

**MINUTES OF MEETING
KENTUCKY RETIREMENT SYSTEMS
BOARD OF TRUSTEES AUDIT COMMITTEE
FEBRUARY 4, 2016, 9:00 A.M., E.T.
1270 LOUISVILLE ROAD, FRANKFORT, KENTUCKY 40601**

At the February 4, 2016 meeting of the Audit Committee of the Board of Trustees, the following Committee members were present: Mike Cherry; Chair, Daniel Bauer, Keith Percy, David Rich, and Randy Stevens. Staff members present were William Thielen, Karen Roggenkamp, David Peden, Rebecca Stephens, Brian Thomas, Connie Davis, Todd Coleman, Ann Case, Erica Bradley, Samantha Payne, Liz Smith, and Leigh Taylor. Larry Totten was also present.

Mr. Cherry called the meeting to order and introduced the agenda item *Approval of Committee Minutes*. Mr. Rich moved and was seconded by Dr. Bauer to approve the minutes of the November 19, 2015 meeting. The motion passed unanimously.

Mr. Cherry introduced the agenda item *Review of Quarterly Financial Statements 12/31/2015*. Ms. Roggenkamp reviewed the information from the pension and insurance funds for the Committee. This report was provided for informational purposes only.

Mr. Cherry introduced the agenda item *Review of Fiscal Year End June 30, 2015 End of Audit Requirements*. Ms. Davis reviewed the statutorily required letters. This report was provided for informational purposes only.

Mr. Cherry introduced the agenda item *Review of Outstanding Invoices*. Ms. Smith reported the outstanding invoice balances and penalties to the Committee. This report was presented for informational purposes only.

Mr. Cherry introduced the agenda item *Management Follow up on Audit Findings and Recommendation Summary Dashboard*. Ms. Roggenkamp presented the status of the APA findings and recommendations as well as open audit items. This report was presented for informational purposes only.

Mr. Cherry introduced the agenda item *Review of Information Disclosure Incidents, 4th Quarter Calendar Year 2015*. Ms. Roggenkamp reviewed the comparison of disclosures between the 3rd and 4th quarters of 2015. This report was presented for informational purposes only.

Mr. Cherry introduced the agenda item *Review of Internal Audit Budget – 12/31/2015*. Ms. Davis provided a brief recap of the status of the Internal Audit budget. This report was presented for informational purposes only.

Mr. Cherry introduced the agenda item *Review of Anonymous Reporting Spreadsheet*. Ms. Davis recapped the items currently under investigation. This report was presented for informational purposes only.

Mr. Cherry introduced the agenda item *Investment Compliance Reports*. Ms. Bradley reviewed the reports, and reported the investment compliance, asset allocation restrictions, and short and long term fund goals for the pension and insurance funds. These reports were provided for informational purposes only.

Mr. Cherry introduced the agenda items *Investment Financial Reporting, and Investment Performance Audit*. Mrs. Bradley reviewed the findings, recommendations, and managements' responses for the *Investment Financial Reporting Report*. She stated that the *Investment Performance* was included in the *Investment Financial Reporting Report*. Therefore, a separate audit of Investment Performance would not be performed, and should be removed from the Internal Audit Plan. No action was taken by the Audit Committee.

Mr. Cherry introduced the agenda item *Status of Current Audits Memoranda*. Ms. Davis noted the audits in progress and planned audits for 2016. This information was provided for informational purpose only.

Mr. Cherry introduced the agenda item *CERS Board Election Memoranda*. Ms. Davis reviewed the upcoming CERS elections for the KRS Board of Trustees and noted the potential of impact on this timeline based upon any potential action by the current General Assembly. This report was provided for informational purpose only and will be updated if necessary.

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

There being no further business, the meeting adjourned at 9:58 a.m. The next meeting of the Audit Committee is scheduled for May 5, 2016. Copies of all documents presented are incorporated as part of the minutes of the Audit Committee meeting as of February 4, 2016.

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CERTIFICATION


I 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 February 4, 2016 were approved by the Audit Committee on May 5, 2016.


Committee Chair

I, Brian C. Thomas, have reviewed the Minutes of the Audit Committee Meeting on February 4, 2016, for form, content, and legality.


General Counsel