



New York State Teachers' Retirement System

10 Corporate Woods Drive
Albany, NY 12211-2395

(800) 348-7298 or (518) 447-2900
NYSTRS.org

April 25, 2016

Suzanne Kelly
Chief School Administrator
Edwards-Knox Central Schools
2512 County Route 24
Hermon NY, 13652

Dear Suzanne Kelly:

In connection with the annual audit of the financial statements of the New York State Teachers' Retirement System (the System) as of and for the year ending June 30, 2016, our independent auditors will be auditing the census data used by the System in the calculation of its total pension liability and contribution revenue reported in such financial statements. As indicated in Administrative Bulletin 2014-5 (copy attached), because certain of this census data originates with or resides in the records of participating employers, our external auditors, KPMG LLP, will be required to perform tests of such data on site at a sample of participating employers. Your district has been randomly selected by KPMG LLP for such testing.

The site visits are generally expected to occur between the dates of May and September 2016 and last from 1-2 days. Jeff Koch, Audit Manager from KPMG LLP, or Bruce Woolley, Assistant Manager of Internal Audit, will be contacting you to arrange a specific date and time with your business personnel for the site visit. During the visit, the auditors will require a temporary workspace (e.g. conference room) and access to certain payroll and personnel records and information. They would also need access to staff that administer and process payroll and personnel information. Specific documentation requests, as well as the names of members to be examined, will be provided once we contact you to arrange the site visit. Although this relates to the audit of the System's financial statements for the year ended June 30, 2016, the payroll records to be examined are for the year ended June 30, 2015 because of the lag between financial and actuarial data.

In the interim, if you have any questions about this request, please contact Bruce Woolley, Assistant Manager of Internal Audit at (518) 447-2830 or at bruce.woolley@nystrs.org.

Thank you in advance for your cooperation.

Sincerely,

A handwritten signature in black ink that reads "Kenneth R. Kasper".

Kenneth R. Kasper
Director of Internal Audit

cc: J. Koch
B. Woolley



To: Chief School Administrators
Employer Reporting Contacts
HR Contacts

Administrative Bulletin

Issue No. 2014-5

June 2014

NYSTRS to Review Payroll Records in Response To New Pension Accounting Standards

New accounting standards implemented by the Governmental Accounting Standards Board (GASB) significantly impact how pension plans and their participating employers report pension data. In conjunction with those standards, the American Institute of Certified Public Accountants (AICPA) has issued guidance in the form of a white paper that recommends pension plan auditors review underlying payroll records of plan participants as part of the annual financial audit.

As a result, beginning this summer, NYSTRS' external auditors will review payroll records of participating employers. These reviews are expected to continue in the years to come. Your full cooperation is requested, as these efforts will also help us provide you with the information you need to comply with the new financial reporting requirements.

If selected for review this summer, you will be contacted by our Internal Audit Department to arrange a one or two-day site visit in July or August. We will alert you prior to our visit of the information we will need to examine. The examination will be conducted by members of our external audit firm, who may be assisted by members of our internal audit staff.

Data to be tested may include: date of birth; date of hire or years of service; marital status; eligible compensation; class of employee; gender; date of termination or retirement; spouse date of birth; and, employment status (active, inactive, retired).

As an alternative to a site visit, a selected participating employer may engage its own external auditor to perform the examination. NYSTRS' external auditor could then use the resulting examination report in lieu of a direct audit, provided the engagement is designed, conducted and reported appropriately.

Employers should thoroughly review the whitepaper [Single-Employer and Cost-Sharing Multiple Employer Plans: Issues Associated with Testing Census Data in an Audit of Financial Statements](#) (Census Data Whitepaper), issued by the AICPA State and Local Government Expert Panel. Also see [Governmental Employer Participation in Cost-Sharing Multiple-Employer Plans: Issues Related to Information for Employer Reporting](#).

Questions on these topics should be addressed to Bruce Woolley in our Internal Audit Department. He can be reached by calling (800) 348-7298, Ext. 2830 or at bruce.woolley@nystrs.org.