

**MINUTES OF THE
MIDDLESEX COUNTY RETIREMENT BOARD MEETING
November 5, 2019**

1. A Meeting of the Middlesex County Retirement Board was held on Tuesday, November 5, 2019
2. Members present:
 - Thomas F. Gibson, Esq., Chairman
 - John Brown, Elected Member
 - Brian P. Curtin, Elected Member
 - Robert W. Healy, Appointed Member
 - Joseph W. Kearns, Elected Member

The meeting of the Middlesex County Retirement Board convened at 10:00 A.M. Chairman Thomas Gibson and Board members John Brown, Brian Curtin, Robert Healy and Joseph Kearns were present. Lisa Maloney, Chief Administrative Officer, and all retirement office staff were in attendance.

The Chairman welcomed the System's auditors, Jim Powers and Kyle Warne of Powers & Sullivan, to the meeting to discuss its recent review of the System's financial internal controls.

The Chairman recalled for staff that the Board requested that the auditors evaluate the System's internal controls below the financial statement level. The Chairman praised staff for their performance, process improvements, and operational efficiencies that have been introduced over the years. While he and the Board are pleased with the progress made to date, they were interested in learning whether additional efficiencies could be gained. With the staff's assistance, Powers & Sullivan evaluated the actual roles and functions of current employees and made recommendations for improvement that will be reviewed with staff today.

At this time, Jim Powers reported that the internal controls in place are sufficient to prepare the System's financial statements. He commended the staff on the positive changes that have been made. He and his staff have not found any material weaknesses or significant deficiencies in the System's internal controls. However, as independent and objective reviewers, they did identify four areas that should be examined further.

Drawing an analogy to big business, Mr. Powers reported that a retirement system as large as Middlesex County should not have what he referred to as "silos", a single employee conducting an entire process without secondary review. Mr. Powers stated that every process performed should be reviewed. Similarly, the System should expand its cross-training efforts, leverage PTG, the System's pension application software, to its fullest potential, and document the System's standard operating procedures.

The review was not conducted to reduce or eliminate jobs, but rather to ensure staff workloads are balanced and identify areas where staff may need to be added.

Mr. Powers and Mr. Gibson both recognized that implementing the recommendations would be an ongoing process over an extended period of time.

At this time, Kyle Warne presented the themes he identified during his interviews with staff and shared specific action items. Specifically, documenting business processes and creating a formal manual of standard operating procedures; cross-training in areas where there is none and rotating staff responsibilities for functions when possible; developing a tracking system and further enhancing reconciliation procedures to monitor tasks to completion; and introducing additional staff to existing silos, either in the form of shared responsibility or as a reviewer.

Each Board member then commended the staff for a job well done and emphasized the importance of following Powers & Sullivan's recommendations not only for the System's benefit, but to make the staffs' jobs easier as well.

Next, the Chairman asked Ms. Maloney to address the implementation of Powers & Sullivan's proposals. Ms. Maloney shared short term, mid-range and long-term goals with staff. During the next 30 days, staff will concentrate on developing tracking systems for key functions. Concurrently, cross-training and business process documentation will begin.

Mr. Gibson informed staff that the Board will be reviewing current positions and benefits, and offering an ERI in 2020.

At 11:15 A.M., after all staff questions about the report were addressed, the auditors departed and the staff was excused from the meeting. The Board recessed for five minutes and reconvened at 11:20 A.M.

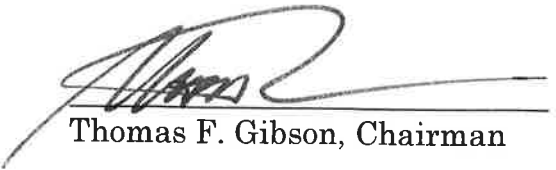
At this time, Ms. Maloney shared her implementation proposal with the Board in greater detail. She outlined five goals for the office:

- establishing an electronic tracking system for key functions,
- introducing oversight and expanding cross-training in the area of Account Maintenance/Finance,
- introducing oversight and expanding cross-training in the area of disability retirement processing,
- documenting business processes, and
- exploring implementation of PTG's General Ledger Accounting module.

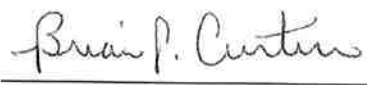
Ms. Maloney suggested additional staff should be hired for the Finance Unit and to cross-train on service credit purchases and refunds. The Board directed Ms. Maloney to create a job description for their consideration.

In addition, the Board directed Ms. Maloney to schedule a demonstration of the accounting software from PTG and to conduct site visits to other retirement systems that utilize the accounting package.

There being no further business to come before the Board, on motion duly made by Mr. Curtin, seconded by Mr. Brown, it was moved to adjourn at 12:10 P.M.



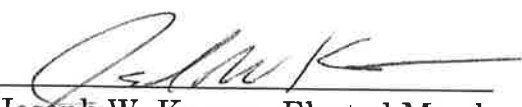
Thomas F. Gibson, Chairman



Brian P. Curtin, Vice Chairman



John Brown, Elected Member



Joseph W. Kearns, Elected Member



Robert W. Healy, Appointed Member

Regular Session Documents

1. Meeting Agenda
2. Middlesex County Retirement System Review of Financial Internal Controls