

**MINUTES OF MEETING  
COUNTY EMPLOYEES RETIREMENT SYSTEM  
AND KENTUCKY RETIREMENT SYSTEMS  
BOARD OF TRUSTEES JOINT AUDIT COMMITTEE  
MAY 25, 2023, 10:00 A.M., E.T.  
VIA LIVE VIDEO TELECONFERENCE**

At the May 25, 2023 meeting of the Joint Audit Committee of the Board of Trustees of the County Employees Retirement System and the Kentucky Retirement Systems, the following Committee members were present: William O'Mara (Chair), Betty Pendergrass, Lynn Hampton, and William Summers, V. Staff members present were David Eager, Rebecca Adkins, Erin Surratt, Michael Board, Victoria Hale, Carrie Bass, Michael Lamb, Connie Davis, Connie Pettyjohn, Kristen Coffey, Madeline Perry, Matthew Daugherty, Melinda Wofford, William Prince, Riley Morris, Steve Willer, Ann Case, Elizabeth Smith, Phillip Cook, Katie Park, and Sherry Rankin. Others present included CERS CEO Ed Owens, III and KRS CEO John Chilton.

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*, Mr. O'Mara introduced the agenda item *Approval of Minutes – February 28, 2023 (Video 00:14:02 to 00:15:02)*. Ms. Hampton made a motion and was seconded by Ms. Pendergrass to approve the minutes as presented. The motion passed unanimously.

Mr. O'Mara introduced the agenda item *Financial Reporting Updates (Video 00:15:03 to 00:30:38)*. Mr. Lamb reviewed the Combining Statement of Fiduciary Net Position of the Pension Funds as of March 31, 2023. Next, Mr. Lamb briefly reviewed the Combining Statement of Changes in Fiduciary Net Position of the Pension Funds for the nine-month period ending March 31, 2023, Combining Statement of Fiduciary Net Position of Insurance Funds as of March 31, 2023, and the Combining Statement of Changes in Fiduciary Net Position of Insurance Funds for the nine-month period ending March 31, 2023, with the Joint Audit

Committee. Mr. Lamb went on to present the CERS, KERS, and SPRS Pension and Insurance Funds Contribution Reports for nine-month period ending March 31, 2023. Lastly, he presented the KPPA Administrative Budget FY 2022-2023 and JP Morgan Chase Credit Earnings and Fees report for the nine-month period ending March 31, 2023.

Mr. O'Mara introduced the agenda item *Joint Audit Committee Administrative Updates (Video 00:30:39 to 00:58:19)*. Ms. Carrie Bass reviewed the provided a summary of potential disclosures for the 4<sup>th</sup> quarter of calendar year 2022 and the 1<sup>st</sup> quarter of 2023. She also briefly reviewed the anonymous tips report which provides updated information on tips relating to fraud, waste, and abuse against the Kentucky Retirement Systems prior to April 1, 2021, or the Kentucky Public Pensions Authority on and after April 1, 2021. Ms. Bass stated that the anonymous tips report would be presented by Ms. Stephanie Hold moving forward. Ms. Hold recently joined the KPPA Office of Legal Services and brings a wealth of knowledge and experience to KPPA, said Ms. Bass.

Ms. Kristen Coffey presented the FY 2023 Internal Audit Budget as of March 31, 2023. Ms. Coffey highlighted three corrected calculation errors. She also reviewed the Status of Current Internal Audit Projects. Ms. Coffey announced that an intern had recently joined the KPPA Division of Internal Audit.

Next, Ms. Coffey presented the FY 2024 Audit Plan and requested that the Committee approve items 1-10 or items 5 and 7. Ms. Hampton made a motion to approve items 5 and 7 of the presented FY 2024 Audit Plan. After brief discussion, Ms. Hampton withdrew her motion. Ms. Pendergrass made a motion to adopt items 1-10 on the FY 2024 Audit Plan. Ms. Hampton seconded the motion and the motion passed unanimously.

The KPPA Internal Audit Risk Assessment Report was also reviewed. It was requested that KPPA Staff as well as Trustees be able to provide input moving forward. Ms. Coffey stated that Trustees would be included in the next round of risk assessment. Lastly, Open Findings and Recommendations were presented by Ms. Coffey. Mr. Matthew Daugherty presented the final audit report for Accuracy of Information Sent to Humana and Department of Employee Insurance (DEI) to the Committee. Ms. Madeline Perry presented the final audit report for Plan Liquidity – Phase 3.

Mr. O'Mara introduced the agenda item *Update on Structure of Audit Committee (Video 0:58:20 to 01:02:15)*. Mr. Board provided a brief verbal update on the Structure of Audit Committee. He reported that the KPPA Audit Committee has been meeting to finalize the implementation of HB 587. Since the FY 2024 Audit Plan was approved, this is the last meeting of the Joint Audit Committee, said Mr. Board. The KPPA Audit Committee will take over the reporting and oversight of the audit functions after June 29, 2023.

Mr. O'Mara introduced the agenda item *Professional Article (Video 00:58:20 to 01:07:09)*. Ms. Coffey provided the Committee with an article entitled Strengthening Corporate Governance with Internal Audit. Ms. Perry presented an informational write-up celebrating Internal Audit Awareness month.

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

## 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 KPPA Audit Committee of the Board of Trustees of the County Employees Retirement System and the Kentucky Retirement Systems, do certify that the Minutes of the meeting held on May 25, 2023, were approved by the KPPA Audit Committee on June 21, 2023.

  
Committee Chair

I have reviewed the Minutes of the Joint Audit Committee Meeting on May 25, 2023, for form, content, and legality.

  
Executive Director  
Office of Legal Services