

**MINUTES OF MEETING
BOARD OF TRUSTEES AUDIT COMMITTEE
KENTUCKY RETIREMENT SYSTEMS
FEBRUARY 7, 2013, 9:00 A.M., E.T.
1270 LOUISVILLE ROAD, FRANKFORT, KENTUCKY 40601**

At the February 7, 2013 meeting of the Audit Committee of the Board of Trustees, the following Committee members were present: Bobby Henson, Chair; Daniel Bauer, and Scott McKenzie as proxy for Tim Longmeyer. Staff members present were: TJ Carlson, Karen Roggenkamp, Todd Coleman, Connie Davis, Ann Case, Alpa Vyas and Leigh Taylor. Mike Cherry, Amy Luscher, Stephanie Richardson, and Jenny Richardson were also present.

Mr. Henson introduced the agenda item *Approval of Committee Minutes*. Dr. Bauer moved and was seconded by Mr. McKenzie to approve the minutes of the November 1, 2012 Audit Committee meeting. The motion passed unanimously.

Mr. Henson introduced the agenda item *Review of Quarterly Financial Statements*. Mr. Coleman reviewed the data for the Committee. This report was presented for informational purposes only.

Mr. Henson introduced the agenda item *Review of Management Comments to the External Audit dated June 30, 2012*. Mr. Coleman reviewed the external audit and KRS management responses for the Committee. Dr. Bauer moved and was seconded by Mr. McKenzie to approve the response comments to the audit. The motion passed unanimously.

Mr. Henson introduced the agenda item *Review of Management's Response to the Findings and Recommendations for the Investment Cash Flow Audit*. Mr. Carlson reviewed the audit and KRS responses for the Committee. Dr. Bauer moved and was seconded by Mr. McKenzie to accept the Investment Cash Flow Audit and responses. The motion passed unanimously.

Mr. Henson introduced the agenda item *Review of Fiscal Year Audit Requirements*. Ms. Davis updated the Committee on the end of year requirements. This report was presented for informational purposes only.

Mr. Henson introduced the agenda item *Review of Internal Audit Budget*. Ms. Davis reviewed the data and expenditures for the Committee. This report was presented for informational purposes only.

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

Mr. Henson introduced the agenda item *Review of Refunds to Inactive Members*. Ms. Davis reviewed the audit, findings, and KRS responses for the Committee. Dr. Bauer moved and was seconded by Mr. McKenzie to accept the audit. The motion passed unanimously.

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

Mark McChesney entered the meeting during the presentation.

Mr. Henson introduced the agenda item *Security Audits: Request for Third Party Assessment of the START Application and KRS IT Infrastructure*. Mr. McChesney provided background on the necessity for the audits. Dr. Bauer moved and was seconded by Mr. McKenzie to approve contractual services for the audits. The motion passed unanimously.

Mr. McChesney exited the meeting.

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

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

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

William Thielen entered the meeting.

Mr. Henson introduced the agenda item *Auditor of Public Accounts FY 2013 Audit*. Ms. Davis reported on the status of the upcoming APA Audit. This report was presented for informational purposes only.

Mr. Henson noted there was no update regarding the SEC Informal Review. This report was presented for informational purposes only.

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.

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

There being no further business, the meeting adjourned at 10:20 a.m. The next quarterly meeting of the Audit Committee is scheduled for May 2, 2013.

Copies of all documents presented are incorporated as part of the minutes of the Audit Committee meeting as of February 7, 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 February 7, 2013 were approved by the Audit Committee on May 2, 2013.


Committee Chair

I, Jennifer A. Jones, have reviewed the Minutes of the Audit Committee Meeting on February 7, 2013, for form, content, and legality.


Interim General Counsel