

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
ANNUITY AND PENSION BOARD**

Minutes of the Administration and Operations Committee Meeting
held July 20, 2010

The meeting was called to order at 8:32 a.m.

Committee Members Present: John Barmore, Chair
 William C. Carey
 Larry Holland

Retirement System Staff Present: Bernard J. Allen, Executive Director
 Martin Matson, Deputy Director
 Tom Rick, Chief Investment Officer
 Suzanne Fortier, Board Stenographer

Others Present: Beth Cleary, City Attorney; and Connie McDonald and Tony Popanz, Jefferson Wells.

Jefferson Wells Internal Audit Reports. As a matter of information, Committee members received copies of the Internal Audit Update, dated July 20, 2010, Benefits and Payroll Internal Audit Report, dated June 2010, and the Standard Insurance Company Management Request Report, dated June 2010. Mr. Popanz talked about the 2009 audit plan status. He indicated the benefit payroll audit came back pretty clean with no significant or material exceptions. Mr. Popanz reported on one significant exception on the Standard Insurance compliance review in relation to the provision of instructions to covered members as to how to locate their insurance certificate on line, or how to request a hard printed copy of that certificate. He noted while the insurance certificates are located on both the ERS website and the DER website; there are no instructions to members via a "house organ" such as a member handbook to say the certificates are available and how they can be made available either through the website with instructions to link to the correct webpage. He stated if they do not have access online, to request it through phone or mail to have a hard copy sent through the mail. Mr. Popanz indicated that management responded that going forward DER would provide a message to employees on how to access this certificate in its open enrollment books. As for ERS, they will notify retirees in its monthly newsletter. Discussion ensued.

Mr. Popanz stated that JW had a minor immaterial finding with respect to the benefit payroll audit. He said this was regarding the ARIS Process Map for the death benefit process, which does not accurately reflect to the process is currently being performed in MERITS. The response from management is in the coming months these process maps will get updated. Mr. Matson indicated that it may not be possible to update the map to the exact MERITS process. In order to get death processing programmed into MERITS it went down a track for refunds and staff made it work within MERITS. He said that due to the different types of deaths, it was programmed on an exception basis, and where the map kind of covers generally, staff will attempt to fix this next time around, but he is not sure if it is possible to get the map to comport exactly to the keystrokes within MERITS. Discussion ensued.

Mr. Popanz talked about the prior year follow up stating that JW has validated to be complete both the payroll file security and 1099 year-end processing. Discussion ensued.

Annual Review/Approval of the A & O Audit Charter and Internal Audit Charter. As a matter of information, Committee members received copies of the A & O Committee Audit Charter, July 2009 and the Internal Audit Charter, July 2009. Mr. Matson indicated these are reviewed on a yearly basis. He noted slight changes to both documents. After discussion, it was moved by Mr. Carey, seconded by Mr. Holland, and unanimously carried, to approve the A & O Audit Charter and Internal Audit Charter with the changes suggested by Mr. Matson.

There being no further business, Mr. Barmore adjourned the meeting at 8:55 a.m.

Bernard J. Allen
Secretary and Executive Director

(NOTE: All proceedings of the Annuity and Pension Board Meetings and related Committee Meetings are recorded. All recordings and material mentioned herein are on file in the office of the Employees' Retirement System, 789 N. Water Street, Suite 300.)