

**Kentucky Public Pensions Authority  
Audit Committee – Special Meeting  
July 26, 2023, at 10:00 AM EST (9:00 AM  
CT) Live Video Conference/Facebook  
Live**

**AGENDA**

- |  |                       |
|--|-----------------------|
| <b>1. Call to Order</b>  | <b>William O'Mara</b> |
| <b>2. Opening Statement</b>  | <b>Legal Services</b> |
| <b>3. Roll Call</b>  | <b>Sherry Rankin</b>  |
| <b>4. Public Comment</b>   | <b>Sherry Rankin</b>  |
| <b>5. Approval of Minutes – June 21, 2023*</b>   | <b>William O'Mara</b> |
| <b>6. Conversion of job description from Division Director of Internal Audit to Chief Auditor*</b> | <b>William O'Mara</b> |
| <b>7. Adjourn*</b>   | <b>William O'Mara</b> |

***\*Committee Action May Be Taken***

**MINUTES OF MEETING  
KENTUCKY PUBLIC PENSIONS AUTHORITY  
SPECIAL CALLED AUDIT COMMITTEE  
JUNE 21, 2023, 1:00 P.M., E.T.  
VIA LIVE VIDEO TELECONFERENCE**

At the June 21, 2023 Special Called Meeting of the Audit Committee of the Kentucky Public Pensions Authority, the following Committee members were present: William O'Mara (Chair), Betty Pendergrass, Lynn Hampton, and William Summers, V. Staff members present were CERS CEO Ed Owens, III, KRS CEO John Chilton, David Eager, Erin Surratt, Michael Board, Victoria Hale, Lori Casey, Steve Willer, Ann Case, Michael Lamb, Connie Davis, Elizabeth Smith, Kristen Coffey, Madeline Perry, William Prince, Melinda Wofford, Matthew Daugherty, Riley Morris, Ashley Gabbard, Shaun Case, Katie Park, and Sherry Rankin.

Mr. O'Mara called the meeting to order.

Mr. Board read the Opening Video Teleconference Statement.

Ms. Rankin called roll.

There being no **Public Comment** received, Mr. O'Mara introduced the agenda item **Approval of Minutes – May 25, 2023, and June 1, 2023** (Video 00:08:22 to 00:08:57). Ms. Hampton made a motion to approve the minutes as presented. The motion was seconded by Mr. Summers and passed unanimously.

Mr. O'Mara introduced the agenda item **Implementation of HB 587** (Video - Part 1 - 00:08:58 to 01:44:17). Mr. Board recapped the progress of the implementation of HB 587 and advised of the remaining action items required to implement the legislature.

Ms. Kristen Coffey presented the amended Charter for the KPPA Audit Committee. She reviewed each proposed change to the Charter. The Committee made several determinations regarding these proposed changes and requested other amendments. Ms. Pendergrass made a motion to approve the Charter for the KPPA Audit Committee and to present it to the KPPA as

amended. The motion was seconded by Ms. Hampton passed unanimously.

Next, the Chief Auditor Position Description was presented. Ms. Lori Casey stated that the presented Position Description was written in collaboration with Ms. Coffey and the KPPA Executive Staff. Ms. Casey advised that the Position Description may be edited in the future, if needed.

Ms. Pendergrass made a motion to accept the Position Description for the Chief Auditor as presented in the Position Description Worksheet and recommend it to the KPPA. Mr. Summers seconded the motion.

Mr. Board noted a typographical error in Task 6 of the Position Description. Therefore, Ms. Pendergrass made an amended motion to accept the Position Description for the Chief Auditor as amended in the Position Description Worksheet and recommend it to the KPPA. Mr. Summers seconded the amended motion and the motion passed unanimously.

Mr. O'Mara inquired whether the Committee wished to discuss the administrative reporting for the Chief Auditor position. Ms. Pendergrass suggested that the KPPA Audit Committee make a recommendation to the Authority for the appointment of the Chief Auditor. The KPPA would be responsible for fleshing out details associated with the appointment, said Ms. Pendergrass.

Ms. Hampton made a motion to appoint Kristen Coffey as the Chief Auditor and forward the recommendation to the KPPA for ratification. Ms. Pendergrass seconded the motion and the motion passed unanimously.

Lastly, Ms. Coffey presented the amended Charter for the KPPA Division of Internal Audit and reviewed each change with the KPPA Audit Committee. There was extensive discussion surrounding these amendments.

***Implementation of HB 587 (Video - Part 2 - 00:00:12 to 00:37:44)***

The Facebook live stream was temporarily disconnected; however, connection was reestablished in less than 30 minutes and the meeting resumed. Ms. Coffey continued with her

presentation of the amended Charter for the KPPA Division of Internal Audit. The KPPA Audit Committee continued with their discussion of the proposed changes to the Charter.

The Committee agreed that additional work was needed on the Charter for the KPPA Division of Internal Audit. Therefore, it was decided to further review the Charter at the next scheduled meeting of the KPPA Audit Committee on August 24, 2023.

*\*\*\*Ms. Pendergrass exited the meeting\*\*\**

There being no further business, Mr. O'Mara *adjourned* the meeting.

*The remainder of this page left blank intentionally.*

## 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.

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Recording Secretary

I, as Chair of the Audit Committee of the Kentucky Public Pensions Authority, do certify that the Minutes of the meeting held on June 21, 2023, were approved by the Audit Committee on July 26, 2023.

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Committee Chair

I have reviewed the Minutes of the Audit Committee Meeting on June 21, 2023, for form, content, and legality.

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Executive Director  
Office of Legal Services



## Kentucky Public Pensions Authority

### Internal Audit Administration



To: Members of the KPPA Audit Committee

From: Kristen N. Coffey, CICA  
Division Director, Internal Audit Administration

Date: July 26, 2023

Subject: Chief Auditor Job Description

Thank you for giving me the opportunity to discuss the statements that were made at the KPPA Board meeting on June 28, 2023. Below is my attempt to clarify my comment that the Chief Auditor position is a substantial change from the Division Director position. Given that the current Division Director job description is similar to the proposed Chief Auditor job description, I can see why my comment may have been the source of confusion. Please know this was not my intent. Given the time constraints of the meeting, I was not able to fully explain my stance and for that I apologize.

The Chief Auditor job description approved by the Audit Committee on June 21, 2023, is accurate. I agree with the duties outlined and am not requesting or recommending any changes. It is my understanding that the Chief Auditor has two primary goals. These goals, identified below, are vital, reasonable, and what I would expect of the individual leading the Division of Internal Audit.

1. Develop a risk assessment program, as required by auditing standards, to help identify areas of risks and recommend ways to mitigate these risks.
2. Evaluate the KPPA internal control system utilizing COSO guidance.

Historically, the Division of Internal Audit has only had two or three employees. As a result, the Division Director has served in more of an "Internal Audit Supervisor" role, rather than a Division Director role. While serving as Division Director at KPPA, a majority of my time has been spent on tasks that would normally be completed by audit staff, rather than a Division Director – performing audits and documenting our procedures. In the past year, the internal audit team has grown. Since the team members are in entry level positions, most of my time has been spent on training the new employees on the proper audit procedures. Newer staff also require closer supervision than an experienced auditor would require.

The overall job description of the Division Director and the Chief Auditor are similar. However, the daily tasks currently being performed by the Division Director do not seem to be the daily tasks expected to be performed by the Chief Auditor. The Chief Auditor will be responsible for the "big picture" tasks as opposed to the detailed, day-to-day work, which is consistent with other Executive and Division Director roles. The job description approved by the Audit Committee allocates 70% of the Chief Auditor's time to functional activities and 30% of the time to administrative tasks. Functional activities are those tasks related to assessing risks; evaluating internal controls; making recommendations to help mitigate risks, improve internal controls, and/or identify areas of non-compliance; etc. Administrative duties are those activities related

to staff oversight (e.g., training, reviewing, and evaluating staff). During fiscal year 2023, 35% of my time was spent on functional activities; the rest of my time was allocated to staff oversight and other administrative tasks. Additionally, House Bill 587 adds responsibilities to the Chief Auditor role that are not required of the current head of the internal audit division:

1. Report directly to the trustees of the Kentucky Public Pensions Authority.
  - a. As recommended by auditing standards, the Charter for the Division of Internal Audit established a functional reporting line to the Audit Committee and an administrative reporting line to the KPPA Executive Director. However, there was no statutory requirement for the Division Director to report to Trustees.
2. Work with the CERS and KRS CEOs.
  - a. The Division Director is not statutorily required to work with the CEOs of CERS or KRS.
3. Serve as the Appointing Authority for staff under the direct supervision of the Internal Auditor.
  - a. No one within the internal audit department currently serves as an Appointing Authority.

During the required annual evaluation, in order for the Chief Auditor to successfully meet the tasks outlined in the job description, the Charter for the Division of Internal Audit, and the new statutorily required responsibilities, the Chief Auditor will need to greatly reduce the amount of time being spent in the "Internal Audit Supervisor" role.

I hope this clarifies my comments, and again, I regret the misunderstanding during the KPPA Board meeting on June 28, 2023. I look forward to working with the Audit Committee and the KPPA Board as we move forward with the implementation of House Bill 587.



# Kentucky Personnel Cabinet Position Description

**Position Number: 31044863 - Division Director**  
**Position Description Effective Date: 07/21/2022 to 12/31/9999**

Employee Name	Personnel Number	Supervisor Position Number
[REDACTED]	[REDACTED]	31155979
Organizational Title	Organizational ID	Organizational Short Text
Division of Internal Audit Admin	10200764	31100
Employee Group	Personnel Subarea	Employee Effective Date
A - 18A	1000 - FT Exempt	01/16/2018 to 12/31/9999
Job Title	Job ID	Job Short Text
Division Director	20001933	01600V170916
Pay Grade		
00		

**Statement of Duties: Briefly state the main function of the job**

Evaluates accounting, financial, and other operational activities as an independent appraisal function as appropriate. Provides direction for all areas of Internal Audit within the Kentucky Public Pensions Authority (KPPA). Establishes the internal audit activity's function and responsibilities. Establishes and documents procedures and oversees management of the internal audit activity. Reports internal audit activities to management, Investment Committee, Audit Committee, and the Board of Trustees; and performs other duties as required.

**Task No:1**

Formulates internal audit programs in order that all aspects of transactions are audited. Prepares risk analysis and annual audit plan. Develops an effective team of competent subordinates who understand, and are able to discharge the obligations of their positions/jobs. Supervises and directs audit staff. Reviews, corrects, and comments on staff work scopes, plans, work papers and reports.

25%

**Task No:2**

Ensures effective management of the financial resources of KPPA and that all operations are within the policies and plans as laid down by management, Board Policies and Statutes. Prepares audit programs and conducts audits.

25%

**Task No:3**

Prepares reports containing observations, comments and recommendations for management and the Board based on carried out work. Reports audit findings and recommendations to management, Investment Committee, Audit Committee, and the Board of Trustees. Assists the Audit Chair in Audit Committee Meeting Preparation and follow up.

20%

**Task No:4**

Maintains employee records. Approves leaves, overtime requests, and timesheets. Provides development, coaching and feedback to staff including time management and attendance. Ensures completion of performance evaluations. Recommends personnel actions.

10%





# Kentucky Personnel Cabinet Position Description

**Position Number: 31044863 - Division Director**  
**Position Description Effective Date: 07/21/2022 to 12/31/9999**

**Task No:5**

Participates in all meetings of the Investment, and Retiree Health Care Committees involving consideration of policy/procedures formulation matters and other allied matters relating to the overall operations of KPPA.

10%

**Task No:6**

Liaising with the external auditors in order that both external and internal audit functions will be carried out efficiently and effectively with minimum duplication of efforts.  
 Facilitates reviews, and coordinates audits with external auditors or others as necessary.

5%

**Task No:7**

Performs other duties as assigned.

5%

Total Percentage 100%

Does the incumbent of this position conduct performance appraisals on subordinate employees?  No  Yes

If yes, list ALL JOB Titles(s) and Position Number(s) supervised.

Retirement Investment Specialist II 31121830  
 Auditor 31125885  
 Auditor 31135540

Does the incumbent of this position supervise employees, inmates, interim employees, etc. which do not require the completion of a performance appraisal?  No  Yes

If yes, list all employees supervised and indicate the relationship to incumbent.

**Are there any essential functions of this position that require an incumbent to:**

Select Check Box to indicate as YES

Maintain a valid driver's license?

May be required to carry and/or use a firearm?

Lift heavy objects or work in uncomfortable positions for extended periods of time?

Be exposed to dangerous working conditions including rough terrain?

Frequently communicate in person or by other means of technology?

Spend a major portion of time using a computer?

Be exposed to contagious diseases?

Work overtime or alternate work schedules?



# Kentucky Personnel Cabinet Position Description

**Others – Please Describe:**

Travel may be required

Position Description printed: 07/19/2023



## Worksheet - POSITION DESCRIPTION - Worksheet



This is NOT an official Personnel Cabinet Position Description form. ONLY a medium to provide the Position Description information to the agency contact with access to the official Personnel Cabinet's Position Description form in KHRIS.

Org Unit ID:	40200764-10202966	Position:	TBD
Job Number:	20001933 TBD	Job Title:	
Position Title:	Division Director New position title?		
Org Unit Title:	Division of Internal Audit Kentucky Public Pensions Authority		
<input checked="" type="checkbox"/> Is Chief of Org Unit?			
Personnel Area:	(0001) Executive	Personnel SubArea:	(1000) FT Exempt
Employee Group:	B- Non-Chapter	Employee SubGroup:	ASC Salary 37.5
Pay Grade Type:	Salaried 37.5 Hrs	Pay Grade Area:	
Grade:	00	Level (if applicable):	
<input checked="" type="checkbox"/> Unclassified?			
If unclassified, provide Working Title:		Chief Auditor	
<input checked="" type="checkbox"/> Included in CAP			
<input type="checkbox"/> Not Included in Cap			
Work County:	FRANKLIN		
Function Group:	Kentucky Public Pensions Authority		
Time Approver:			
Cost Center:	3110000000		
Supervisor Pos No:			
Order Number:			
WBS Element:			
Functional Area:			
Remarks:			
Statement of Duties (Briefly state the main function of this position):			
Evaluates accounting, financial, and other operational activities as an independent appraisal function as appropriate. Provides direction for all areas of Internal Audit within the Kentucky Public Pensions Authority (KPPA). Establishes the internal audit activity's function and responsibilities. Establishes and documents procedures and oversees management of the internal audit activity. Reports internal audit activities to management, Investment Committee, Audit Committee, and the Board of Trustees; and performs other duties as required. <b>The Chief Auditor of the Kentucky Public Pensions Authority Board (Authority) shall assist the Authority in fulfilling their fiduciary duties. The Chief Auditor shall institute a systematic, disciplined approach to evaluate the effectiveness of internal controls of the Authority's governance structure. Work shall be performed in accordance with the Division of Internal Audit Charter and with guidance established by the Institute of Internal Auditors.</b>			
List up to (7) primary tasks and duties performed by this position. Begin with the most important duty. Enter the % assigned for each task or duty. Total percentage for all entered tasks must be 100%.			
Task 1:	Formulates internal audit programs in order that all aspects of transactions are audited. <b>In conjunction with the Audit Committee, and KPPA staff, develop and maintain annual risk analysis assessment and annual audit plan. Prepare reports containing observations and recommendations. Present reports to Audit Committee, the Authority, and KPPA management. As needed, present reports to the CERS and KRS Boards or their Committees (e.g. Investment Committees). Prepare materials for Audit Committee meetings. Develops an effective team of competent subordinates who understand, and are able to discharge the obligations of their positions/jobs. Supervises and directs internal audit staff. Reviews, corrects, and comments on staff work scopes, plans, work papers, and reports.</b>	25	45 %

Task 2:	Ensures effective management of the financial resources of KPPA and that all operations are within the policies and plans as laid down by management, Board Policies and Statutes. Prepares audit programs and conducts audits. <del>Participate in meetings (Board, Committee, or agency) involving creation of policies, procedures, or other matters relating to the overall operations of the Authority to ensure effective management of financial resources and to ensure operations are within statutes, regulations, and Authority policies. Participate on working groups formed to investigate fraud, waste, or abuse at KPPA.</del>	25	20	%
Task 3:	Prepares reports containing observations, comments and recommendations for management and the Board based on carried-out work. Reports audit findings and recommendations to management, Investment Committee, Audit Committee, and the Board of Trustees. Assists the Audit Chair in Audit Committee Meeting Preparation and follow up. <del>Maintain employee records. Approve leave, overtime requests, and timesheets. Provide development, coaching and feedback to staff including time management and attendance. Ensure completion of performance evaluations. Recommend personnel actions.</del>	20	10	%
Task 4:	Maintains employee records. Approves leaves, overtime requests, and timesheets. Provides development, coaching and feedback to staff including time management and attendance. Ensures completion of performance evaluations. Recommends personnel actions. <del>Serves as first level support for audit software utilized by Division of Internal Audit. This includes training new employees on how to use the program. Create standard work paper templates to be utilized by staff and ensure the most recent templates are available in audit software program.</del>	10		%
Task 5:	Participates in all meetings of the Investment, and Retiree Health Care Committees involving consideration of policy/procedures formulation matters and other allied matters relating to the overall operations of KPPA. <del>Ensure proper staffing of the Division of Internal Audit. Ensure all internal audit staff receive required number of annual training hours.</del>	5		%
Task 6:	Liaising with the external auditors in order to ensure that both the external and internal audit functions will be carried out efficiently and effectively with minimum duplication efforts accomplish the goal of working solely in the interest of the beneficiaries and participants of the County Employees Retirement System, Kentucky Employees Retirement System, and State Police Retirement System. <del>Facilitates reviews, and coordinates audits with external auditors or others as necessary.</del>	5		%
Task 7:	Performs other duties as assigned.	5		%
Total Percentage:		100		%
The supervisor must certify that the information listed is, to the best of his/her knowledge, complete and accurate, and if the position is filled the employee has reviewed the information contained herein.				
Supervisor ID (who certifies that the above statement is true):				
Supervisor Name:				
Does the incumbent of this position conduct performance appraisals on subordinate employees?		<input checked="" type="checkbox"/>	[ YES	[ NO
If yes, list <u>ALL</u> Job Title(s) and Position Number(s) supervised:				
Internal Auditor - 31150866 Auditor I - 31135540 Auditor II - 31125885 Retirement Investment Specialist II - 31121830				
Does the incumbent of this position supervise employees, inmates, interim employees, etc.. Which do not require the completion of a performance appraisal?		<input checked="" type="checkbox"/>	YES	NO
If yes, list <u>ALL</u> employees supervised and indicate the relationship to incumbent.				
Position 31141858 - Co-op/Intern				
Are there any essential functions of this position that require an incumbent to:  (Select check box(es) to indicate as "YES")				

	Maintain a valid driver's license?
	May be required to carry and/or use a Firearm?
	Lift heavy objects or work in uncomfortable positions for extended periods of time?
	Be exposed to dangerous working conditions including rough terrain?
X	Frequently communicate in person or by other means of technology?
X	Spends a major portion of time using a computer?
	Be exposed to contagious disease?
X	Work overtime or alternate work schedules?
Additional Information:	
Travel may be required.	
<b>Submission/Responsibility</b>	

In accordance with 101 KAR 2:020 Section 4, I certify that these duties and tasks and all other information contained herein are true and accurate. I understand that submitting false information can lead to disciplinary action, up to and including dismissal.

Supervisor responsible for this position:

_____	_____	_____
Printed Name:	Signature:	Date

Printed Title: \_\_\_\_\_

[Electronic signatures are equivalent to written signatures, pursuant to KRS 369.118]

**TO BE COMPLETED/FILLED-IN AFTER PROCESSING:**

Date Entered: \_\_\_\_\_

Entered By: \_\_\_\_\_

Comments: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

PC/DHRA/DEM/CC

Revised: February 2020



## Worksheet - POSITION DESCRIPTION - Worksheet



This is NOT an official Personnel Cabinet Position Description form. ONLY a medium to provide the Position Description information to the agency contact with access to the official Personnel Cabinet's Position Description form in KHRIS.

Org Unit ID:	10200764	Position:	
Job Number:		Job Title:	Chief Auditor
Position Title:	Chief Auditor		
Org Unit Title:	Division of Internal Audit		
<input type="checkbox"/> Is Chief of Org Unit?			
Personnel Area:	(0001) Executive	Personnel SubArea:	(1000) FT Exempt
Employee Group:	G- Pers Srv Ctr-No BN	Employee SubGroup:	C Salary 37.5
Pay Grade Type:	Salaried 37.5 Hrs	Pay Grade Area:	
Grade:	00	Level (if applicable):	
<input type="checkbox"/> Unclassified?			
If unclassified, provide Working Title:		Chief Auditor	
<input type="checkbox"/> Included in CAP		<input type="checkbox"/> Not Included in Cap	
Work County:	FRANKLIN		
Function Group:	Kentucky Public Pensions Authority		
Time Approver:			
Cost Center:	3110000000		
Supervisor Pos No:			
Order Number:			
WBS Element:			
Functional Area:			
Remarks:			
Statement of Duties (Briefly state the main function of this position):			
<p>The Chief Auditor of the Kentucky Public Pensions Authority Board (Authority) shall assist the Authority in fulfilling their fiduciary duties. The Chief Auditor shall institute a systematic, disciplined approach to evaluate the effectiveness of internal controls of the Authority's governance structure. Work shall be performed in accordance with the Division of Internal Audit Charter and with guidance established by the Institute of Internal Auditors.</p>			
List up to (7) primary tasks and duties performed by this position. Begin with the most important duty. Enter the % assigned for each task or duty. Total percentage for all entered tasks must be 100%.			

KPPA Audit Committee Meeting - Conversion of job description from Division Director of Internal Audit to Chief Auditor

Task 1:	In conjunction with the Audit Committee, and KPPA staff, develop and maintain annual risk assessment and audit plan. Prepare reports containing observations and recommendations. Present reports to Audit Committee, the Authority, and KPPA management. As needed, present reports to the CERS and KRS Boards or their Committees (e.g. Investment Committees). Prepare materials for Audit Committee meetings. Supervises and directs internal audit staff. Review, correct, and comment on staff work scopes, plans, work papers, and reports.	45	%
Task 2:	Participate in meetings (Board, Committee, or agency) involving creation of policies, procedures, or other matters relating to the overall operations of the Authority to ensure effective management of financial resources and to ensure operations are within statutes, regulations, and Authority policies. Participate on working groups formed to investigate fraud, waste, or abuse at KPPA.	20	%
Task 3:	Maintain employee records. Approve leave, overtime requests, and timesheets. Provide development, coaching and feedback to staff including time management and attendance. Ensure completion of performance evaluations. Recommend personnel actions.	10	%
Task 4:	Serves as first level support for audit software utilized by Division of Internal Audit. This includes training new employees on how to use the program. Create standard work paper templates to be utilized by staff and ensure the most recent templates are available in audit software program.	10	%
Task 5:	Ensure proper staffing of the Division of Internal Audit. Ensure all internal audit staff receive required number of annual training hours.	5	%
Task 6:	Liaise with external auditors in order to ensure that both the external and internal audit functions accomplish the goal of working solely in the interest of the beneficiaries and participants of the County Employees Retirement System, Kentucky Employees Retirement System, and State Police Retirement System.	5	%
Task 7:	Performs other duties as assigned.	5	%
Total Percentage:		100	%
The supervisor must certify that the information listed is, to the best of his/her knowledge, complete and accurate, and if the position is filled the employee has reviewed the information contained herein.			
Supervisor ID (who certifies that the above statement is true):			
Supervisor Name:			
Does the incumbent of this position conduct performance appraisals on subordinate employees?		[ YES	[ NO
If yes, list <u>ALL</u> Job Title(s) and Position Number(s) supervised:			
Internal Auditor - 31150866 Auditor I - 31135540 Auditor II - 31125885 Retirement Investment Specialist II - 31121830			

Does the incumbent of this position supervise employees, inmates, interim employees, ect. Which do not require the completion of a performance appraisal?	YES	NO
If yes, list <u>ALL</u> employees supervised and indicate the relationship to incumbent.		
Are there any essential functions of this position that require an incumbent to: (Select check box(es) to indicate as 'YES')		
Maintain a valid driver's license? May be required to carry and/or use a Firearm? Lift heavy objects or work in uncomfortable positions for extended periods of time? Be exposed to dangerous working conditions including rough terrain? Frequently communicate in person or by other means of technology? Spends a major portion of time using a computer? Be exposed to contagious disease? Work overtime or alternate work schedules?		
Additional Information:		
Travel may be required.		
<b>Submission/Responsibility</b>		

In accordance with 101 KAR 2:020 Section 4, I certify that these duties and tasks and all other information contained herein are true and accurate. I understand that submitting false information can lead to disciplinary action, up to and including dismissal.

Supervisor responsible for this position:

Printed Name: \_\_\_\_\_ Signature: \_\_\_\_\_ Date \_\_\_\_\_

Printed Title: \_\_\_\_\_

[Electronic signatures are equivalent to written signatures, pursuant to KRS 369.118]

**TO BE COMPLETED/FILLED-IN AFTER PROCESSING:**

Date Entered: \_\_\_\_\_  
 Entered By: \_\_\_\_\_

Comments: \_\_\_\_\_

\_\_\_\_\_

PC/DHRA/DEM/CC  
 Revised: February 2020



**From:** [Board, Michael \(KPPA\)](#)  
**To:** [Webber, Russell \(State Rep.\) \(LRC\)](#)  
**Subject:** HB 587  
**Date:** Tuesday, May 2, 2023 3:14:00 PM  
**Attachments:** [image001.gif](#)

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Good afternoon Representative Webber:

As the Executive Director of Legal Services at KPPA, it is my responsibility to ensure that the agency properly implements legislation. As we work to implement HB 587 from the 2023 Session of the Kentucky General Assembly, one very pertinent question has arisen. Prior to HB 587, the Division Director of the Division of Internal Audit reported to an Audit Committee regarding audit activities and functions and reported to the KPPA Executive Director regarding administrative issues, i.e. timesheet approval, leave time, flex schedules, etc.

It is understood that HB 587 removed from the Executive Director the authority to hire/fire the KPPA Internal Auditor. The question that is being debated is whether HB 587 also changed the reporting structure described above; is the KPPA Board now responsible for the administrative oversight of the KPPA Internal Auditor?

It is not our experience that the Trustees are involved with the day-to-day administrative oversight, but we absolutely want to properly implement the requirements of HB 587. I am available to discuss this matter at your convenience.

Thank you,

*Michael W. Board*

Executive Director, Office of Legal Services  
Kentucky Public Pensions Authority  
1260 Louisville Road  
Frankfort, Ky 40601  
502-696-8800 (Main) | 502-696-8647 (Office)  
[Michael.board@kyret.ky.gov](mailto:Michael.board@kyret.ky.gov)



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Please remember, in an effort to protect confidential information, **never email confidential information about yourself or anyone else, such as full name, date of birth, address, Social**

***Security number, driver's license number, KRS Member ID, KRS PIN, health, medical, financial, or personnel information unless you are sending it as encrypted message through the KRS Secure Email Portal.***

When emailing confidential information to KPPA, you must use the [KPPA Secure Email Portal](#). The portal uses strong encryption to safeguard the confidentiality of email communications. The KPPA Secure Email Portal User Manual can be found on the KPPA website at [Secure Email Portal User Manual](#).

**From:** [Webber, Russell \(State Rep.\) \(LRC\)](#)  
**To:** [Board, Michael \(KPPA\)](#)  
**Cc:** [Abney, Shelley \(LRC\)](#)  
**Subject:** [External] HB 587  
**Date:** Thursday, May 11, 2023 8:50:13 AM

This message has originated from an **External Source**. Please use proper judgment and caution when opening attachments, clicking links, or responding to this email.

Good morning Mr. Board:

Thank you for contacting me regarding HB 587. While drafting the legislation, the goal was to move the position of the internal auditor, without creating a duplicative position, to report to the Kentucky Public Pensions (KPPA) board, while being free from interference. Similar to the executive director of KPPA, the board can hire and fire this position. I'm not sure how the board handles the executive director's flex schedule, timesheet approval, leave requests, or other similar questions but if the KPPA board does not want to directly handle it, or if the KPPA board chair does not want to handle it, I would suggest the board create a policy to designate it to an appropriate staff member for oversight, such as the executive director, HR director, etc. I want to stress we did not intend to create an additional position for another auditor but to statutorily ensure the structure is in place for the internal auditing standards to be followed for the job duty. The KPPA was the appropriate board since it is a statutory committee comprised of both CERS and KRS members whereas the audit committee is not a statutory committee. Again, thank you for the opportunity to provide comment. Please let me know if I can be of further assistance.

Sincerely,

Russell Webber  
State Representative  
26<sup>th</sup> District