Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

November 26, 2019

To the Board of Trustees and
Investment Committee
General Retirement System
of the City of Detroit

We have audited the financial statements of the Combined Plan for the General Retirement System of the City of Detroit (the "Combined Plan") as of and for the year ended June 30, 2019 and have issued our report thereon dated November 26, 2019. Professional standards require that we provide you with the following information related to our audit, which is divided into the following sections:

Section I - Internal Control Related Matters Identified in an Audit

Section II - Required Communications with Those Charged with Governance

Section III - Other Recommendations and Related Information

Section I includes any deficiencies we observed in the Combined Plan's accounting principles or internal control that we believe are significant. Current auditing standards require us to formally communicate annually matters we note about the Combined Plan's accounting policies and internal control. The Combined Plan has been diligent in its efforts to remedy many of the previously identified internal control deficiencies. Due to its efforts, the condition of the accounting records at the start of the audit continues to improve.

Section II includes information that current auditing standards require independent auditors to communicate to those individuals charged with governance. We will report this information annually to the board of trustees and investment committee of the Combined Plan.

Section III presents recommendations related to internal control, procedures, and other matters noted during our current year audit. These comments are offered in the interest of helping the Combined Plan in its efforts toward continuous improvement, not just in the areas of internal control and accounting procedures, but also in operational or administrative efficiency and effectiveness.

We would like to take this opportunity to thank the Combined Plan's staff for the cooperation and courtesy extended to us during our audit. More so than the recent past, the Combined Plan was prepared at the commencement of the audit and met all key milestone dates throughout the audit process. The attention and priority given to this very important and significant work resulted in the Combined Plan's continued improvement in the timeliness of issuing its audited financial statements, well ahead of all reporting deadlines. The assistance and professionalism of the Combined Plan's staff is invaluable and greatly appreciated.

This report is intended solely for the use of the board of trustees, the investment committee, and management of the General Retirement System of the City of Detroit and is not intended to be and should not be used by anyone other than these specified parties.

To the Board of Trustees and
Investment Committee
General Retirement System
of the City of Detroit

November 26, 2019

We welcome any questions you may have regarding the following communications, and we would be willing to discuss any of these or other questions that you might have at your convenience.

Very truly yours,

Plante & Moran, PLLC

Michelle M. Watterworth

Ali H. Hijazi

Spencer Tawa

Section I - Internal Control Related Matters Identified in an Audit

In planning and performing our audit of the financial statements of the Combined Plan as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Combined Plan's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Combined Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Combined Plan's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

We consider the following deficiencies in the Combined Plan's internal control to be material weaknesses:

Controls Over the Combined Plan's Census Data and Actuarial Valuation Process (Repeat Finding)

The Combined Plan has to accumulate and transmit voluminous member data to the actuary. The actuary then uses this information to prepare the actuarial valuation, which impacts the calculation of the annual required contribution (ARC) and the actuarial accrued liability (AAL) for funding purposes and, under GASB Statement No. 67, impacts the total pension liability disclosed in your financial statements. It is key that the information that is provided to the actuary is complete and accurate in order to ensure that the funding levels, AAL, and disclosures under GASB Statement No. 67, including the total pension liability, are also accurate.

- **Controls Over Actuarial Reporting** - The Combined Plan provides information on an annual basis to the actuary in order for the actuary to compute the total pension liability under GASB Statement No. 67, as well as the ARC and AAL for funding purposes. The information provided by the Combined Plan includes data for all participants in the Combined Plan, such as pay information, date of birth, date of hire, etc. and enables the actuary to project the present value of future benefit payments. The Combined Plan accumulates member data based on information from the City of Detroit, Michigan (the "City") as well as data the Combined Plan independently obtains. The Combined Plan relies on data it extracts from the City of Detroit, Michigan's databases primarily for active and deferred members. The Combined Plan is responsible for data on retirees, as it will obtain additional information when a member commences retirement.

Section I - Internal Control Related Matters Identified in an Audit (Continued)

Prior to providing the information to the actuary, the Combined Plan does perform certain tests on the data. While the Combined Plan has taken steps to provide more accurate and complete data and has begun working with the City to collaborate on maintaining and providing accurate data, we did not notice this issue dissipating, as our testing continued to discover several instances of errors in the data or missing data that resulted in incomplete information. The following table lists the issues found during the audit and related recommendations to resolve:

Issue	Recommendation
Frozen Accrued Benefits (Component II) - As Component II is frozen as of June 30, 2014, a calculation of individuals' frozen accrued benefits for active and deferred members can be performed and provided to the actuary. Based on our understanding, the Combined Plan performed an average final compensation (AFC) and service year review on members in lieu of computing accrued benefits. The actuary is estimating accrued benefits based on AFC, service year, and sick bank data provided by the Combined Plan, so this review would encompass the elements of the calculation of the frozen accrued benefits. Despite this review, during our testing, we identified certain discrepancies in the AFC and service years provided to the actuary.	The Combined Plan should put a process in place to ensure that the average final compensation and service years are accurate, which will ultimately ensure that the actuary's calculation of the total pension liability of Component II results in a proper estimate of that liability.
Completeness and Accuracy of Census Data (Components I and II) - Based on our testing, it was noted some members were either improperly included or excluded from the data sent to the actuary. Also, we noted some key employee data was missing for members, and demographic information for some members was incorrect.	As the Component I and II census data is retained in the same database, the Combined Plan should have a process in place to accurately determine which members are eligible for each plan. Also, as the Combined Plan obtains a significant amount of data from the City of Detroit, Michigan, we recommend a review of census data prior to sending it to the actuary to identify any missing data and work with the City to obtain such data.
Active Pay Amount (Component I) - The actuary uses an active member's current pay in its calculation of determining a member's estimated future benefit. Based on our testing, we noted some discrepancies between the pay information provided to the actuary and pay information from the City.	The Combined Plan should work with the City to obtain the proper payroll data and extract the proper compensation information needed, based on the Plan of Information. In addition, the Combined Plan should perform sample testing on the data sent to the actuary to ensure it is providing the proper compensation information.

Section I - Internal Control Related Matters Identified in an Audit (Continued)

Issue	Recommendation
Member Classifications (Components I and II) - During testing, it was noted that some members were incorrectly classified between the three statuses (active, deferred, or retired). Incorrect classification leads to inaccurate actuarial calculations being performed on those members.	The Combined Plan should strengthen the process of classifying individuals within the census data. With some of this information derived from data received from the City, the Combined Plan should work with the City to gain more accurate member status.
Death Audit (Components I and II) - It was noted a death audit was not performed on the deferred members list sent to the actuary. These issues could lead to the pension liability being misstated due to incomplete or inaccurate information.	We encourage the Combined Plan to put in place more comprehensive procedures to further ensure the accuracy of this census data being used by the actuary.

In addition, based on discussions with the actuary and review of the actuarial valuations, it was noted that significant work is performed on the original census data provided by the Combined Plan that ultimately is used in the valuations. The actuary indicated it needed to make several manual adjustments and assumptions to create data used for the valuation (after conferring with the Combined Plan's staff on any changes to the data). This included removing ineligible individuals and reclassifying individuals between the different statuses (active, deferred, or retired). The Combined Plan should implement more comprehensive procedures to provide the actuary complete and accurate data from the onset.

Controls Over the Combined Plan's Information Technology Processes (Repeat Finding)

The Combined Plan has complex modifiable information technology that integrates with the City of Detroit, Michigan's various payroll databases. The Combined Plan's IT department is independent of the City and the Combined Plan's other departments. The security provided by the IT system is important to the validity and the accuracy of the data maintained, including the census information provided to the actuary. Although the Combined Plan is currently in the process of modifying the information technology system, we offer the following, which the Combined Plan should keep in mind as it continues to fully implement the new ERP system:

- Use of automated logs - The Combined Plan uses customized software for a majority of the Combined Plan's needs, which includes maintaining the census data and benefits calculation application, which are managed internally by the Combined Plan's IT personnel and can be modified by the IT department. For all changes to that software, there should be an automated log maintained listing those changes, and no single individual should be able to effect a change without proper authorization. Currently, the Combined Plan does have a process to review, authorize, and track changes, but it is not automated, and, therefore, is subject to human error and possible circumvention.

- Master file changes - Additionally, it is recommended that the Combined Plan implement processes to ensure that master file changes are documented, authorized, and reviewed. The lack of this documentation could result in unauthorized and undocumented changes that go undetected by the Combined Plan.

- Segregation of duties - Segregation of duty controls provide a separation of users with access to program source code and users with the ability to make or implement changes into the production environment. The ability to make or implement program source code changes should be limited to individuals who cannot access and edit source code. The lack of this control could result in inaccurate or unauthorized changes.

  In addition, it was noted two individuals in the accounting department have administrative rights to the financial software. Furthermore, for these two individuals, the financial software does not currently require one person to prepare a journal entry and another person to post (approve) the entry to the software; it could be the same person performing both functions even though the Combined Plan's internal policy is that the person preparing entries should ask another person to post those entries as part of the approval process. Given the ability to effectuate changes in the financial software system, there is a risk that, without appropriate mitigating controls, inappropriate changes or journal entries could be made within the financial system that go undetected. Such changes could have an impact on the accuracy of the Combined Plan's external financial reporting. The accounting software currently does track the preparer and approver of an entry. A review by the accounting department of reports produced by the financial software summarizing who is preparing and who is posting journal entries would be an appropriate added control.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the Combined Plan's internal control to be significant deficiencies:

Controls over Component I (Hybrid) Contributions Received from the City of Detroit, Michigan

- **Employer Contributions** - We noted the Combined Plan relies on wage information that comes from the City in order to calculate the amount of employer contributions to the Hybrid Plan. The Combined Plan currently uses this wage information to derive pensionable wages and calculates the amount the City owes. The Combined Plan calculates the pensionable wages by utilizing only those payroll codes that would be considered for pensionable wages (i.e., overtime wages should be excluded from pensionable wages). This amount is billed to the City each quarter. During the year, it was discovered the reports generated by the Combined Plan in the past may have had some calculation errors. The amount is not material, and errors resulted in both overbilled and underbilled invoices. These errors were largely a result of the manual nature of the process and the staffing changes that took place within the area responsible for running the reports. Our understanding is the Combined Plan is working through an analysis to quantify the amount of these errors; a preliminary analysis by the Combined Plan supports that the dollar error is not material to the Combined Plan's financial statements.

The Combined Plan should also work with the City to verify the codes that are used to calculate pensionable wages are proper. In addition, the Combined Plan should consider whether independently testing/verifying these pensionable wages would benefit the Combined Plan by further ensuring the base amount on which contributions are calculated are complete and accurate.

- **Employee Contributions** - The Combined Plan receives employee contributions directly from the City. The City deducts the amount from the employee and remits to the Combined Plan periodically. The Combined Plan's IT department collects data on these contributions to properly track the contributions by individual. Currently, there is a weekly analysis performed comparing the cash received by the Combined Plan to a weekly IT report. These procedures have shown variances that should be followed up with the City until they are resolved to ensure the Combined Plan is receiving the proper amount of funds, which are being credited to an individual's account.

  It was also noted during the year that the Combined Plan noted some members were not paying the proper mandatory contribution, or in some cases, not making any payment. The Combined Plan worked with the City to have these corrections made. We understand the Combined Plan has identified additional members and is continuing to work with the City to ensure corrections are made. We encourage the Combined Plan to continue to have controls in place to monitor the deductions and work with the City to ensure mandatory contributions are being properly deducted from members' pay and remitted to the Combined Plan.

Controls Over the Annuity Savings Fund Recoupment Receivable

During our audit procedures on the annuity savings fund (ASF) recoupment receivable, a journal entry of approximately $2.7 million was identified to decrease the receivable balance related to interest being forgiven in the current year. In the current year, the board approved a resolution on March 20, 2019 to not require the individuals who retired between July 2014 and June 2019 to pay interest for the period from their retirement date through June 2019, when their recoupment deduction amount was calculated and commenced. While it was noted that the members' deductions were properly calculated without the forgiven interest amount, the interest was not removed from the Combined Plan's accounting records.

In addition, during audit procedures, we identified two individuals who began receiving a pension recoupment deduction and were not previously accounted for as part of the receivable list for the deferred vested individuals.

Both of these errors exist due to the existence of parallel systems being used to track these recoupment balances. In addition to the recoupment receivable listing maintained by accounting, there is separate independent recordkeeping maintained within the IT system. No reconciliation of the two parallel systems is being performed. We recommend the Combined Plan reconcile the accounting records with the IT records to ensure the completeness of the accounting records and the accuracy of the related amounts recorded.

Section I - Internal Control Related Matters Identified in an Audit (Continued)

Controls Over Reserve Funds

In accordance with the Combined Plan's provisions, the Combined Plan is required to set aside and track separate reserve funds. See Note 6 to the financial statements for descriptions of the required reserve funds. Due to significant follow-up and due diligence performed by the current accounting department, it was discovered that the reserves balances disclosed in the financial statements in the past had not been properly tracked by the prior accountants. Both accounting and IT have been tracking reserve balances, with accounting using a roll-forward methodology and IT tracking individual balances by person. In the past, the former accountants felt the IT balance could not be relied upon and, therefore, no reconciliation was performed between the two sets of records. In the current year, the accounting department spent significant time investigating possible reasons for the differences in the two tracking mechanisms, and after significant research concluded errors in the accounting roll-forward process had occurred in the past. Subsequently, adjustments were made to the accounting records to reflect the correct ASF balances for financial reporting purposes only. This does not impact the accuracy of individual member balances. Going forward, we recommend the Combined Plan continue to reconcile the two sets of records to ensure the Combined Plan is tracking the required reserves in accordance with the Combined Plan and that inputs agree to the actual amounts credited to individuals.

Section II - Required Communications with Those Charged with Governance

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated March 26, 2019, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of the Combined Plan. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our letter about planning matters on August 12, 2019.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Combined Plan are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during year.

We noted no transactions entered into by the Combined Plan during the year for which there is a lack of authoritative guidance or consensus.

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statements include investments valued at approximately $63,000,000 (3 percent of net position) at June 30, 2019, whose fair values have been estimated by management in the absence of readily determinable market values.

Section II - Required Communications with Those Charged with Governance (Continued)

The valuation of alternative investments constitutes a very sensitive and significant estimate affecting the financial statements. Management uses various means to value the investments, including utilizing a third-party valuation firm, confirmations from the investment managers, periodic appraisals, guidance from real estate advisors, etc. These estimates are very subjective and highly sensitive to change. We believe management's estimates are in accordance with GAAP.

The financial statement disclosures and required supplemental information schedules contain information about the Combined Plan's total pension liability. In order to determine the total pension liability, the actuary must apply certain assumptions, which are highly sensitive to estimation. The most sensitive estimates used in the valuation were as follows:

- Assumed long-term rate of return - For the purpose of GASB Statement No. 67, as of June 30, 2019, the Combined Plan is currently using 7.38 percent for the assumed long-term expected rate of return based on information provided by the Combined Plan's investment advisor combined with calculations performed by the Combined Plan. This assumed rate of return of 7.38 percent was also the single discount rate used at the beginning of the year. Nationally, this long-term rate of return assumption has garnered significant public attention, with many being critical of the average return assumption used by plans across the United States, which, according to a February 2019 National Association of State Retirement Administrators (NASRA) study, was 7.27 percent. Nationally, the trend continues to show a continued decline in this assumption, and we believe that trend will continue. We encourage the Combined Plan to continue to be critical of this significant assumption, watch the trends nationally, and reevaluate the return assumption annually with a critical eye. Please note that this assumption related to the long-term assumed rate of return is for financial reporting purposes only; the Plan of Adjustment requires that the projected rate of return for funding purposes be 6.75 percent.

- Single discount rate calculation - The calculation of the single discount rate under GASB Statement No. 67, which is calculated using the long-term assumed rate of return as one of many assumptions, is highly sensitive to estimates the actuary makes about future contributions and future benefit payments. Inherent in those assumptions is some subjectivity surrounding the projection of future contributions, since the Combined Plan does not have an explicit written funding policy dictating contributions after 2023, although we understand that there is a committee activity working on defining such a policy. The assumption made in these calculations is that the actuarially assumed contributions will be made at rates sufficient to fund the benefits by amortizing the unfunded liability over a closed 30-year period.

- Accuracy of census data elements - The actuarial valuation relies heavily on the accuracy of the census data provided by the Combined Plan. We tested the accuracy of this data and noted some errors in the data; however, we do not believe the magnitude of these errors would materially impact the results of the valuation. Additionally, the Combined Plan's actuary still has not been provided with the calculations of the frozen accrued benefits for active members, which is key to estimating the total pension liability (TPL) disclosed within these financial statements for Component II. The actuary estimated these amounts based on updated other information provided by the Combined Plan in order to determine the TPL. Based on our testing, we believe those estimates resulted in a materially accurate TPL.

- Mortality assumptions - The assumptions about mortality were estimated by the actuary based on the results of an experience study issued in February 2015. Generally, the actuary used the RP-2014 Blue Collar Annuitant Table for males and females, projected on a fully generational basis.

- Other assumptions - All other assumptions in the actuarial valuation are based on an experience study for the period from 2002-2007. We are aware the Combined Plan has decided to wait and perform the next experience study for the period from July 1, 2015 through June 30, 2020 in order to avoid any results that could be skewed due to the City's bankruptcy.

We evaluated the key factors and assumptions used to develop the estimates above and determined that they are reasonable in relation to the financial statements taken as a whole.

Disclosure of these assumptions and resultant sensitivity of the discount rate can be found in Notes 7 and 8 to the financial statements.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement and schedule users. The most sensitive disclosures affecting the financial statements and the schedules are the disclosures related to GASB Statement No. 67, including the actuarial valuation results.

Difficulties Encountered in Performing the Audit

We are required to inform those charged with governance of any serious difficulties encountered in dealing with management related to the performance of the audit. We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Combined Plan, and business plans and strategies that may affect the risks of material misstatement, with management each year prior to our retention as the Combined Plan's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition of our retention.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 26, 2019.

Section II - Required Communications with Those Charged with Governance (Continued)

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Combined Plan's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Attachment

Client: **Combined Plan for the General Retirement System of the City of Detroit**
Opinion Unit: **Combined Plan**
Y/E: **6/30/2019**

SUMMARY OF UNRECORDED POSSIBLE ADJUSTMENTS

The effect of misstatements and classification errors identified would be to increase (decrease) the reported amounts in the financial statement categories identified below:

Ref. #	Description of Misstatement	Current Assets	Long-term Assets	Current Liabilities	Long-term Liabilities	Equity	Additions	Deductions	Net Income Statement Impact
FACTUAL MISSTATEMENTS:									
A1	Fair value decrease adjustment for investment in Gateway	$ (830,000)					$ (830,000)		$ (830,000)
A2	Fair value increase adjustment for investment in USPF II Institutional Fund	891,713					891,713		891,713
JUDGMENTAL ADJUSTMENTS:									
B1	None								
PROJECTED ADJUSTMENTS:									
C1	None								
		-	$ -	$ -	$ -	$ -	-	$ -	-
	Total	**$ 61,713**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 61,713**	**$ -**	**$ 61,713**

PASSED DISCLOSURES AND FINANCIAL STATEMENT PRESENTATION ISSUES:

D1	Money-weighted rate of return, net of investment expenses - The Combined Plan calculated return is 3.28 percent. We are unable to audit this rate of return.
D2	The total pension liability, as calculated by the actuary, is based on census information that is either incomplete or inaccurate. The total pension liability would be different had accurate and complete information been provided to the actuary.
D3	Employer and employee contributions received from the City may have some calculation errors. The amount of the error is unknown, but it is not expected to be material.

Section III - Other Recommendations and Related Information

During our audit, we noted areas where we believe there are opportunities for the Combined Plan to further strengthen internal control or to increase operating efficiencies. Our observations on those areas are presented below for your consideration:

Benefit Payment Classification

The Combined Plan processes monthly benefit payments for each retiree that are summarized and journalized in a monthly entry. These monthly payroll entries are based on the plan to which (Component II or I) each retiree is coded. During testing, it was identified that some individuals' pensions are incorrectly classified between Component I and Component II. While the number of individuals incorrectly classified was insignificant, we recommend the Combined Plan implement a control to ensure proper classification of members in the IT system.

Information Technology Processes

- During our testing, we noted no formal process to disable access for terminated individuals. We recommend the Combined Plan have a formal process for HR to fill out a termination form and send to IT and perform it timely. In addition, all new hires should be also timely documented.

- Currently, there is no formal process to fill out a production release form. Usually a member of the IT department will inform Ray Tchou to review a production change. Ray is the only individual with the ability to release a production change. We recommend the Combined Plan have a formal policy for individuals to submit a production release form to document change requests.

- It was noted there are administrative user profiles that remained in the Combined Plan for users no longer employed at the Combined Plan. These profiles have remained active, as staff need to access old files. In addition, we noted duplicate administrative user profiles for current employees. We recommend the Combined Plan perform a user profile review and only allow one user profile for each current employee.

Benefit Payment Calculations

Pension factors are used in calculating an individual's pension payment based on age and option selected. Currently, the pension factor used in the calculation of benefit payments is using an old mortality table (1984 table) and an 7.5 percent rate of return. Pension factors should get updated with a newer mortality table (RP-2014 Mortality Table is currently being used in the actuarial valuations) and rate of return of 6.75 percent (current rate of return used for funding purposes, as stipulated by the Plan of Adjustment). Our understanding is the Combined Plan will update these amounts once the benefit calculation software is implemented.