TMRS SOC1 Final Results June 24, 2016

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Agenda

SOC1 Introduction: Typical Parties

SOC1 Timeline

Contents of a SOC1 Report

Results for Process Objectives

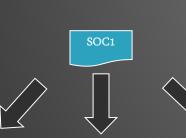
Results for IT Objectives



SOC1 Intro: Typical Parties

(Service Organization)















SOC1

Municipalities

(User Organizations)

CPA Firms of Municipalities (User Organizations)



KPMG (Service Auditor)

SOC1 Timeline

Dates	Activity
April 16, 2015	SOC1 Period Begins
September/October 2015	Interim Testing (Dual Testing)
February/March 2016	Final Testing (Dual Testing)
April 30, 2016	SOC1 Period Ends
May 31, 2016	Release SOC1 Report



Content of SOC 1 Report

RESPONSIBILITY

- Section 1 Independent service auditor's report. (KPMG's Opinion)
- Section 2 Management's Assertion
- Section 3 Service Organization's description of controls.
 Control Framework based on COSO
 - Control Environment
 - Risk Assessment
 - Information and Communication
 - Monitoring
 - Control Activities (By Control Objective)
- Section 4 Information provided by the independent service auditor; includes a description of the service auditor's tests of operating effectiveness and the results of those tests (Type II report only) and other information that the service auditor feels may be useful to a user organization and their auditors.
- **Section 5** Not Used (Optional Section for "Other Information Provided by Service Organization)

	SECTION	KESPONSIDILITI
I.	Independent Service Auditors' Report	KPMG
II.	Management Assertion	TMRS
ш.	TMRS Description of Controls and Procedures	TMRS
IV.	Control Objectives, Related Controls, and Tests of Operating Effectiveness	KPMG and TMRS

SECTION



Results of Process Objectives

Control Objective	Results
	7 controls tested: Exceptions noted.
Control Objective 1 – Census Reports	Control 1.02 - One of fifteen plan changes selected was not entered accurately in NextGen. The self-review of plan changes did not identify an inaccurate entry in one of fifteen plan changes selected. (The 2016 effective date was corrected prior to December 2015.)
Control Objective 2 – Contributions	8 controls tested: No exceptions
Control Objective 3 – Income Allocation	2 controls tested: No exceptions
Control Objective 4 – Fund Balances	3 controls tested: No exceptions
Control Objective E Distributions	17 controls tested: Exception noted
Control Objective 5 – Distributions	Control 5.15 – two managers with access to create new members and set up new payees.



Results of IT Objectives

Control Objective	Results
Control Objective 6 – System Changes	4 controls tested: No exceptions
Control Objective 7 – Applications Maintenance	5 controls tested: No exceptions
Control Objective 8 – Logical Access	 10 controls tested: Exceptions noted Control 8.02 – Hypervisor password configurations for three local accounts not set according to policy (lockout, complexity, or expiration enforced). Control 8.09 – No evidence of review for two of 118 users, and untimely correction of access changes needed for two of six users.
Control Objective 9 – Backups	4 controls tested: No exceptions
Control Objective 10 – Physical Access	6 controls tested: Exception noted Control 10.04 – No evidence of timely removal for one of five terminated employees.



Overall Opinion

The SOC1 opinion was unqualified, noting all 10 control objectives were presented fairly, designed appropriately, and operating effectively.



Contacts

<u>KPMG</u>

- Eddie Holt, SOC1 Partner
- Susan Warren, Audit Partner
- Chris Stone, Director

