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Overview of Audit Procedures for the MN Teachers Retirement Association GASB 68 Pension Schedules for the Year Ended June 30, 2016

The Office of the State Auditor was engaged to audit and provide opinions on the Teachers Retirement Association's (TRA's) Schedule of Employer and Non-employer Allocations; the total for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense included in the Schedule of Pension Amounts by Entity, Current Reporting Period Only; and the related notes to these schedules. The TRA's financial statements were audited separately by other auditors.

Key audit personnel had previous pension plan audit experience and were supervised by staff with extensive pension plan audit experience.

Sufficient and appropriate audit evidence was obtained focusing on the accuracy and completeness of information provided to and used by the actuary and supporting data underlying the specified elements being opined upon.

The AICPA Audit & Accounting Guide - State and Local Governments issued March 1, 2016, includes guidance in Chapter 13, *Defined Benefit Pension Plans (Plan & Employer Considerations)*, regarding the audit of a cost-sharing multiple employer pension plan and the pension schedules. This guidance was used as the basis in our audit approach for the TRA pension schedules.

Various procedures were performed related to contributions and active participant census data. At the TRA, auditors gained an understanding of controls, performed risk assessments, and evaluated and tested controls. A sample of school districts was selected for testing. For each of the selected school districts, auditors obtained detailed new employee reports or rosters and detailed salary and contribution reports directly from the sample school districts. The salary and contribution reports were materially reconciled with TRA information. Auditors visited each sample school district selected, evaluating controls and assessing risk at the district. While on-site, auditors tested a sample of new employees to determine they were appropriately enrolled in the plan and a sample of TRA active member census data against source documents maintained by the school districts.

Audit procedures were performed related to inactive and retired participant census data. Auditors gained an understanding of controls, performed risk assessments, and evaluated and tested controls. Auditors directly tested records maintained by the TRA to obtain sufficient appropriate audit evidence that the census data was accurate.

Additional audit procedures included, but were not limited to, verification of non-employer contributions; confirmation of investment balances; reconciliation of contributions and investments to the TRA's audited financial statements; review of information related to discount rates, actuarial assumptions, and investment earnings; and recalculation of allocations for both pension schedules.