



The Office Of State Treasurer
Denise L. Nappier

News

FOR IMMEDIATE RELEASE
September 17, 2014

TREASURER NAPIER ASKS TEACHERS' RETIREMENT BOARD FOR PLAN OF ACTION TO ADDRESS AUDIT ISSUES

HARTFORD, CT – State Treasurer Denise L. Nappier has called on the State Teachers' Retirement Board to develop a plan of action to respond to issues raised in a recent audit of the Board's financial operations.

In a letter to Board Chair Clare Barnett and Administrator Darlene Perez, Treasurer Nappier asked that an *ad hoc* audit committee be reinstated and that it be charged with developing a plan of action to resolve the findings cited in a report issued September 11th by the Auditors of Public Accounts.

Treasurer Nappier also asked that the plan of action be in place prior to the next regularly scheduled board meeting on October 29th.

Treasurer Nappier wrote: "I believe we stand together in our concern for the retirement security of the teachers of Connecticut. A financially and administratively solid system is the best means to meet this important goal, and I look forward to the swift resolution of the questions raised by the audit."

The report prepared by the Auditors of Public Accounts covered the financial operations of the Teachers' Retirement Board for the Fiscal Years ended June 30, 2011, 2012 and 2013.

The full letter follows this statement.

State of Connecticut

DENISE L. NAPPIER
TREASURER



Hartford

September 16, 2014

Ms. Clare Barnett
Chair
CT Teachers' Retirement Board
765 Asylum Avenue
Hartford, CT 06105-2822

Ms. Darlene Perez
Director
CT Teachers' Retirement Board
765 Asylum Avenue
Hartford, CT 06105-2822

Clare *Darlene*
Ms. Barnett and Ms. Perez:

As you both know, the Treasury has worked closely over the past several months with the Teachers' Retirement Board (TRB) and its agency staff, at their request, on the proper structure and documentation for the establishment of a health trust fund for teachers that can be invested longer-term and which can grow over time. Clearly, the proper accounting of revenues, expenditures and fund balances are vital preconditions for the implementation of a viable funding and investment strategy.

The issues cited in the September 11th report of the Auditors of Public Accounts regarding the three-year audit of the Teachers' Retirement Board raise a number of significant concerns over the TRB agency's financial operations. As an *ex officio* member of the board that oversees the TRB agency, as well as my role as principal fiduciary of the Teachers' Retirement Fund and its assets, I am writing to request that:

- the audit report be immediately distributed to all Teachers' Retirement Board members;
- the Board's ad hoc Audit Committee be reinstated and that it be charged with developing a plan of action to resolve the issues raised in the audit report; and
- status reports on the plan of action be included as a part of each and every regularly scheduled TRB board meeting to ensure the Board's oversight of the plan of action.

Ms. Clare Barnett
Ms. Darlene Perez
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In addition to my concerns as an *ex officio* member of the Board, other issues are directly related to my on-going responsibilities as Treasurer. Specifically, the TRB's disbursement account, which is funded directly from the Treasurer's concentration account, has been overdrawn relative to the expenditure authority granted by the Comptroller's Office on several occasions. We have repeatedly notified the TRB agency, the Comptroller's Office, the Office of Policy and Management, and the Auditors of Public Accounts of this issue, and initiated a meeting of all parties last month. We were advised that the issue had been resolved, although the account was again overdrawn just last week.

The persistence of these issues has prompted me to formally request assurance that there is compliance with all state statutes that relate to the administration of benefits, improvement of internal controls through comprehensive written policies and procedures, and identification of adequate resources to manage the administration of the TRB benefit programs.

I understand that this information may be in various stages of implementation. I would appreciate, however, any information that you can supply me with now. In addition, I would like to gain a sense of confidence that these issues will be fully addressed within a reasonable timeframe, and that a plan of action is in place well before the next regularly scheduled board meeting on October 29, 2014.

I believe we stand together in our concern for the retirement security of the teachers of Connecticut. A financially and administratively solid system is the best means to meet this important goal, and I look forward to the swift resolution of the questions raised by the audit.

Sincerely,



Denise L. Nappier
State Treasurer

cc: The Honorable Kevin Lembo, State Comptroller
The Honorable Ben Barnes, Secretary, Office of Policy & Management