MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

ARIZONA AUDITOR GENERAL
LINDSEY A. PERRY

JOSEPH D. MOORE
DEPUTY AUDITOR GENERAL

November 21, 2018

The Honorable Anthony Kern, Chair
Joint Legislative Audit Committee

The Honorable Bob Worsley, Vice Chair
Joint Legislative Audit Committee

Dear Representative Kern and Senator Worsley:

Our Office has recently completed a 36-month followup of the Public Safety Personnel Retirement System (System) regarding the implementation status of the 59 audit recommendations (including sub-parts of the recommendations) presented in the performance audit report released in September 2015 (Auditor General Report No. 15-111). As the attached grid indicates:

- 25 have been implemented;
- 1 legislative recommendation has been implemented;
- 1 has been implemented in a different manner;
- 1 has been substantially implemented in a different manner;
- 8 have been partially implemented;
- 2 have been partially implemented in a different manner;
- 7 are in the process of being implemented;
- 2 are not yet applicable;
- 1 is no longer applicable;
- 1 is not applicable; and
- 10 recommendations have not been implemented.

Unless otherwise directed by the Joint Legislative Audit Committee, this concludes our follow-up work on the System's efforts to implement the recommendations from the September 2015 performance audit and sunset review.

Sincerely,
Dale Chapman, Director
Performance Audit Division

cc: Jared Smout, Administrator
Public Safety Personnel Retirement System

Public Safety Personnel Retirement System Board of Trustees

Public Safety Personnel Retirement System
Auditor General Report No. 15-111
36-Month Follow-Up Report

Recommendation	Status/Additional Explanation

Finding 2: Changes in calculating and awarding annual benefit increases would help system plans' sustainability

2.1 To ensure the plans' permanent benefit increase structures are sustainable, the System should take the lead and collaborate with stakeholders to identify changes that are needed and develop solutions. In developing solutions, the System will have to pursue legislative changes to implement them since each plan's benefit increase structure is specified in statute. The System will also need to determine if the solutions should apply to all members or members hired or retired on or after a specific date, and consider whether a constitutional change might be warranted (see Recommendations 2.2 and 2.3, page 35). In collaboration with stakeholders, the System should:

The System collaborated with stakeholders to provide input for Laws 2016, Ch. 2, which the Governor signed on February 16, 2016. For Public Safety Personnel Retirement System (PSPRS) plan members hired on or before June 30, 2017, this legislation repealed the statutes relating to permanent benefit increases and replaced them with a cost-of-living adjustment. These changes were contingent on approval of a constitutional amendment the Legislature referred to voters. Voters approved these changes during the May 17, 2016, special election. Laws 2016, Ch. 2, also established cost-of-living adjustments for PSPRS plan members hired on or after July 1, 2017, and this change was not contingent on approval of the constitutional amendment.

In addition, the Governor signed Laws 2017, Ch. 163, in April 2017 and Laws 2018, Ch. 140, in April 2018, which included some legislative changes to the Corrections Officer Retirement Plan (CORP) and the Elected Officials Retirement Plan (EORP) that are similar to those made to the PSPRS plan, such as repealing the statutes related to permanent benefit increases and replacing them with a cost of-living adjustment. Some changes made by Laws 2017, Ch. 163, and Laws 2018, Ch. 140, were contingent on approval of a constitutional amendment the Legislature referred to voters. Voters approved these changes during the November 6, 2018, general election.[1]

a. Determine whether a higher funded status for each plan should be required before providing a benefit increase;

Implemented for the PSPRS plan at 24 months
Through Laws 2016, Ch. 2, the Legislature enacted changes that require a higher funded status before providing a cost-of-living adjustment for PSPRS plan members hired on or after July 1, 2017, but there is no funded status requirement for PSPRS plan members hired before that date. Specifically, for members hired on or after July 1, 2017, the PSPRS plan must be at least 70 percent funded before a cost-of-living adjustment can be provided, and members cannot receive the maximum 2 percent cost-of-living adjustment unless the PSPRS plan has a funded status of 90 percent or higher.

[1] Unofficial results from the Arizona Secretary of State's website, last updated on Wednesday, November 21, 2018, at 12:02 p.m.

Recommendation	Status/Additional Explanation
	Implemented for CORP at 24 months Through Laws 2017, Ch. 163, the Legislature enacted changes that require a higher funded status before providing a cost-of-living adjustment for CORP members who are probation and surveillance officers hired on or after July 1, 2018, but there is no funded status requirement for CORP members hired before that date. Specifically, for probation and surveillance officer members hired on or after July 1, 2018, CORP must be at least 70 percent funded before a cost-of-living adjustment can be provided, and members cannot receive the maximum 2 percent cost-of-living adjustment unless CORP has a funded status of 90 percent or higher. **Not applicable for EORP** The changes the Legislature enacted through Laws 2018, Ch. 140, repealed the statutes related to permanent benefit increases for EORP members and replaced them with a cost-of-living adjustment. However, unlike the PSPRS plan and CORP, the Legislature could not make cost-of-living adjustments for new members contingent on a funded status because EORP was closed to new members effective January 1, 2014.
b. Determine whether a simple instead of a compound structure may be more sustainable for its plans;	According to the System, a simple instead of a compound structure would be more sustainable but may not provide inflation protection for retirees. In addition, the System indicated that the stakeholders involved in pension reform preferred a compound structure. **Partially implemented for the PSPRS plan at 24 months** The changes the Legislature enacted through Laws 2016, Ch. 2, established a compounding cost-of-living adjustment to the PSPRS plan member's base benefit. For members hired on or before June 30, 2017, voters approved a constitutional amendment during the May 17, 2016, special election that allowed for specific changes made by Laws 2016, Ch. 2, to be enacted, including the replacement of a permanent benefit increase with a compounding cost-of-living adjustment. **Partially implemented for CORP at 36 months** The changes the Legislature made through Laws 2017, Ch. 163, establish a compounding cost-of-living adjustment to the CORP member's base benefit. For members hired on or before June 30, 2018, voters approved a constitutional amendment during the November 6, 2018, general election that allowed for specific changes made by Laws 2017, Ch. 163, to be enacted, including the replacement of a permanent benefit increase with a compounding cost-of-living adjustment.

Recommendation	Status/Additional Explanation
	Partially implemented for EORP at 36 months The changes the Legislature made through Laws 2018, Ch. 140, establish a compounding cost-of-living adjustment to the EORP member's base benefit. Voters approved these changes during the November 6, 2018, general election.
c. Consider whether it should link its permanent benefit increases to the Consumer Price Index, and if so, whether it should provide full inflation protection;	**Implemented for the PSPRS plan at 24 months** The changes the Legislature made through Laws 2016, Ch. 2, repealed the statutes relating to permanent benefit increases and replaced them with a cost-of-living adjustment that is linked to the metropolitan Phoenix-Mesa Consumer Price Index, not to exceed 2 percent annually. If the Consumer Price Index reports an inflation rate of 2 percent or less, this change will provide full inflation protection. For members hired on or before June 30, 2017, voters approved a constitutional amendment during the May 17, 2016, special election that allowed for specific changes made by Laws 2016, Ch. 2, to be enacted, including the replacement of a permanent benefit increase with a compounding cost-of-living adjustment that is linked to the Consumer Price Index. **Implemented for CORP at 36 months** The changes the Legislature made through Laws 2017, Ch. 163, repealed the statutes relating to permanent benefit increases and replaced them with a cost-of-living adjustment that is linked to the metropolitan Phoenix-Mesa Consumer Price Index, not to exceed 2 percent annually. If the Consumer Price Index reports an inflation rate of 2 percent or less, this change will provide full inflation protection. For members hired on or before June 30, 2018, voters approved a constitutional amendment during the November 6, 2018, general election that allowed for specific changes made by Laws 2017, Ch. 163, to be enacted, including the replacement of a permanent benefit increase with a compounding cost-of-living adjustment that is linked to the Consumer Price Index. **Implemented for EORP at 36 months** The changes Legislature made through Laws 2018, Ch. 140, repealed the statutes relating to permanent benefit increases and replaced them with a cost-of-living adjustment that is linked to the metropolitan Phoenix-Mesa Consumer Price Index, not to exceed 2 percent annually. If the Consumer Price Index reports an inflation rate of 2 percent or less, this change will provide full inflation protection. Voters approved these changes during the November 6, 2018, general election.
d. Consider changing its permanent benefit increase structure for the PSPRS plan and CORP to be based on the funded status of individual employers instead of each plan's overall aggregate funded status;	**Partially implemented for the PSPRS plan at 24 months** The System did not report or provide documentation indicating whether it considered changing the perma-

Recommendation	Status/Additional Explanation
	nent benefit increase structure from an aggregate to an individual-employer-funded status. However, based on various legislative changes, cost-of-living adjustments will be based on an aggregate funded status and not an individual employer's funded status. Specifically, the changes the Legislature made through Laws 2016, Ch. 2, require a funded status for the PSPRS plan of at least 70 percent before providing a cost-of-living adjustment for PSPRS plan members hired on or after July 1, 2017. However, the funded status is an aggregate funded status because this law did not establish a requirement for the funded status to be based on an individual employer's funded status. In addition, for PSPRS plan members hired on or after July 1, 2017, through Laws 2017, Ch. 235, the Legislature established an employer cost-sharing risk pool for employers with 250 or fewer active members. Under a cost-sharing plan, participating employers' and members' contributions are pooled, and the plan assets are equally shared and used to pay the pension benefits of any participating employer's retirees. As a result, the funded status requirement for PSPRS plan members hired on or after July 1, 2017, for those employers with 250 or fewer employees will be based on the funded status for the cost-sharing risk pool. **Partially implemented for CORP at 24 months** The System did not report or provide documentation indicating whether it considered changing the permanent benefit increase structure from an aggregate to an individual-employer-funded status. However, the changes the Legislature made through Laws 2017, Ch. 163, require a funded status of at least 70 percent before providing a cost-of-living adjustment for CORP members who are probation and surveillance officers hired on or after July 1, 2018 (see explanation for Recommendation 2.1a). However, Laws 2017, Ch. 163, does not establish that the funded status be based on individual employers instead of CORP's aggregate funded status. In addition, there is no funded status requirement before providing a cost-of-living adjustment for members hired on or before June 30, 2018.
e. Consider whether increases for all three plans should be applied to a certain amount of a member's pension benefit, such as the first $18,000;	According to the System, applying increases to a certain amount of a member's pension benefit, such as the first $18,000, was considered for the plans. However, this change was not pursued because it would not provide retirees with inflation protection. **Partially implemented for the PSPRS plan at 24 months** Through Laws 2016, Ch. 2, the Legislature enacted changes that require that a cost-of-living adjustment for a PSPRS plan member be based on a retired

Recommendation	Status/Additional Explanation
	member's base benefit, and do not limit the increase to a certain amount of a member's pension benefit. However, the changes made through Laws 2016, Ch. 2, do represent a change in how benefit increases are calculated for PSPRS plan members (see explanation for Recommendation 2.1g for more information). **Partially implemented for CORP at 36 months** The changes the Legislature made through Laws 2017, Ch. 163, require that a cost-of-living adjustment for a CORP member be based on a retired member's base benefit and do not limit the increase to a certain amount of a member's pension benefit. **Partially implemented for EORP at 36 months** The changes the Legislature made through Laws 2018, Ch. 140, require that a cost-of-living adjustment for an EORP member be based on a retired member's base benefit and do not limit the increase to a certain amount of a member's pension benefit.
f. Consider changing the EORP benefit increase formula to be based on asset value similar to the PSPRS plan and CORP, instead of retired members' estimated pension obligations;	**Implemented in a different manner at 36 months** As indicated in the explanations for Recommendation 2.1 and 2.1c, in the November 6, 2018, general election, voters approved the legislative changes that repealed EORP's permanent benefit increase statutes and replaced them with a cost-of-living adjustment that is linked to the metropolitan Phoenix-Mesa Consumer Price Index, not to exceed 2 percent annually.
g. Consider modifying the PSPRS plan's permanent benefit increase structure to be based on an individual member's pension benefit; and	**Implemented at 24 months** The changes the Legislature made through Laws 2016, Ch. 2, establish cost-of-living adjustments that will be based on the individual PSPRS plan member's pension benefit. Prior to this change, the benefit increase was determined using the average pension benefit of retirees, and each member received the same benefit increase amount regardless of the amount of their pension, which resulted in disproportionate benefit increases.
h. Identify other necessary changes, such as basing benefit increases on long-term investment performance instead of a 1-year result, or consider whether benefit increases should be eliminated.	**Implemented at 36 months** Through Laws 2016, Ch.2; Laws 2017, Ch. 163; and Laws 2018, Ch. 140, the Legislature maintained benefit increases in the PSPRS plan, CORP, and EORP by replacing them with cost-of-living adjustments. In addition, the cost-of-living adjustments are not tied to investment performance but rather to the metropolitan Phoenix-Mesa Consumer Price Index (see explanation for Recommendation 2.1c, for more information).

Recommendation	Status/Additional Explanation
2.2 Once solutions have been decided upon, the System and stakeholders should determine if the changes should apply only to members who are hired or retire after a specific date. If so, the System should pursue the necessary legislative changes to implement the solutions for all three plans' benefit increase structures. The outcome of the *Hall* lawsuit may impact the System's ability to make changes to the plans' benefit increase structures for active members.	**Implemented for the PSPRS plan at 24 months** See the explanation for Recommendation 2.1. **Implemented for CORP at 36 months** See the explanation for Recommendation 2.1. **Implemented for EORP at 36 months** See the explanation for Recommendation 2.1.
2.3 The System should consider whether pursuing a ballot initiative to amend Arizona's Constitution would be warranted to make changes to the benefit increase structures for all three plans' members. Depending on how an amendment is worded, it could supersede previous legal decisions. If considering an amendment, the System and stakeholders should ensure that this amendment is specific to the System plans' permanent benefit increases to ensure members' base pension benefits are not impacted.	**Implemented for the PSPRS plan at 24 months** See the explanation for Recommendation 2.1. **Implemented for CORP at 36 months** See the explanation for Recommendation 2.1. **Implemented for EORP at 36 months** See the explanation for Recommendation 2.1.
2.4 Throughout the process of developing solutions for the plans' benefit increase structures, the System should ensure it provides the necessary training or informational materials to ensure stakeholders and the public understand the purpose and impact of the proposed changes.	**Implemented for the PSPRS plan at 36 months** **Implemented for CORP at 36 months** **Implementation in process for EORP** The System informed EORP members and employers regarding key provisions of Laws 2018, Ch. 140, in its first-quarter newsletter for fiscal year 2019. According to the System, it plans to continue to inform EORP retirees and employers through its newsletters, as well as send out information directly to retirees regarding the status of changes made by Laws 2018, Ch. 140.
2.5 The System should ensure that its actuarial assumptions appropriately include the estimated costs for its permanent benefit increases when conducting the System plans' annual valuations by:	
a. Conducting an audit of its actuary as soon as possible; and	**Implemented at 24 months**
b. Developing and implementing procedures for ensuring the actuarial audits' recommendations are reviewed and appropriately implemented.	**Implemented at 24 months**

Recommendation	Status/Additional Explanation

Finding 3: Additional actions necessary to improve system plans' financial condition and long-term sustainability

Recommendation	Status/Additional Explanation
3.1 The System should develop and implement a funding improvement strategy. This funding improvement strategy will need to be at the participating-employer level for the PSPRS plan and CORP, but at the plan level for EORP. In developing this strategy, the System should review and incorporate key elements from Rhode Island's funding improvement strategy that may reasonably help increase plans' funded statuses.	**Implementation in process** The changes the Legislature enacted through Laws 2018, Ch. 112, require that beginning on or before July 1, 2019, each PSPRS plan employer's governing body annually adopt a pension-funding policy for employees who were hired before July 1, 2017. Each funding policy should address various elements, including some that are similar to elements in Rhode Island's funding improvement strategy. For example, the funding policies must describe how to maintain the stability of the governing body's contributions to the System, explain how and when the governing body's funding requirements of the System will be met, and define the governing body's funded ratio target and the timeline for reaching this target. Laws 2018, Ch. 112, also requires that governing bodies formally accept the employer's share of the assets and liabilities under the System based on the System's actuarial valuation report. Finally, Laws 2018, Ch. 112, requires that each governing body post its pension-funding policy on its website. However, Laws 2018, Ch. 112, did not establish these requirements for CORP and EORP.
3.2 The funding improvement strategy the System develops should consider:	
a. Establishing the funded status level at which its plans should be considered at-risk, and work with its actuary to determine what would be appropriate;	**Not implemented** See explanation for Recommendation 3.1.
b. Requiring annual certification of the at-risk funded status. This could be done as a part of the annual actuarial valuations performed by the System's actuary;	**Implementation in process** See explanation for Recommendation 3.1.
c. Specifying who must be notified when a plan is certified to be at-risk;	**Not implemented** See explanation for Recommendation 3.1.
d. Posting a notice of the at-risk status on its website;	**Implementation in process** See explanation for Recommendation 3.1.
e. Establishing the specific actions that can be taken when a plan or plan employer is determined to be at-risk, including a requirement that the System review and approve the actions;	**Not implemented** See explanation for Recommendation 3.1.
f. Identifying who is responsible for the various actions, including the employer, an actuary, or system administrator;	**Not implemented** See explanation for Recommendation 3.1.
g. Establishing the amount of improvement in funded status that should be achieved; and	**Implementation in process** See explanation for Recommendation 3.1.

Recommendation	Status/Additional Explanation
h. Determining time frames for completing the various actions, including an overall time frame for improvement in a plan's funded status.	**Implementation in process** See explanation for Recommendation 3.1.
3.3 Once the System has developed a funding improvement strategy, to provide greater leverage, the System should pursue legislation to incorporate the requirements related to the funding improvement strategy and its various components within its statutes.	**Not implemented** See explanation for Recommendation 3.1.
3.4 The System should work with the PSPRS plan and CORP employers and local boards, and other stakeholders, such as professional associations for firefighters or police, to explore the feasibility of offering multiple benefit options.	**Not implemented** The System did not provide sufficient documentation to support that it had effectively explored the feasibility of offering multiple benefit options as a means to improve system plans' financial conditions and long-term sustainability. According to the System, the possibility of offering multiple benefit options was discussed during meetings with stakeholders as the legislative pension reform bills for the PSPRS plan and CORP were being developed. In addition, the System sent an email on November 5, 2015, to stakeholders, such as the Arizona Law Enforcement Association and the Professional Fire Fighters of Arizona, informing them of the need to discuss the feasibility of offering multiple benefit options during a meeting scheduled for November 13, 2015. The System indicated that it was the stakeholders' consensus that they did not want to pursue offering multiple benefit options. However, it did not provide a meeting agenda or meeting minutes to support that the discussion occurred. Finally, the System did not provide information about whether the feasibility of offering multiple benefit options was discussed with employers and local boards.
3.5 If the System decides to offer a limited number of pension benefit options, it should take the following actions:	
a. Determine the specific pension options that should be available;	**Not implemented** See explanation for Recommendation 3.4.
b. Determine the specific times and conditions under which an employer can change its options;	**Not implemented** See explanation for Recommendation 3.4.
c. Seek the necessary changes to the PSPRS plan and CORP laws to allow for employers to select options; and	**Not implemented** See explanation for Recommendation 3.4.
d. Develop and implement training materials on the various pension benefit options and their costs so that PSPRS plan and CORP employers can make informed decisions about which benefit options would be the most appropriate.	**Not implemented** See explanation for Recommendation 3.4.

Recommendation		Status/Additional Explanation
3.6	The System should develop and provide educational materials to PSPRS plan employers explaining how unusually large overtime pay increases the risk of generating unfunded liabilities. The System could work with the PSPRS plan's actuary to create and include in communications to plan employers, such as newsletters and retirement manuals, an explanation and examples of how compensation practices like unusually large overtime usage can generate unfunded liabilities for participating employers.	**Implemented at 36 months**
3.7	The System should adopt practices similar to those in peer public pension plans to ensure that contributions are correct, including:	
	a. Establishing formal, written policies and procedures for system staff to flag and document any abnormal contributions that may indicate abnormal wage increases or contribution errors. These procedures should detail which staff will be responsible for completing these tasks;	**Implemented at 6 months**
	b. Establishing formal, written policies and procedures for system staff to investigate flagged contributions. These procedures should detail the necessary steps and documentation for any investigation as well as which staff will be responsible for conducting these investigations; and	**Implemented at 6 months**
	c. Developing and implementing written policies and procedures for conducting regular audits of participating employers for compliance in reporting wages and contributions.	**No longer applicable** Although the System agreed with this recommendation and reported that it planned to contract for employer audits, during the 24-month followup, it reported that its Attorney General representative informally advised the Board that it does not have the authority to conduct audits of participating employers for compliance in reporting wages and contributions. During this 36-month followup, the System reported that it will not be conducting employer audits unless it receives statutory authority to do so, and that it may consider seeking this authority in 2020. The System reported it has implemented software that will verify that a member's contributions are correct based on the employer-reported wages and that the System received contributions for every active member. However, this software cannot evaluate whether the wages that employers report comply with the statutory definitions of compensation for the purposes of calculating retirement benefits.
3.8	To ensure that the EORP has sufficient assets to cover its estimated pension obligations, the Legislature should consider revising A.R.S. §38-810 to allow the Board to annually establish contribution rates or consider increasing its annual appropriations over time.	**Implemented at 36 months** Laws 2018, Ch. 343, amended A.R.S. §38-810 to allow the Board's actuary beginning on July 1, 2018, to establish contribution rates for EORP participating employers.

Recommendation		Status/Additional Explanation
3.9	The System should continue its efforts to provide additional training to employers and local boards. In conducting such training, the System should ensure that employers and local board members understand the associated costs and effects of certain benefit decisions, such as long-term disability approvals and benefit calculations, as well as the significance of their individual funded status.	**Implemented at 36 months**

Sunset Factor #2: The extent to which the Department has met its statutory objective and purpose and the efficiency with which it has operated

1.	The System should:	
	a. Train IT staff on the roles and responsibilities of its updated disaster recovery plan;	**Implemented at 6 months**
	b. Develop processes for reviewing, approving, and implementing its IT policies; and	**Implemented at 6 months**
	c. Implement additional controls on its hosted website, such as encryption technologies, to prevent unauthorized access of confidential system information.	**Implemented at 6 months**
2.	The Board and the System should enhance its internal audit function by:	
	a. Revising the System's internal audit charter to ensure internal and external assessments are conducted and scheduling an external assessment of the internal audit function;	**Partially implemented in a different manner at 36 months** During the 24-month followup, the System indicated that it restructured its internal audit function and eliminated its internal audit function charter. In addition, the System updated its charter for the Operations, Governance Policy, and Audit Committee, which is responsible for overseeing the internal audit function. This charter and the appendices within its *Board of Trustees Governance Manual* contain requirements that internal and external assessments of the internal audit function should be conducted. In May 2018, the Board approved an internal audit plan that indicated that an external assessment of the internal audit function would be scheduled for May 2019. The System stated that it will determine which external individual or organization will conduct this assessment in spring 2019.
	b. Requiring that the internal auditors disclose any conflicts of interest and their appropriate mitigation to the Operations, Governance Policy, and Audit Committee;	**Partially implemented in a different manner at 36 months** The Board approved a guide for the internal audit function at its January 2018 meeting. This guide establishes standards for objectivity when conducting audits and states that auditors must disclose all material facts known that, if not disclosed, may distort the reporting of activities under review. However, this

Recommendation	Status/Additional Explanation
	guide does not explicitly require auditors to disclose these conflicts of interest and their appropriate mitigation to the Operations, Governance Policy, and Audit Committee.
c. Periodically reviewing its internal audit charter, including requiring internal auditors to regularly brief the Board on the purpose, authority, and responsibility of the internal audit function according to the charter. In addition, the Board should also amend the internal audit charter to require these activities; and	**Substantially implemented in a different manner at 36 months** As indicated in Sunset Factor 2, Recommendation 2a, the Board eliminated the internal audit function's charter. However, the System updated its *Board of Trustees Governance Manual* to include a requirement for the internal auditor to periodically report to the Board a summary of the internal audit function's purpose, authority, and responsibility. In addition, as indicated in Sunset Factor 2, Recommendation 2b, the Board approved a guide for the internal audit function at its January 2018 meeting. This guide provides information on the purpose, authority, and responsibility of the internal audit function. According to the System's internal auditor, this guide is scheduled for review in January 2019.
d. Developing and implementing policies and procedures to guide internal audit function.	**Implemented at 36 months**

Sunset Factor #6: The extent to which the System has been able to investigate and resolve complaints that are within its jurisdiction

Recommendation	Status/Additional Explanation
1. To enhance its processes for addressing members' issues, the System should:	
a. Develop and implement formal, written policies and procedures for handling member communications to ensure that system staff provide uniform treatment to members. These policies and procedures should define what member communications should be documented and tracked;	**Not yet applicable** The System explained that it will develop written policies and procedures for handling member communications after its central record is implemented in July 2019 (see explanation for Sunset Factor 6, Recommendation 1b, for more information).
b. Develop and implement a central record that details when members' issues are received, the nature of the issue, the system staff members who handled the issue and when, and how the issue was resolved; and	**Implementation in process** The System is still developing a central record that will include an issue resolution module within its new software and reported that it anticipates that this new software will be implemented in July 2019.
c. Develop and implement procedures for requiring a regular analysis of the centralized record to identify and address systemic causes of trends in member issues.	**Not yet applicable** The System explained that it will develop written policies and procedures for requiring a regular analysis of the issue resolution module after its central record is implemented in July 2019 (see explanation for Sunset Factor 6, Recommendation 1b, for more information).