

**MINUTES OF MEETING  
BOARD OF TRUSTEES AUDIT COMMITTEE  
KENTUCKY RETIREMENT SYSTEMS  
MAY 7, 2015, 9:00 A.M., E.T.  
1270 LOUISVILLE ROAD, FRANKFORT, KENTUCKY 40601**

At the May 7, 2015 meeting of the Audit Committee of the Board of Trustees, the following Committee members were present: Mike Cherry; Chair, Daniel Bauer, Keith Peercy, Mary Helen Peter, David Rich, Randy Stevens, and Scott McKenzie as proxy for Tim Longmeyer. Staff members present were: William Thielen, Karen Roggenkamp, David Peden, Rebecca Stephens, Brian Thomas, Connie Davis, Todd Coleman, Ann Case, Samantha Payne, and Leigh Taylor. Larry Totten was also in attendance.

Mr. Cherry called the meeting to order and introduced the agenda item *Approval of Committee Minutes*. Mr. Stevens moved and was seconded by Ms. Peter to approve the minutes of the February 5, 2015 meeting. The motion passed unanimously.

Mr. Cherry introduced the agenda item *Election of Audit Committee Vice Chair*. Ms. Peter nominated Mr. Rich as vice chair and as there were no other nominations, Mr. Rich was elected by acclamation.

Mr. Cherry introduced the agenda item *Review of Quarterly Financial Statements as of March 31, 2015*. Mr. Coleman reviewed the quarterly financials 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*. Ms. Roggenkamp briefly summarized the updates implemented as a result of audit recommendations. This report was presented for informational purposes only.

Mr. Cherry introduced the agenda item *Review of Statewide Single Audit of the Commonwealth of Kentucky for the Fiscal Year Ended June 30, 2014*. Mr. Coleman reviewed the information for the Committee. This report was presented for informational purposes only.

Mr. Cherry introduced the agenda item *Review of Outstanding Invoices*. Ms. Case updated the Committee on the amounts still unpaid. This report was presented for informational purposes only.

Mr. Cherry introduced the agenda item *GASB 68*. Ms. Roggenkamp noted that Cavanaugh McDonald had assisted KRS in determining the pro-rata share of the unfunded pension liability and pension expense for participating employer. This information has been presented to the APA and an opinion is expected from that office before June 30, 2015. This report was presented for informational purposes only.

Mr. Cherry introduced the agenda item *Review of Internal Audit Budget as of March 31, 2015 and Approval of FYE 2016 Internal Audit Budget*. Ms. Davis reviewed the information for the Committee. Dr. Bauer moved and was seconded by Mr. Stevens to approve the proposed Internal Audit Budget for FYE 2016. The motion passed unanimously.

Mr. Cherry introduced the agenda item *Review of Anonymous Reporting Spreadsheet*. Mr. Thomas reported on the current status of the issues reported through the anonymous website. This report was provided for informational purposes only.

Mr. Cherry introduced the agenda item *Review of the Auditor of Public Accounts 2011 Audit Follow-up*. Ms. Davis reported the results of the review. Mr. Rich moved and was seconded by Ms. Peter to accept the recommendations of the 2011 APA audit follow-up. The motion passed unanimously.

Mr. Cherry introduced the agenda item *Review of Employers Reporting Audit (KRS)*. Ms. Davis reviewed the findings and responses to the Committee. Mr. Stevens moved and was seconded by Mr. McKenzie to approve the results of the audit. The motion passed unanimously.

Mr. Cherry introduced the agenda item *Review of Investment Compliance Report*. Ms. Davis reviewed the quarterly information for the Committee. This report was provided for informational purposes only.

Mr. Cherry introduced the agenda item *Review of Equity Stock International Audit Memo*. Ms. Davis reported on the findings of the audit. Ms. Peter moved and was seconded by Dr. Bauer to approve the findings of the audit. The motion passed unanimously.

Mr. Cherry introduced the agenda item *Annual Audit Plan for Fiscal Years 2016, 2017, and 2018*. Ms. Davis outlined the planned upcoming audits. Mr. Rich moved and was seconded by Mr. McKenzie to accept the report. The motion passed unanimously. Ms. Davis then provided an update on the *Status of Current Audits*. This report was provided for informational purposes only.

Mr. Cherry introduced the agenda item *State Police Employees Retirement System Board Election Memoranda*. Mr. Rich moved and was seconded by Dr. Bauer to accept the external auditor's letter and finalize the results of the SPRS Election. The motion passed unanimously.

Mr. Cherry introduced the agenda item *KRS Administrative Structure, Costs Audit Requests for Proposals*. Mr. Thielen stated that he would be recommending to the full KRS Board that KRS enter into a contract with CEM Benchmarking, Inc. for a benchmarking study of administrative costs and structure. This study would compare KRS to a peer group. This report was provided for informational purposes only.

Mr. Cherry introduced the agenda item *Member Data Security*. Ms. Roggenkamp noted that House Bill 5 would result in changes to reporting disclosures and data breaches. This report was provided for informational purposes only.

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

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There being no further business, the meeting adjourned at 10:18 a.m. The next meeting of the Audit Committee is scheduled for August 27, 2015. Copies of all documents presented are incorporated as part of the minutes of the Audit Committee meeting as of May 7, 2015.

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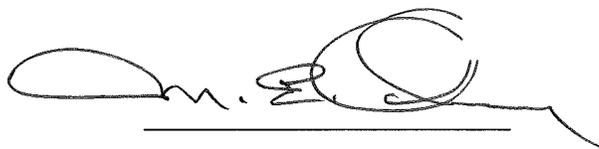
## CERTIFICATION

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 May 7, 2015 were approved by the Audit Committee on August 27, 2015.



Committee Chair

I, Brian C. Thomas, have reviewed the Minutes of the Audit Committee Meeting on May 7, 2015, for form, content, and legality.



General Counsel