed documentation. To do this, Survivor Benefits will need to evaluate the volume of claims it regularly processes and how that impacts meeting timeliness requirements. Between Fiscal Years 2016 and 2019, 2,400 to 2,600 retiree lump-sum death benefits were processed annually. All survivor benefit types processed in Fiscal Year 2019 total about 3,800. This shows that there is a significant amount of benefits that Survivor Benefits is responsible for in addition to retiree lump-sum death benefits. These numbers will need to be considered when evaluating whether or not Survivor Benefits can meet timeliness requirements with available resources.

Ms. Melvin inquired as to how many instances Internal Audit identified where timeliness requirements were not met.

Mr. Puckett stated that a sample of payments was reviewed. All payments reviewed in the sample did not meet timeliness requirements because the current procedures do not incorporate those requirements.

Ms. Melvin asked whether in Mr. Puckett's opinion that a process improvement is needed or are the improvements more a function of resource and volume.

Mr. Puckett stated that this is more about aligning the process to the requirements. Mr. Puckett noted that, in regards to resources, he would have to defer to the recommendation that Survivor Benefits and Customer Benefits need to evaluate the volume of benefits processed, such as the number of claims processed per day or week. Those numbers could be increasing with COVID. In addition, there are many factors that need to be considered when determining if Survivor Benefits has enough resources available to meet that seven-day timeline.

Mr. Barth noted that Mr. Puckett mentioned that ERS did some things to improve or ease the application process for benefits during COVID-19, such as allowing online notaries and inquired whether there was any indication that fraud determent was not met with online notaries, since notaries have been required to help deter fraud.

Mr. Puckett responded that there wasn't an indication, but that going to a physical notary is probably the best secure way to help prevent fraud. Having an online notary is the next best thing if it's not safe to go to a physical notary.

Ms. Paula Jones, ERS Deputy Executive Director and General Counsel, added that online notaries have been permitted by law, but have not been something that ERS had previously accepted and that the Office of General Counsel worked with Customer Benefits to look at the legalities of it's use and determined that it was acceptable.

Ms. Hardaway responded that her division worked with the Office of General Counsel to make sure that they were implementing the online notary process appropriately. They have not found any reason to believe, based on information received, that there is any issue with fraud. Ms. Hardaway said that there are fewer people using the online notary than expected. Customer Benefits made sure that they were working through the process appropriately and she feels confident that it is secure, while working with the Office of General Counsel.

Ms. Catherine Terrell and Ms. Hardaway added that online notaries could be something that is continued into the future if it's convenient for ERS customers.

Mr. Barth asked for clarification on the timeliness of processing lump sum death benefits and whether the issue was purely based on when ERS was starting the clock or if there were concerns in meeting the seven-day requirement even using the date the claims are reviewed and approved by ERS.

Ms. Hardaway responded that they are having some difficulties right now with meeting a seven-day turnaround time the way the process currently works. It would be very tight from when they receive the documents to review and prepare what is needed. Ms. Hardaway stated that she does understand what the recommendation is and what the requirements are, but the issue will require further review and analysis.

Mr. Wilson added that after looking at process improvements and evaluating, they will be able to determine what sort of resources would be needed to accommodate all of the applications. If after that, they are still having challenges meeting the seven day timeline, or if the resource needs are deemed to be greater than what they think is prudent, they can always go to the legislature and explain the issues and see about better aligning the statute with the realities of the time to process.

Ms. Hardaway added that this is one of the most complex areas of service at ERS. Ensuring the correct, sometimes multiple, beneficiaries are paid correctly takes significant training. Something that might mitigate this is the recently enacted funeral home assignment benefit which allows beneficiaries to assign benefits directly to the funeral home for payment of services.

This agenda item was presented for information and discussion purposes only. There was no further discussion or questions and no action was taken.

Deferred Compensation Plan (Texa\$aver) Audit

Mr. Chavez introduced Ms. Karen Norman, Audit Lead, to present the results of the Texa\$aver audit.

Ms. Norman explained the Texa\$averSM program is an employer-sponsored defined contribution retirement account that allows employees to dedicate a portion of their salary to investments for retirement. The program is voluntary and offered to all state employees. The program has two distinct plans:

- The 401(k) was established in 1985 and is available to state agency employees. There are currently 218,000 accounts with \$2.8 billion in assets.
- The 457 plan is available to state agency and certain higher education employees and has about 26,000 accounts with \$1 billion invested.

The program is entirely funded by participants and receives no state funding for administration expenses or participant matching funds. ERS contracts with a third party administrator (TPA) to provide record keeping services.

The audit objective was to determine if contract management over the program ensures member benefits are properly delivered. The three scope areas were investment options, service delivery and program management. The overall assessment given for the program was satisfactory, with three separate ratings for each scope area. Investment options was rated as excellent. Service delivery and program management each received satisfactory ratings.

Investment fund offerings are identical in the 457 and 401(k) plans. Texa\$aver offers a tiered fund menu approach that's designed around participants' level of engagement, their preferred portfolio construction, and diversification preferences. Tier 1 are target date funds, tier 2 are core funds and both tier 1 and 2 funds are monitored by ERS and the TPA. Tier 3 is a self-directed brokerage account that allows participants to invest in other mutual funds or securities that are not offered by the Texa\$aver program.

ERS uses a product review committee (PRC) to assist with managing oversight of investment offerings. The PRC is responsible for providing oversight of the Texa\$aver investments' quality and diversification. The PRC is a nine-person committee, which includes members from ERS' leadership, ERS investment staff, and external investment professionals, including members of ERS' Investment Advisory Committee. The PRC is a key control over the portfolio and plan management and works in conjunction with ERS staff and the TPA to provide transparent and consistent monitoring of investments offered to the members.

The report contains two observations:

1. Controls over the development of Texa\$aver participant fees have not been established

The first observation relates to the reserve fund balance for the Texa\$aver program. Texa\$aver is funded by participants through fees charged to their accounts monthly (participant fees). An administrative fee paid to the TPA is included within the monthly participant fee. The administrative fee is a fixed rate of \$1.54 that is assessed per account, per month, by the TPA. This is the only form of revenue received by the TPA for the program. Any excess revenue collected from participant fees is remitted to ERS to cover any expenses of running the program. Excess fees are deposited into the Texa\$aver trust fund. The current trust fund balance is \$6.5 million at the end of Fiscal Year 2020 and the balance has been increasing since 2015.

ERS has not identified a target reserve balance for this account. Texa\$aver has no policy stating the purpose of the balance, or if the current balance is at a surplus or deficit in relation to a target balance, and what actions should be taken to align the balance to any established levels. Ms. Norman noted that although the trust fund balance has increased, the fees paid by participants has decreased consistently over the past 10 years. ERS periodically evaluates the participant fee rates and makes adjustments accordingly. These reviews have resulted in rate decreases for several years. All proposed rate changes are taken to the Board of Trustees for approval.

In addition to establishing a target balance for the trust fund, the division should formalize inclusion of all revenue or expenses of the trust fund during participant fee reviews. The annual fee analysis does include the excess participant fee revenues received and internal ERS expenses. However, there are other sources of revenue that are not included, like interest revenue or any financial assessments. These are not consistent inflows, but do increase the money available to pay program costs, lessening the need for fees from the members. With the current trust fund balance of \$6.5 million, and depending on what the targeted reserve amount is, that could be an additional source of money to cover program costs.

In addition, there are no guidelines for establishing the population within the six-tier structure used to assess the participant fees. Participant fees are assessed in a graduated scale based on account balance. Tier 1, with the lowest account balance of up to \$1,000, pays \$0.60 a month while tier 6, with an account balance larger than \$64,000 pays \$7. The intent of this graduated schedule is to promote participation in the Texa\$aver program, but the impact of the fee schedule is that some participants pay a higher fee to cover program expenses than participants with smaller balances. Tier 1, which is about 48% of the population, pays less per month than the fixed admin fee rate of \$1.54. And this is offset by other tiers paying more than \$1.54.

There are no guidelines how the \$1,000 Tier 1 threshold was established, determining the reduced fee population of accounts. There are also no guidelines for the review and development of the six-tier structure. Tiers 2 through 6 have thresholds of \$16,000, which was established in 2009 and was based on the IRS maximum contribution limits that were in place at that time. The tier structure has not been evaluated since its inception to determine if the framework is working as originally intended. Group Benefits has scheduled a review of the tier structure and recommendations will be presented at the March board meeting.

2. Enhancements to key controls would improve assessment of service delivery to participants

The second observation relates to service delivery. Key controls have been established at various levels of the process, and they work together to provide assurance over participant accounts, but enhancements to these key controls would improve assessment of service delivery. From a high level, the system and organizational controls (SOC) audit is a review of the TPA performed by an external auditor. The auditor tests controls over the TPA's processes and provides an independent report that the TPA can share with all organizations who use their services. On a day-to-day level ERS contract performance guarantees provide results of activities occurring on a continuous basis. Finally, information is verified after the fact by an external auditor, hired by ERS, to verify the Texa\$aver data is being processed accurately by the TPA.

Enhancements could be made to the established control activities. The first is to formalize the review of the SOC report performed by ERS staff by determining if processes tested by the independent auditor are applicable to the Texa\$aver program, then evaluating the audit to determine if the results are within acceptable ranges, and finally identify any areas where ERS may need additional information.

The performance guarantee reports are received and reviewed, but the calculation methodology for each guarantee should be established. This means documenting the actual mathematical calculation that the TPA should be using, defining the numerator and denominator, and what systems the metrics should be used in calculating and reporting. An established methodology confirms understanding between ERS and the TPA while ensuring the results align to the performance guarantee objectives. The third key control is improving the timing of the external audit. Having the audit performed closer to the year it's reviewing provides more timely results that can be used by staff.

Dr. Kee inquired about the frequency of product review committee reviews of the investment options and stated that he would like to discuss the types of investments the plan offers, including more index options. Ms. Norman noted that the PRC reviews investments at least two times per year. Ms. Diana Kongevick also stated that there was a lot of discussion about index funds at the last PRC meeting and

there will be a presentation later today that might address his concerns. Mr. Porter Wilson also stated that he would take those concerns back to the PRC and keep the board updated.

This agenda item was presented for information and discussion purposes only. There was no further discussion or questions and no action was taken.

5. Review of Audit Administrative Items

Mr. Chavez reviewed the Annual Audit Performance and Quality Review report to review Internal Audit's performance for the year. There are two exhibits for this item:

- Internal Audit Annual Report – a required report that must be submitted each year to certain state agencies, such as the Texas State Auditor's Office. The report includes audits completed in the prior year and the planned audits for Fiscal Year 2021.
- Internal Audit annual Performance and Quality Review – this report includes a review of internal audit's performance and results of a self-assessment on quality.

Mr. Chavez evaluates the performance of the division based on the three strategic goals for the office:

- Enhance Professional Practices
- Enhance Performance Management and Accountability
- Grow People Management

Mr. Chavez noted that the self-assessment for these areas resulted in a rating of satisfactory. The division continues to formalize and improve procedures related to consulting engagements, improve budgeting hours for non-internal audit related projects (procurements, software implementations, and external audit transition), continued timeliness and balance of director feedback. The team did not meet as much core continuing professional education this year due to travel restrictions across the country.

The majority of the Fiscal Year 2020 audit plan has been completed with one project outstanding that will be reported in March 2021. Impacts to the office resulting from COVID-19 included transitioning to video conferences for all milestone meetings, audit interviews, and internal team meetings. The team incorporated more screen-sharing tools and added division directors to end of fieldwork meetings to increase communication directly to directors. The audit management software in use by the division allowed the team to transition to remote working easily.

Ms. Melvin commended the staff for the tenure and ability to increase their ERS acumen. Mr. Hester validated that Mr. Chavez has enough staff. In response to a question from Mr. Barth, Mr. Chavez noted that he believes there is a partnership relationship with management and that was reflected last year in the satisfaction survey.

This agenda item was presented for information and discussion purposes only. There was no further discussion or questions and no action was taken.

6. Adjournment of the Board of Trustees Audit Committee Meeting

The Audit Committee meeting adjourned at 10:23 a.m. on Tuesday, December 8, 2020.