

**MINUTES OF MEETING
BOARD OF TRUSTEES AUDIT COMMITTEE
KENTUCKY RETIREMENT SYSTEMS
MAY 2, 2013, 9:00 A.M., E.T.
1270 LOUISVILLE ROAD, FRANKFORT, KENTUCKY 40601**

At the May 2, 2013 meeting of the Audit Committee of the Board of Trustees, the following Committee members were present: Bobby Henson, Chair; Daniel Bauer, Betty Pendergrass, and Scott McKenzie as proxy for Tim Longmeyer. Staff members present were: William Thielen, TJ Carlson, Karen Roggenkamp, Jennifer Jones, Todd Coleman, Connie Davis, Ann Case, Erica Bradley, Alpa Vyas and Leigh Taylor. Mary Tobin Snedegar was 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 with noted corrections of the February 7, 2013 Audit Committee meeting. The motion passed unanimously.

Mr. Henson introduced the agenda item *Election of Audit Committee Vice Chair*. Following discussion, the item was tabled as unnecessary at this time.

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

Chad Harpole entered the meeting during this discussion.

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

Mr. Henson introduced the agenda item *Statewide Single Audit*. Ms. Davis presented the report to 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 new and ongoing anonymous report investigations. This report was presented for informational purposes only.

Mr. Henson introduced the agenda item *Review of Death Audit Utilizing the Quarterly PBI Death Report*. Ms. Davis reviewed the audit findings, and KRS responses for the Committee. Ms. Pendergrass moved and was seconded by Dr. Bauer to accept the audit. The motion passed unanimously.

Tyler Campbell entered the meeting.

Mr. Henson introduced the agenda item *Review of Recurring Payroll*. Ms. Davis reviewed the audit findings and KRS responses for the Committee. Ms. Pendergrass moved and was seconded by Mr. McKenzie to accept the audit. The motion passed unanimously.

Mr. Henson introduced the agenda items *Accounting Review Update* and *Review of Investment Compliance Report*. Ms. Case provided the quarterly results to the Committee. These reports were presented for informational purposes only.

Mr. Henson introduced the agenda item *Annual Audit Plan for Fiscal Years 2014, 2015, 2016*. Ms. Davis reviewed the audit plan for fiscal years 2014, 2015, 2016 for the Committee and noted that any questions regarding the scope of the audits were welcome. Ms. Pendergrass moved and was seconded by Mr. McKenzie to approve the audit plan. The motion passed unanimously.

Mr. Henson introduced the agenda item *Status of Current Audits Memoranda*. Ms. Davis reviewed 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 results of the CERS election. This report was presented for informational purposes only.

Mr. Henson introduced the agenda item *Special CERS Election Memoranda*. Ms. Davis reviewed the status and the timeline for the upcoming special CERS election. This report was presented for informational purposes only. Mr. Thielen presented a contractual agreement to allow Dean Dorton Allen Ford to provide outside audit services for the special CERS election. Ms. Pendergrass moved and was seconded by Dr. Bauer to authorize DDAF to provide audit services for the CERS special election. The motion passed unanimously.

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.

Mr. Henson introduced the agenda item *Staff Certification*. Ms. Davis provided an update on the new professional certifications of the internal audit staff. This report was presented for informational purposes only.

Mr. Henson introduced the agenda item *APA FYE 2013 Audit*. Ms. Davis reviewed the status of the audit. This report was presented for informational purposes only.

Mr. Henson introduced the agenda item *SEC Formal Inquiry*. Ms. Davis noted there have been no updates from the SEC. 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 August 1, 2013.

Copies of all documents presented are incorporated as part of the minutes of the Audit Committee meeting as of May 2, 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 May 2, 2013 were approved by the Audit Committee on August 1, 2013.



Committee Chair

I, Jennifer A. Jones, have reviewed the Minutes of the Audit Committee Meeting on May 2, 2013, for form, content, and legality.



Interim General Counsel