

**MINUTES OF MEETING
BOARD OF TRUSTEES AUDIT COMMITTEE
KENTUCKY RETIREMENT SYSTEMS
MAY 1, 2014, 9:00 A.M., E.T.
1270 LOUISVILLE ROAD, FRANKFORT, KENTUCKY 40601**

At the May 1, 2014 meeting of the Audit Committee of the Board of Trustees, the following Committee members were present: Mike Cherry, David Rich, and Scott McKenzie as proxy for Tim Longmeyer; Trustee Mary Helen Peter was also in attendance. Staff members present were: William Thielen, David Peden, Brian Thomas, Todd Coleman, Connie Davis, Ann Case, Erica Bradley, Samantha Payne, and Leigh Taylor. Larry Totten was also present.

Mr. Cherry was elected by consensus as acting Committee Chair. Review of the February 6, 2014 minutes was postponed due to the lack of a quorum.

Mr. Cherry introduced the agenda item *Review of Quarterly Financial Statements as of March 31, 2014*. Ms. Case and Mr. Coleman reviewed the data for the Committee. This report was presented for informational purposes only.

Mr. Cherry introduced the agenda item *Review of Management Follow up on Audit Findings and Recommendations Summary Dashboard*. Mr. Coleman briefly summarized the findings and recommendations from the December Auditor of Public Accounts (APA) report and reviewed the quarterly dashboard report to the Audit Committee. This report was presented for informational purposes only.

Mr. Cherry introduced the agenda item *Statewide Single Audit of the Commonwealth of Kentucky for the Fiscal Year Ended June 30, 2013*. Ms. Davis reviewed the information for the Committee. This report was presented for informational purposes only.

Mr. Cherry introduced the agenda item *Review of Employer Penalty/Waiver List*. Ms. Case provided the update to the Committee. This report was presented for informational purposes only.

Mr. Cherry introduced the agenda item *Review of Internal Audit Budget as of March 31, 2014*. Ms. Davis updated the Committee on the budget items. This report was presented for informational purposes only.

Mr. Cherry introduced the agenda item *Review of Anonymous Reporting Spreadsheet*. Ms. Davis updated the Committee on the status of the current items. This report was presented for informational purposes only.

Mr. Cherry introduced the agenda item *Review of Maintenance Contracts*. Ms. Davis presented the audit findings to the Committee. This report was presented for informational purposes only.

Mr. Cherry introduced the agenda item *Review of Remote Access System*. Ms. Davis presented the findings to the Committee. Action was postponed on this item due to the lack of a quorum.

Mr. Cherry introduced the agenda item *Review of Investment Compliance Report*. Ms. Bradley presented the information to the Committee. This report was presented for informational purposes only.

Mark McChesney entered the meeting during the above discussion.

Mr. Cherry introduced the agenda item *Request for Third Party Assessment of KRS IT Infrastructure*. Mr. McChesney presented to the Committee and answered questions. Action was postponed on this item due to the lack of a quorum.

Mr. McChesney exited the meeting after his presentation.

Mr. Cherry introduced the agenda item *Annual Audit Plan Status of Current Audits*. Ms. Davis presented the information to the Committee. Action was postponed on this item due to the lack of a quorum.

Mr. Cherry introduced the agenda item *Kentucky Employees Retirement System Board Election*. Ms. Davis presented the memoranda to the Committee. This report was presented for informational purposes only.

Mr. Cherry introduced the agenda item *KRS Travel Policy and Procedures (Amendment)*. Mr. Thielen and Mr. Thomas reviewed the proposed changes for the Committee. Action was

postponed on this item due to the lack of a quorum and by consensus the item was moved to the May Board Meeting.

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

There being no further business, the meeting adjourned at 10:11 a.m. The next quarterly meeting of the Audit Committee is scheduled for August 7, 2014.

Copies of all documents presented are incorporated as part of the minutes of the Audit Committee meeting as of May 1, 2014.

The remainder of this page is intentionally blank.


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.



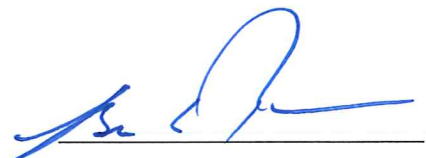
Recording Secretary

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 May 1, 2014 were approved by the Audit Committee on August 7, 2014.



Committee Chair

I, Brian C. Thomas, have reviewed the Minutes of the Audit Committee Meeting on May 1, 2014, for form, content, and legality.



General Counsel