

Highway Patrol Retirement System 2024 Annual Audit Report

(Submitted to ORSC 5/6/2025)

Current Year Completed Audits with Recommendations and Management Response

Audit Area	Scope	Recommendation, Risk Rating, and Summarized Finding	Management's Response	Recommendation Status	Anticipated Implementation Date
		Comments:			
		Comments:			
		Comments:			
		Comments:			

Risk Rating Levels:

High: Requires Immediate attention and remediation.

Moderate (Mod.): Requires near-term attention.

Low: Improvements possible but does not require attention in immediate or near-term.

Recommendation Status:

Closed: Management has implemented the audit recommendation and it has been validated by Internal Audit

In Process: Management has implemented the audit recommendation and it is in the process of being validated by Internal Audit

Open: Management has not yet implemented the audit recommendation (see anticipated implementation date)

Accepted: Management has chosen to accept the risk of not implementing this audit recommendation (additional discussion to be added in "Comments" section)

Prior Years Completed Audits with Updates to Recommendations and Management Response

Audit Area	Scope	Recommendation, Risk Rating, and Summarized Finding	Recommendation Status	Anticipated Implementation Date
Retroactive Pay Adjustments	<p>HPRS policies and procedures were reviewed and a discussion was conducted to gain an understanding of the retroactive pay process. IAD obtained the Active Member Contribution Report from MembersLink and reconciled the report to DAS' retroactive pay report and the contract between the OSTA and the state to ensure that all active members received the retroactive pay adjustment. Additionally, IAD recalculated active members' retroactive pay adjustment based on the contractual terms and compared it to what was uploaded to MembersLink to ensure completeness and accuracy of the adjustment. The following issue was noted: (1) Upon discussion with HPRS personnel, IAD noted that HPRS is not following up with DAS to determine why some members did not receive the retroactive pay adjustment when they appeared eligible for the adjustment in MembersLink, in accordance with HPRS policies and procedures.</p>	<p>Issue 1: IAD recommends that a reconciliation be performed of members that received retroactive pay to active members to confirm all eligible members received retroactive pay. This will help to ensure compliance with HPRS policies and procedures.</p> <p>Risk Rating : Moderate</p>	Closed	December 21, 2023
		<p>Comments: After reviewing the policy and procedure, HPRS management has amended the policy to remove the DAS follow up as an unnecessary step. HPRS' role is to properly allocate retroactive pay received to the appropriate pay periods for FAS calculation purposes, and is not the position of HPRS to determine who gets retroactive pay or not. If a member later receives a retroactive payment, it will be allocated at that time.</p>		

Pension Payments	<p>HPRS policies and procedures were obtained and reviewed, a discussion was conducted and flowcharts were created and approved to gain an understanding of the payment process. A sample of retirees was selected and detail testing was performed to ensure retiree payments are calculated in accordance with rules and regulations. The following issues were noted: (1) IAD noted no formal policies and procedures exist regarding the process of calculating pension payments; (2) IAD noted 1 out of 89 (1%) instances where IAD's recalculated monthly pension payment of \$540.66 did not agree with HPRS' calculated monthly pension payment of \$536.52, amounting to a \$4.14 variance.</p>	<p>Issue 1: IAD recommends that policies and procedures are created/updated, approved and disseminated for all functional areas within the agency. This will help to ensure proper procedures are in place and consistently followed within the department. Issue 2: IAD recommends that HPRS review the retiree's pension calculation to determine the correct amount due to the retiree. This will help to ensure the retiree is paid correctly.</p> <p>Risk Rating: Moderate</p>	<p>Issue 1: Closed Issue 2: Accepted</p>	<p>December 21, 2023</p>
		<p>Comments: Issue 1: Policies and procedures are incorporated into the internal control manual. The internal controls manual is reviewed annually by the audit committee, and changes approved by the board annually. Issue 2: Upon researching the payment issue, it was discovered that a manual calculation error was made to the retiree's pension factor in 1982, which led to an underpayment. However, due to legislative changes increasing members' base pension amount over the years, and the lack of existing documentation (statements, etc.) showing what the retiree was paid, HPRS management decided that no further action will</p>		

		Comments:		

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Completed Audits with No Recommendations

Audit Area	Scope
COLA	Policies and procedures and board minutes were reviewed and a discussion was conducted to gain an understanding of the COLA process. Detail testing was performed to ensure all retirees are receiving the correct 2023 COLA of 3%. Additionally, a sample was selected and detail testing was performed to ensure retirees receiving a COLA were eligible to receive the COLA
	Comments: N/A
	Comments:
	Comments:

Active Audits

Audit Area	Scope	Target Completion
None		

Other Audit Related Activity - 2024 Risk Assessment

Area	Subject/Project	Description
Accounting	Accounts Payable, account receivable, payroll	*Refer to the Risk Assessment Report conducted by Summit County Internal Audit Department, dated December 19, 2024.
Administration	Investments, personnel, regulatory compliance, ethics	*
Information Technology (IT)	System and data security	*
Benefits	Health care and pension administration	*

Composition of Audit Committee at end of reporting year 2024

Sergeant Derek Malone, Chair, Active Member
 Trooper Cythia Wilt, Vice-Chair, Active Member
 Colonel Charles Jones, Superintendent, Ex Officio Member
 Sergeant Brice Nihiser, Active Member
 Sergeant (ret.) Michael Kasler, Retired Member