



January 30, 2015

Ms. Bethany Rhodes, Director
Ohio Retirement Study Council
88 East Broad Street, Suite 1175
Columbus, OH 43215-3506

Dear Ms. Rhodes:

In accordance with Ohio Revised Code Section 5505.111, I am providing this report on the internal audit activities of Highway Patrol Retirement System (HPRS) during 2014. Once again, HPRS retained the Summit County Internal Audit Department (IAD) to perform internal audit services in 2014. Attached are two reports of its findings. The first is a report on the follow-up items from the 2012/2013 audit, and the second is a report of its 2014 findings.

In the Follow-up Report, the internal auditors noted five issues that had been "Partially Implemented" by HPRS. Two of the five "Partially Implemented" items have since been fully implemented. The remaining three issues are fully implemented in practice; however, the newly appointed Finance Director will update HPRS's written procedures to reflect what is already practiced.

For the 2014 audit, IAD examined the following areas: fringe benefits; asset inventory; expenditures; payroll; board meetings; and ORC compliance. The 2014 Final Report is self-explanatory. All of the recommendations have either been implemented or are in the process of being implemented. IAD will conduct another follow-up during its 2015 audit.

Both audit reports were presented to the HPRS Board on August 21, 2014, by Lisa Skapura, the IAD director. The Board was satisfied with the results of the audit and voted to accept the 2014 report.

In addition to the Internal Audit, Kennedy Cottrell Richards (KCR), LLC, the independent auditing firm selected by the Auditor of State, performed a financial audit of HPRS. On June 18, 2014, KCR presented its audit report to the Audit Committee, giving HPRS a clean opinion. The report noted no deficiencies in HPRS' internal controls. The Control and Compliance letter and Opinion letter are attached.

The HPRS Audit Committee met on the following dates in 2014 and took the following actions:

- February 19, 2014: The Committee reviewed and approved the Audit Committee Charter and Work Plan and approved a motion to recommend to the Board to re-

hire Summit County IAD to conduct the 2014 internal audit. The Committee also reviewed all trustees' expense reports for compliance with HPRS policies.

- June 18, 2014: KCR presented its audit of the 2013 financial statements resulting in an unqualified "clean" opinion. No material weaknesses were found and no reportable comments were noted. The Committee reviewed all trustees' expense reports for compliance with HPRS policies.
- August 21, 2014: The Committee met as part of the full Board and accepted the 2014 internal audit report as presented by IAD.
- December 17, 2014: Lieutenant Andre Swinerton was elected Committee Chair and Staff Lieutenant Heidi Marshall was elected Vice-Chair. The Committee approved a motion to recommend to the Board to re-hire Summit County IAD to conduct the 2015 internal audit. It also reviewed all trustees' expense reports for compliance with HPRS policies.

If you have any questions, please contact me.

Sincerely,



Mark R. Atkeson

Executive Director

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Attachments: 2014 IAD Internal Audit Follow Up Report
 2014 IAD Internal Audit Report
 2013 KCR Control and Compliance Letter
 2013 KCR Opinion Letter