

LEGISLATIVE AUDIT DIVISION

Tori Hunthausen, Legislative Auditor
Deborah F. Butler, Legal Counsel



Deputy Legislative Auditors:
Cindy Jorgenson
Angus Maciver

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To: Employers Participating in state of Montana Administered Pension Plans

The Legislative Audit Division is the auditor of pension plans administered by the state of Montana. Upcoming changes in pension accounting and reporting requirements will result in more extensive work on our part. It will also require coordination between our office and auditors of employers participating in the plans.

In 2012, the Governmental Accounting Standards Board (GASB) issued Statements No. 67 – Financial Reporting for Pension Plans and No. 68 – Accounting and Financial Reporting for Pensions. The Teachers' Retirement Division (TRD) and Public Employees' Retirement Administration (PERA) are implementing GASB Statement No. 67 for the fiscal year ended June 30, 2014. Employers participating in the pension plans administered by TRD and PERA will be responsible for implementing GASB Statement No. 68 for fiscal years beginning after June 15, 2014.

The American Institute of Certified Public Accountants (AICPA) recently issued guidance summarizing our responsibilities in response to the implementation. The audits of the plan financial statements for the fiscal year ended June 30, 2014, will include confirmation of census data maintained by TRD and PERA. Personnel from our office will visit selected employers to test selected census data maintained by TRD and PERA. Examples of census data include plan member age, years of service and annual compensation. We are in the process of identifying the employers to visit and the census data elements to test. We anticipate conducting this work beginning in August. Employers selected for testing will be notified in advance of our office performing the work.

In support of employer implementation of GASB No. 68, TRD and PERA will issue Schedules of Employer Allocations and Schedules of Pension Amounts by Employer for individual plans. These schedules contain information employers need for implementation. Our office will audit these schedules. The AICPA also issued guidance for employer auditors to follow in completing audits of employer financial statements. That guidance requires them to consider our audit opinions on the schedules as part of their procedures.

The AICPA continues to address issues related to the implementation. We will continue to monitor the information as it is made available. If you have questions about the work we will be completing, please contact Jenny Erdahl, Audit Manager, or me at (406)444-3122. You may also email us at jerdahl@mt.gov and cijorgenson@mt.gov.

Sincerely,

/s/ Cindy Jorgenson

Cindy Jorgenson, CPA
Deputy Legislative Auditor

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