

Implementation of New Pension Reporting Standards

Presented by: Kimberly Knox

GASB 68: A Technical Summary

- ▶ Implementation date: years beginning AFTER 6/15/14
- ▶ Replaces GASB Nos. 27 and 50
- ▶ Requires the recognition of a net pension liability (the unfunded portion of your pension plan)
- ▶ Alters the definition of pension cost
- ▶ Adds disclosures

What will TMRS do?

- ▶ Calculate your net pension liability
- ▶ Prepare your footnote disclosures
- ▶ Create a SOC 1 report
 - ▶ Type 1?
 - ▶ Type 2?

What will my auditor do?

- ▶ Determine that the amount recorded is correct
 - ▶ Review the SOC 1 report from TMRS
 - ▶ Evaluate relevant “user controls” (see following slides)
 - ▶ Perform analytics

What should I do?

- ▶ Understand the calculation of the net pension liability (enough to tell your auditor that the inputs used look reasonable)
- ▶ Review the TMRS SOC 1 report
- ▶ Put in place controls over processes that will impact the calculation of the NPL

User Entity Control Objectives

- ▶ **Reporting of participant census** to actuary is complete and accurate
- ▶ **Contributions** are completely and accurately posted to accounts in the proper period
- ▶ **Distributions** are authorized and processed accurately, completely, and in a timely manner in accordance with provisions
- ▶ **Logical access** to programs and data is granted to appropriately authorized individuals

User Entity Controls: Reporting of participant census

- ▶ Authorized representatives create new members
- ▶ Determine if workers are eligible
- ▶ Maintain plan documents
- ▶ Ensure all amendments to plan documents, if any, are sent to TMRS in a timely manner
- ▶ Provide TMRS with information that is complete, accurate, properly authorized, and in accordance with plan guidelines

User Entity Controls: Contributions

- ▶ Ensure payroll amounts on the monthly TMRS forms (TMRS-3) are complete and accurate
- ▶ Appropriate authorized representatives certify monthly TMRS forms (TMRS-3)
- ▶ Ensure timely remittance of contributions to TMRS (by the 15th of the month)
- ▶ TMRS has updated personnel and payroll files as needed for the operation and maintenance of the plan
- ▶ Appropriate representative is responsible for notifying TMRS of any manual adjustments needed

User Entity Controls: Distributions

- ▶ Authorized representative certifies the:
 - ▶ Application for Occupational Disability Retirement Form (TMRS-150)
 - ▶ Application for Retirement Form (TMRS-15)
 - ▶ Refund Application (TMRS-5)

User Entity Controls: Logical Access

- ▶ Access to PCs/terminals (containing payroll and TMRS-related information) is limited to authorized and appropriate individuals

Summary

- ▶ Review information from TMRS
- ▶ Discussion with auditor
- ▶ Implement controls where necessary over:
 - ▶ Participant census
 - ▶ Contributions
 - ▶ Distributions
 - ▶ Logical access



Phone: 940-329-8270

Fax: 254-865-4245

Email: kknox@bmy-cpa.com

P.O. Box 203

3020 Northwest Loop

Stephenville, TX 76401

Kimberly Knox, CPA
Audit Senior Manager