

**MINUTES OF MEETING
KENTUCKY RETIREMENT SYSTEMS
BOARD OF TRUSTEES QUARTERLY AUDIT COMMITTEE
FEBRUARY 06, 2020, 10:00 A.M., E.T.
1270 LOUISVILLE ROAD, FRANKFORT, KENTUCKY 40601**

At the February 06, 2020 quarterly meeting of the Audit Committee of the Board of Trustees, the following Committee members were present: Joe Brothers, Campbell Connell (arrived at 10:17 a.m.), JT Fulkerson, Betty Pendergrass, and David Rich. Trustee Jerry Powell was also present. Staff members present were Erin Surratt, Jared Crawford, Kristen Coffey, D’Juan Surratt, Ann Case, Connie Davis, Elizabeth Smith, Alane Foley, Shawn Sparks, Vicki Hale, Rebecca Adkins, David Eager, Kathy Rupinen and Rich Robben. Also present were Larry Totten, Michele Hill, Baylee Kinsley, Joseph Overhultz and Simon Keemer.

Ms. Kathy Rupinen called the meeting to order and advised that the Audit Committee Chair, Mr. Chilton was not present. With no elected Audit Committee Vice-Chair, the Committee would need to elect a Vice-Chair to preside over today’s meeting. Mr. Rich moved and was seconded by Mr. Fulkerson to elect Ms. Pendergrass as Vice-Chair and preside over the Audit Committee Meeting. The motion passed unanimously.

Ms. Alane Foley called roll.

Ms. Pendergrass introduced the agenda item *Approval of Committee Minutes – November 7, 2019*. Mr. Rich moved and was seconded by Mr. Fulkerson to approve the minutes of the November 7, 2019 meeting. The motion passed unanimously.

Mr. Eager requested that we rearrange the agenda to discuss the PPW Audit. Ms. Kristen Coffey discussed the audit findings with the Committee and then suggested that we moved into Closed Session.

A motion was made by Mr. Fulkerson and seconded by Mr. Brothers to go in to closed session. The motion passed unanimously.

Ms. Pendergrass read the following statement and the meeting moved into closed session: A motion having been made in open session to move into 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 litigation, pursuant to KRS 61.810(1)(c), because of the necessity of protecting the confidentiality of the Systems' litigation strategy and preserving any available attorney-client privilege and pursuant to KRS 61.810(1)(f) and KRS 61.810(1)(k) due to the sensitive nature of the material to be considered regarding employee matters. All public attendees exited the meeting.

The meeting was called back into open session. No action was taken.

Ms. Pendergrass introduced the agenda item *GASB 68 and GASB 75 Proportionate Share Audits*. Mr. Joseph Overhultz and Mr. Simon Keemer from Dean Dorton was present to provide any feedback requested from the Committee Members. Mr. Fulkerson moved and was seconded by Mr. Connell to accept the audit as presented. The motion passed unanimously.

Ms. Pendergrass introduced agenda item *Audit Committee Approval Requests*. Mr. D'Juan Surratt provided details to the Committee regarding agencies requesting hazardous duty coverage. Mr. Fulkerson moved and was seconded by Mr. Brothers to approve the hazardous duty coverage requests as presented for Pleasure Ridge Park Fire, City of Erlanger, City of Stanford, City of Georgetown and City of Winchester. The motion passed unanimously with Ms. Pendergrass abstaining from the vote.

Ms. Kristen Coffey discussed *Approval of Board Election Policy* with the Committee. After a lengthy discussion regarding the Board Election Policy the Committee agreed to table this topic until the May Committee meeting.

Ms. Pendegrass introduced the agenda item *KRS Division Reports*.

Mr. Shawn Sparks provided an overview of *Disclosure Incidents, 4th Quarter Calendar Year 2019*. Ms. Rebecca Adkins provided an overview of the following reports: *Quarterly Financial*

Statements as of December 31, 2019, Cash Flows, Outstanding Invoices and KRS Administrative Expenses.

Ms. Connie Davis provided the following updates: *Employer Penalty Waivers, Fiscal Year End June 30, 2019 End of Year Audit Requirements and APA Approval Request for External Audit.* These were presented for informational purposes only.

Ms. Pendergrass introduced agenda item *Internal Audit Division Reports*. Mr. Jared Crawford reviewed the *Investment Compliance Report*. Ms. Kristen Coffey provided details on the following reports: *Internal Audit Budget, Anonymous Reports, Update on Retirement System Board Elections and Update on Status of Current Internal Audits*. These were presented for informational purposes only.


Ms. Kristen Coffey provided the *Updated Audit Plan* to the Committee. Mr. Fulkerson moved and was seconded by Mr. Brothers to accept the plan as presented. The motion passed unanimously.

Ms. Kristen Coffey reviewed the *Articles of Interest* with the Committee.

There being no further business a motion was made by Mr. Fulkerson and seconded by Mr. Brothers to adjourn the meeting at 12:30 p.m. The next meeting of the Audit Committee is scheduled for 10:00 a.m. on May 7, 2020. Copies of all documents presented are incorporated as part of the minutes of the Audit Committee meeting as of February 6, 2020.

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 6, 2020 were approved by the Audit Committee on May 7, 2020


Committee Chair

I have reviewed the Minutes of the Audit Committee Meeting on February 6, 2020 for form, content, and legality.


Interim Executive Director
Office of Legal Services