

**MINUTES OF MEETING**  
**BOARD OF TRUSTEES AUDIT COMMITTEE**  
**KENTUCKY RETIREMENT SYSTEMS**  
**AUGUST 1, 2013, 9:00 A.M., E.T.**  
**1270 LOUISVILLE ROAD, FRANKFORT, KENTUCKY 40601**

At the August 1, 2013 meeting of the Audit Committee of the Board of Trustees, the following Committee members were present: Bobby Henson, Chair; Daniel Bauer, Mike Cherry, Betty Pendergrass, and Scott McKenzie as proxy for Tim Longmeyer. Staff members present were: William Thielen, TJ Carlson, Karen Roggenkamp, Jennifer Jones, Connie Davis, Ann Case, Erica Bradley, Samantha Payne, and Leigh Taylor. Jim Carroll, Eva Smith Carroll, Kevin Wheatley, Christy Dolan, and Linda Hinton were also present.

Mr. Henson introduced the agenda item *Approval of Committee Minutes*. Ms. Pendergrass moved and was seconded by Dr. Bauer to approve the minutes of the May 2, 2013 Audit Committee meeting. The motion passed unanimously.

Ms. Davis introduced Linda Hinton and Christy Dolan from the office of the Auditor of Public Accounts. Ms. Hinton provided the *Update of Annual Audit for Fiscal Year End 2013* for the Committee. This report was presented for informational purposes only.

Mr. Henson introduced the agenda item *Review of Fiscal Year End June 30, 2013*. Ms. Case reviewed the data for the Committee. This report was presented for informational purposes only.

*Ms. Hinton and Ms. Dolan exited the meeting after this discussion.*

Mr. Henson introduced the agenda item *A-133 Disclosure Letter*. Ms. Davis reviewed the information for the Committee. This report was presented for informational purposes only.

Mr. Henson introduced the agenda item *Review of Internal Audit Budget as of June 30, 2013*. Ms. Davis provided the update to the Committee. Ms. Pendergrass moved and was seconded by Dr. Bauer to approve the Internal Audit Budget. The motion passed unanimously.

Mr. Henson introduced the agenda item *Review of Anonymous Reporting*. Ms. Davis updated the Committee on new and ongoing anonymous report investigations. This report was presented for informational purposes only.

Mr. Henson introduced the agenda item *Review of Leave Slips*. Ms. Davis reviewed the audit findings for the Committee. Ms. Pendergrass moved and was seconded by Dr. Bauer to accept the audit. The motion passed unanimously.

Mr. Henson introduced the agenda item *Review of Investment Compliance*. Ms. Bradley provided the quarterly results to the Committee. This report was presented for informational purposes only.

*Connie Pettyjohn and Brian Towles entered the meeting during the presentation.*

Mr. Henson introduced the agenda item *Status of Current Audits Memoranda*. Ms. Davis reviewed the audits in progress. This report was presented for informational purposes only.

Mr. Henson introduced the agenda item *Special CERS Election Memoranda*. Ms. Davis reviewed the progress of the special CERS election for the Committee. This report was presented for informational purposes only.

Mr. Henson introduced the agenda item *KERS Election Memoranda*. Ms. Davis reviewed the progress of the KERS election for the Committee. This report was presented for informational purposes only.

Mr. Henson introduced the agenda item *Retiree Health Care (EGWP) Audits*. Ms. Pettyjohn provided the results of the CMS Financial Audit to the Committee; Mr. Towles provided the Part D Data Validation Audit. These reports were presented for informational purposes only.

*Ms. Pettyjohn and Mr. Towles exited the meeting.*

Mr. Henson introduced the agenda item *KRS Auditor Independence Statements*. Ms. Davis presented the information to the Committee. This report was presented for informational purposes only.

Mr. Henson introduced the agenda item *SEC Informal Inquiry*. Mr. Thielen reported the SEC issued a “no action letter” to KRS, which effectively ends the informal inquiry. This report was presented for informational purposes only.

*Mr. and Mrs. Carroll exited the meeting.*

Mr. Henson introduced the agenda item *START/SASSi Meetings*. Ms. Davis noted that Internal Audit continues to attend the START/SASSi meetings. This report was presented for informational purposes only.

*Mark McChesney entered the meeting.*

Mr. Henson noted the inclusion of professional articles for informational purposes only.

Mr. Henson introduced the agenda item *KiZan Security Assessment*. Ms. Pendergrass moved and was seconded by Mr. Cherry to enter closed session. The motion passed unanimously. Mr. Henson noted the following: A motion having been made in open session to move into a closed session for a specific purpose, and such motion having carried by majority vote in open, public session, the Board shall now enter closed session to consider public records or information pursuant to KRS 61.878(1)(l) and (m); closed session is necessary because of public records, the disclosure of which would have a reasonable likelihood of threatening the public safety by exposing a vulnerability in preventing, protecting against, mitigating, or responding to a terrorist act.

*Mr. Wheatley exited the meeting.*

Mr. Henson called the meeting back into open session and reported no action had been taken in closed session.

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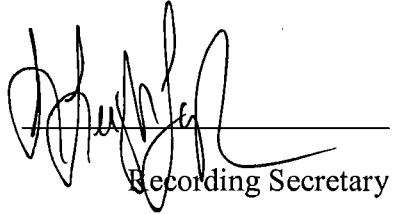
There being no further business, the meeting adjourned at 11:08 a.m. The next quarterly meeting of the Audit Committee is scheduled for November 7, 2013.

Copies of all documents presented are incorporated as part of the minutes of the Audit Committee meeting as of August 1, 2013.

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## CERTIFICATION

I, Leigh Taylor, do certify that I was present at this meeting and I have recorded above the action of the Committee on the various items considered by it at this meeting. Further, I certify that all requirements of KRS 61.805-61.850 were met in connection with this meeting.



Recording Secretary

I, as Chair of the Audit Committee of the Board of Trustees of the Kentucky Retirement Systems, do certify that the Minutes of the meeting held on August 1, 2013 were approved by the Audit Committee on November 21, 2013.



Committee Chair

I, Jennifer A. Jones, have reviewed the Minutes of the Audit Committee Meeting on August 1, 2013, for form, content, and legality.



Interim General Counsel