

**Kentucky Public Pensions Authority
Audit Committee – Special Meeting
June 21, 2023, at 1:00 PM EST (12:00 PM CT)
Live Video Conference/Facebook Live**

AGENDA

- | | |
|--|-----------------------|
| 1. Call to Order | William O’Mara |
| 2. Opening Statement | Legal Services |
| 3. Roll Call | Sherry Rankin |
| 4. Public Comment | Sherry Rankin |
| 5. Approval of Minutes – May 25, 2023 and June 1, 2023* | William O’Mara |
| 6. Implementation of HB 587* | Michael Board |
| 7. Adjourn* | William O’Mara |

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

**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 4th quarter of calendar year 2022 and the 1st 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

**MINUTES OF MEETING
KENTUCKY PUBLIC PENSIONS AUTHORITY
SPECIAL CALLED AUDIT COMMITTEE
JUNE 1, 2023, 2:00 P.M., E.T.
VIA LIVE VIDEO TELECONFERENCE**

At the June 1, 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 Erin Surratt, Michael Board, Victoria Hale, Lori Casey, Steve Willer, Ann Case, Michael Lamb, Connie Davis, Elizabeth Smith, Kristen Coffey, Madeline Perry, Matthew Daugherty, William Prince, Riley Morris, Ashley Gabbard, Shaun Case, 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 Statement.

Ms. Rankin called roll.

Ms. Rankin advised that one (1) **Public Comment** (Video 00:07:56 to 00:07:51) was received from Ms. Betty Pendergrass, CERS Chair: I respectfully request a moment of silence for Deputy Caleb Conley who was killed in the line of duty last week and is being laid to rest in Scott County today.

Mr. O'Mara led the Committee in a moment of silence to remember Deputy Conley. He extended sincere condolences to the Conley family on behalf of the KPPA Audit Committee and thanked all members in public safety for their service.

Mr. O'Mara introduced the agenda item **Approval of Minutes – May 15, 2023** (Video 00:07:52 to 00:08:19). 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 00:08:20 to 02:06:46). Mr. Board reviewed the proposed KPPA Bylaw Revisions with the Committee. Ms. Pendergrass made a motion to approve the recommended changes to the KPPA Bylaws to be forwarded to the KPPA. Ms. Hampton seconded the motion. There was brief discussion of the delegation of administrative functions such as approval of vacation, timesheets, etc. The motion passed unanimously.

Next, Mr. Board advised that it would be helpful if the Committee adopted the current dates on the calendar for the CERS/KRS Joint Audit Committee for the remainder of 2023. Ms. Pendergrass made a motion to adopt the existing Joint Audit Committee meeting dates. Mr. Summers seconded the motion and the motion passed unanimously.

Ms. Coffey presented the Charter for KPPA Audit Committee. She stated that all requested changes, comments, and feedback received from Committee Members had been incorporated into the presented document. Ms. Coffey reviewed each recommended amendment. There was extensive discussion surrounding Sections III, IV, V, VI, and VII. The Committee directed Ms. Coffey to either accept the presented changes or to further amend the Charter. Ms. Coffey noted all requests of the Committee and stated that the refined Charter would be presented at the next meeting of the KPPA Audit Committee.

Mr. Board noted the next steps and outstanding items needed for the implementation of HB 587.

The next meeting of the KPPA Audit Committee was scheduled for Wednesday, June 21, 2023, at 1:00 p.m.

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

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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 Kentucky Public Pensions Authority, do certify that the Minutes of the meeting held on June 1, 2023, were approved by the Audit Committee on June 21, 2023.

Committee Chair

I have reviewed the Minutes of the Audit Committee Meeting on June 1, 2023, for form, content, and legality.

Executive Director
Office of Legal Services



KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director

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Kentucky Public
Pensions Authority

To: David Eager, KPPA Executive Director
Rebecca Adkins, Deputy Executive Director
Erin Surratt, Executive Director of Benefits
Steve Willer, Executive Director, and Chief Investment Officer
Mike Lamb, Chief Financial Officer
John Chilton, KRS Chief Executive Officer
Ed Owens, CERS Chief Executive Officer
KRS Board of Trustees
CERS Board of Trustees

From: Michael Board, Executive Director, Office of Legal Services

Date: April 4, 2023

Re: Implementation of 23 RS HB 587

House Bill 587 was introduced in the House of Representatives on February 22, 2023, passed both the House and Senate, and was signed by the Governor on March 20, 2023. Per Section 55 of the Kentucky Constitution, HB 587 will become effective ninety (90) days after adjournment of the legislative session. Thus, HB 587 will become effective on June 28, 2023.

HB 587 amends KRS 61.505(8) in the following ways:

- a. The KPPA Board appoints or contracts for an internal auditor
 - i. Previously, as with all other employees of KPPA, the internal auditor was appointed by the KPPA Executive Director
- b. The KPPA Board sets the compensation and other terms of employment for the internal auditor
 - i. The internal auditor is not subject to KRS 18A or KRS 64.640
- c. The internal auditor reports directly to the KPPA Board
- d. The KPPA Board must conduct an annual performance evaluation of the internal auditor
- e. The internal auditor shall work cooperatively with the CEOs of KRS/CERS
- f. The internal auditor has the authority to appoint the employees under their direct supervision

As a result of the changes from this legislation, several things must happen. First and foremost, the CERS/KRS Joint Audit Committee will no longer exist, as the KPPA internal auditor will report directly to the KPPA Board. This will require amendments to the CERS and KRS By-laws to remove the language forming the Joint Audit Committee.

Second, the KPPA Board is faced with several tasks: they must appoint the internal auditor and set the compensation and terms of employment for the internal auditor. The terms of employment should include a position description. The KPPA Board is free to adopt the position description and compensation currently in place, making changes where necessary to reflect the removal of the internal auditor from the provision of KRS 18A, or they may adopt an entirely new position description and compensation. Adoption of a position description is important because the KPPA Board is required to perform an annual performance evaluation of the internal auditor.

The KPPA Board may choose to form an Audit Committee and delegate these tasks to that committee. The members of any KPPA Audit Committee must come from the eight (8) members of the KPPA Board. Forming a KPPA Audit Committee would require amending the KPPA By-laws. In creating the Audit Committee and amending the By-laws, the KPPA Board must decide the level of authority given to the Audit Committee: Are they able to act on behalf of the Board and then report their actions, or will their votes require ratification by the Board before action can be taken?

Once the KPPA Board has decided how it will carry out its responsibilities relating to internal audit, either the KPPA Board Chair or the Audit Committee Chair (if there is one) will be required to approve the internal auditor's timesheet on a weekly basis. This person will also be responsible for approving the internal auditor's leave requests, approving a flex schedule, determining if the internal auditor may work from home and, if so, on what days, and approving travel and/or ongoing educational opportunities. The most efficient and effective way to handle these approvals is for the KPPA Board or Audit Committee to delegate this limited authority to the KPPA Executive Director.

There are several action items that must be completed to fully implement this legislation. Due to the number of action items, the KPPA Office of Legal Services proposes the following timeline:

- I. April Annual Meetings
 - a. All Boards review this memo
 - b. The KPPA Board should make initial decisions regarding whether they want to create an Audit Committee and, if so, its membership, and what authority it will have
- II. Between April Annual Meetings and June Board meetings
 - a. Staff will draft proposed amendments to By-Laws and Charters, and create a proposed position description for the internal auditor
- III. June Board Meetings
 - a. KPPA needs to decide how the hiring/appointment of an internal auditor will happen
 - b. KPPA will approve a position description and set the compensation for the internal auditor or delegate this to the Audit Committee
 - c. KRS and KPPA will vote on the By-law amendments
 - d. CERS will have the 1st reading of the By-law amendments
 - i. It is not a problem if the CERS By-laws are not fully amended when this legislation becomes effective
 - e. KPPA will vote on the Audit Charters

- f. KPPA will schedule the first meeting of the Audit Committee

This is a lot of information to digest, and lot of work to accomplish. We should move through this process slowly while ensuring we accomplish every step. There are also several internal questions to be answered while implementing this legislation. Staff will continue to work through those as well. One example of these internal issues is defining a process for the internal auditor to request new positions. While the internal auditor has the authority to appoint the positions that report directly to them, those positions are still subject to KRS 18A and KRS 64.640 and must still fit within the KPPA employee cap and the KPPA administrative budget.

Kentucky Public Pensions Authority

Charter for the Audit Committee

Throughout this Charter, the Kentucky Public Pensions Authority Board will be referred to as the Authority. When referring to the Kentucky Public Pensions Authority as an administrative organization, the acronym KPPA will be used.

I. Charter

This Charter establishes the authority and responsibility of the Audit Committee of the Authority.

II. Purpose

The purpose of the Audit Committee is to assist the Authority, the Chief Executive Officer (CEO) of both the County Employees Retirement System (CERS) and the Kentucky Retirement Systems (KRS), and the KPPA Executive Director in fulfilling their oversight responsibilities for the:

1. System of internal controls,
2. Internal and external audit processes, and
3. Process for monitoring compliance with laws and regulations and the code of conduct as described in the appropriate entity bylaws.

As defined by the Institute of Internal Auditors, internal auditing is *an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. The goal of internal auditing is to help the organization accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance processes.*

Consistent with this definition, internal auditing within KPPA can be defined as the *independent appraisal of the various operations and systems of control within KPPA, CERS, and KRS to determine whether acceptable policies and procedures are followed, legislative requirements and established standards are met, resources are used efficiently and economically, planned missions are accomplished effectively, and the objectives of KPPA, CERS, and KRS are being achieved.*

III. ~~Authority~~ Statutory Authorization or Power

Kentucky Revised Statutes 61.505 outlines specific responsibilities of the Authority in relation to the Chief Auditor. The Authority has granted power to the Audit Committee to perform the following actions. The Authority may at any time rescind this ~~authorization-power~~ as a whole or in part. All recommendations or actions of the Audit Committee must be ratified by the Authority:

1. Recommend an appointment or contract for the services of a Chief Auditor or recommend the termination of services for the Chief Auditor.
2. Recommend the compensation and other terms of employment for the Chief Auditor without limitation of the provision of Kentucky Revised Statutes chapters 18A, 45A, and 64.640.
3. Work with the Chief Auditor concerning the staffing and organizational structure of the Division of Internal Audit.
4. On an annual basis, work with the Authority Chair on a performance evaluation of the Chief Auditor.

Commented [AR(1)]: Exec team likes use of authorization

Commented [CK(2)]: These were a couple of the suggested titles. I wanted to include them both for the Committee to review again.

1. "Statutory Authorization" makes it clear that the items in this section are related to responsibilities outlined in a statute. I think that is an important clarification for readers.
2. "Power" fits with the one-word title used for the early sections of the Charter.

Commented [CK(3)]: I added this statement to specify that these responsibilities are tied to a statutory requirement.

5. At least quarterly, report Audit Committee activities, issues, and related recommendations to the Authority for ratification.

IV. Composition

The Audit Committee will consist of four (4) Authority members – two CERS members and two KRS members appointed annually by the Chair of the Authority. The Authority Chair will also name the Chair of the Audit Committee. The [Chair of the Authority](#) may appoint a Vice Chair, or the members of the Audit Committee may elect a Vice Chair (note, the position of Vice Chair is not required to be filled). The Chair of the Audit Committee will rotate annually between a CERS and KRS member. A quorum to conduct business is satisfied if a majority of the Audit Committee members are present.

Each Audit Committee member will be independent and free of conflicts of interest with respect to the projects under the scope of the Audit Committee. For the purposes of the Audit Committee, independent shall mean those individuals who do not report directly to KPPA, CERS, or KRS management and those persons who are not directly responsible for the day-to-day operations of KPPA, CERS or KRS.

At least one member of the Audit Committee will be designated as the “financial expert.”¹ A financial expert is an individual who possesses, among other attributes:

1. An understanding of financial statement preparation and generally accepted accounting principles (GAAP) and, in this case, the accounting standards issued by the Governmental Accounting Standards Board (GASB).
2. The ability to assess the general application of such principles in connection with the accounting for estimates, accruals, and reserves.
3. Experience preparing, auditing, analyzing, or evaluating financial statements that present a breadth, depth, and level of complexity of accounting issues that can reasonably be expected to be raised by the government entity's financial statements or experience actively supervising one or more persons engaged in such activities.
4. An understanding of internal control and the procedures for financial reporting.
5. An understanding of audit committee functions.

V. Meetings

Audit Committee meetings must comply with Kentucky's Open Meetings Act contained in Kentucky Revised Statutes Chapter 61.800, et seq. The Audit Committee will meet at least four (4) times a year, with authority to convene additional meetings, as circumstances require. All Audit Committee members and the Chief Auditor are expected to attend each meeting. The Audit Committee will invite KPPA, CERS, and KRS staff; [internal and external](#) auditors; or others to attend meetings and provide pertinent information, as deemed necessary. The Audit Committee may conduct closed sessions when legally authorized under Kentucky's Open Meetings Act. In advance of each regular or special called meeting, the meeting agenda and appropriate briefing materials will be provided to members of the Audit Committee. [KPPA staff will strive to have the meeting materials available to the Audit Committee members at least one week prior to the meeting date.](#) Minutes will be prepared and approved by the Audit Committee. Agendas [and are](#) posted to the KPPA website in compliance with Kentucky's Open Meetings Act².

¹ See Sarbanes-Oxley Act of 2002 § 407.

² See [Kentucky Open Meetings Act](#)

VI. Scope of Responsibilities

In order to fulfill the responsibilities delegated to it by the Authority, the Audit Committee is responsible for the following activities:

Internal Controls and Compliance

1. Evaluate the effectiveness of the internal controls system, including information technology security and control.
2. Evaluate the effectiveness of the system used to monitor compliance with laws and regulation as well as policies and procedures.
3. Evaluate the effectiveness of the system used to monitor noncompliance with the Commonwealth of Kentucky entity code of conduct and/or Authority bylaws as well as evaluate the process in which the code of conduct and bylaws are communicated to personnel.
4. Conduct or authorize investigations into any matters within the Audit Committee's scope of responsibility.
5. Evaluate the results of investigations and follow-up (including disciplinary action) on any instances of noncompliance.
6. At least quarterly. Obtain ~~regular~~ updates from management and legal counsel regarding compliance matters.
7. Seek and obtain any necessary information from person(s) employed by KPPA, CERS, or KRS (all of whom are directed to cooperate with the Audit Committee's requests) or external parties.

Internal Audit

1. Evaluate the effectiveness of the internal audit function, including compliance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.
2. Ensure there are no unjustified restrictions or limitations placed on Chief Auditor or the Division of Internal Audit in relation to the completion of audit projects.
3. Address any disagreements between KPPA, CERS, KRS, and the Chief Auditor regarding internal audit issues.
4. Accept KPPA management's responses submitted to internal audits.
- 3.5. Ensure recommendations from the Division of Internal Audit are closed in a reasonable time. Recommendations are generally closed for, but not limited to, one of the following reasons – recommendation implemented, recommendation no longer applicable, or KPPA management accepts risk and recommendation will not be implemented.
- 4.6. Evaluate and confirm the independence of the Chief Auditor and Division of Internal Audit staff by obtaining independence statements from all staff. Work with the Chief Auditor to resolve any actual or perceived conflicts.
- 5.7. On an annual basis, review and approve the Charter for the Division of Internal Audit, the Audit Plan, and the Internal Audit Budget. The Chief Auditor may request updates to the Audit Plan subject to the procedures outlined in the Charter for the Division of Internal Audit.
- 6.8. At least quarterly. ~~On a regular basis~~ meet with the Chief Auditor, including closed session discussions, pursuant to Kentucky's Open Meeting Act in Kentucky Revised Statutes Chapter 61.800, et seq.

External Audit

1. Oversee the work of any registered Certified Public Accounting (CPA) firm employed by KPPA for the ACFR and other financial/control or fraud audits.
2. Understand the scope of external auditors' review of internal controls over financial reporting and obtain reports on significant findings and recommendations, together with management's responses.
3. Pre-approve the scope of all financial audit and non-financial audit services provided by external auditors, including coordination of audit effort with the Division of Internal Audit.
4. Review the findings of any examinations by regulatory agencies and any auditor observations.
5. Evaluate the performance of the external auditors and exercise final approval on the appointment or discharge of the auditors.
6. Resolve/Address any disagreements between KPPA, CERS, KRS, management and the external auditor regarding financial reporting.
7. Receive communications from external auditors that are required by the AICPA Standards to be received by "Governing Boards."
8. Ensure recommendations from external auditors are closed in a reasonable time. Recommendations are generally closed for, but not limited to, one of the following reasons – recommendation implemented, recommendation no longer applicable, or KPPA management accepts risk and recommendation will not be implemented.
9. Evaluate and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the external auditors and KPPA, CERS, and KRS, including non-audit services. Discuss any identified relationships with the external auditors.
10. At least annually, meet with the external auditors to discuss any matters that the Audit Committee or external auditors believe should be discussed privately, pursuant to Kentucky's Open Meeting Act in Kentucky Revised Statutes Chapter 61.800, et seq.

Commented [AR(4)]: Exec Team suggests clarifying to limit to CPA firms employed for the ACFR and other financial/control or fraud audits for KPPA, CERS, or KRS. For example the Strategic Plan was bid on by registered CPA firms; however, we believe the Audit Committee would not have oversight over that registered CPA firm in doing a strategic plan; etc.

The language on the Charter for the Division of Internal Audit under relationship with External Auditors is what we were thinking.

Reporting

1. Upon request, report Audit Committee activities, issues, and related recommendations to the CERS and KRS Boards of Trustees for informational purposes.
2. Review any other reports issued by the KPPA management that relate to the responsibilities of the Audit Committee.

Other

1. At least annually, review and assess the adequacy of the Charter for the Audit Committee.
2. At least annually, confirm that all responsibilities outlined in this Charter have been completed.
3. At least annually, evaluate the Audit Committee's and individual members' performance.
4. Facilitate open channels of communication between the Chief Auditor, the Division of Internal Audit, external auditors, the Authority, KPPA management, CERS, and KRS.
5. At each meeting, approve any unapproved minutes from prior Audit Committee meetings.
6. Meet with the CEOs of the CERS and KRS, KPPA management, Chief Auditor, external auditors, outside counsel, or others as necessary.
7. Perform other activities related to this Charter as requested by the Authority.

Commented [AR(5)]: from the Exec Team: KPPA management is responsible for the system of internal controls as well as the substantive content, accuracy, consistency, and completeness of all financial reports (including the ACFR) and therefore MUST be worked with in all aspects of the internal audit function.

VII. Responsibilities of Other Parties

1. The auditors (internal and external) are responsible for planning and conducting audits.
2. The Authority is responsible for ratifying all recommendations and actions taken by the Audit Committee.

3. KPPA management is responsible for ensuring internal and external audit recommendations are closed in a timely manner. Recommendations are generally closed for, but not limited to, one of the following reasons – recommendation implemented, recommendation no longer applicable, or KPPA management accepts risk and recommendation will not be implemented.
4. KPPA staff is responsible for the selection and hiring of the external auditor. The Chief Auditor shall be a part of the team that reviews bids for the external audit contract by serving on the evaluation team as a technical advisor. The Chief Auditor can serve either as an evaluating member of the team or as a Technical Advisor.
5. KPPA management is responsible for preparing and fairly presenting the financial statements in accordance with GAAP for governmental entities as issued by GASB, maintaining effective internal control over financial reporting, and ensuring compliance with applicable laws, regulations, and other requirements.
6. The CERS and KRS Boards of Trustees are responsible for approval of the Annual Comprehensive Financial Report.
7. The Authority is responsible for final approval and publishing of the Annual Comprehensive Financial Report.

VIII. Approvals

We, the undersigned, do certify that this Charter was approved on the 28th day of June 2023.

Audit Committee Chair Date

Board Chair Date
Kentucky Public Pensions Authority

History: Initial Approval Date: June 28, 2023
Amended:

Commented [AR(6)]: From the Exec Team:

Serving as a voting member of the evaluation team is not required by statute and could impair the auditors independence. Technical advisors provide input into the evaluation process without having control of the final selection.

Commented [CK(7R6)]: The involvement of the Chief Auditor in this process is solely to the discretion of the Audit Committee and the Authority. I do not believe independence of the audit team would be impaired by serving as a voting member. The Chief Auditor being a voting member is no different than other KPPA staff serving as voting members on the decision. Currently, Accounting staff, who are the main focus of the external audit are the ones who select the external auditor. If that does not pose an independence issue, I do not believe the Chief Auditor (or other internal audit staff member) serving as a voting member would impair independence. In addition, during the last selection of the external auditor, the internal audit team members serving on the evaluation team caught an error in the received bids. If the award were made without the error being caught, any vendor who failed to receive the award could have filed a complaint. This may have resulted in the bid process having to be re-done.

Commented [CK(8)]: The Committee decided to leave this wording as is until Mike Lamb has completed his review of ACFR presentation. That review may not be ready until the end of FY 2024. With that in mind, I have provided some suggestions, if the Committee would like to consider them.

- 1.The CERS and KRS Boards of Trustees are responsible for the acceptance of the Annual Comprehensive Financial Report.
- 2.The CERS and KRS Boards of Trustees are responsible for the overview and acceptance of the Annual Comprehensive Financial Report.

The first suggestion updates the wording to match the motion that was made regarding the ACFR at the December 2022 CERS and KRS meetings.

The second suggestion adds in oversight, which clarifies that CERS and KRS do have oversight responsibilities related to the completion of the ACFR.

Kentucky Public Pensions Authority

Charter for the Division of Internal Audit

Throughout this Charter, the Kentucky Public Pensions Authority Board will be referred to as the Authority. When referring to the Kentucky Public Pensions Authority as an administrative organization, the acronym KPPA will be used.

I. Charter

This Charter establishes the authority and responsibility of the Division of Internal Audit ~~Administration~~ (Internal Audit).

Commented [CK(1)]: There was a suggestion to refer to the Audit Committee as KPPA Audit Committee rather than just Audit Committee since Committees are typically attached to an organization/entity.

II. Mission of Internal Audit

Internal Audit ~~helps serves~~ the ~~Kentucky Public Pensions~~ Authority (KPPA) as well as the Board of Trustees (Board) of the County Employees Retirement System (CERS) and the Kentucky Retirement Systems (KRS) ~~by meet their fiduciary duties by~~ enhancing and protecting organizational value ~~by providing with~~ risk-based and objective assurance, advice, and insight.

III. Core Principles of Internal Audit

1. Demonstrate integrity.
2. Demonstrate competence and due professional care.
3. Remain independent, which is defined as objective and free from undue influence.
4. Support the strategies, objectives, and risks of the organization.
5. Remain appropriately positioned and adequately resourced.
6. Demonstrate quality and continuous improvement.
7. Communicate effectively.
8. Provide risk-based assurance.
9. Remain insightful, proactive, and future focused.
10. Promote organizational improvement.

IV. Audit Standards

Internal Audit shall adhere to the *International Standards for the Professional Practice of Internal Auditing* (Standards) issued by the Institute of Internal Auditors (IIA). Where applicable, Internal Audit will observe standards and statements issued by other accounting and auditing organizations located within the United States of America. Internal Audit is expected to abide by the IIA Code of Ethics (Exhibit A).

Internal Audit will adhere to the IIA's Mandatory Guidance, which includes the Core Principles for the Professional Practice of Internal Auditing (see section III), the Code of Ethics (see Exhibit A), the *Standards*¹, and the definition of internal auditing (see section VI). The Mandatory Guidance constitutes the fundamental requirements for the professional practice of internal auditing and the principles against which to evaluate the effectiveness of the Internal Audit's performance.

¹ <https://na.theiia.org/standards-guidance/Pages/Standards-and-Guidance-IPPF.aspx>

[Type here]

V. ~~Joint~~ Audit Committee

The purpose, ~~statutory~~ authorization, composition, and responsibilities of the ~~Joint~~ Audit Committee are outlined in the Charter for the Audit Committee².

VI. The Internal Audit Function

Definition

As defined by the IIA, internal auditing is “an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.”

Purpose and Objective

Internal Audit was originally established in July 2003. Internal Audit's purpose is to assist the ~~Authority~~KPPA, the CERS and KRS Boards of Trustees, the Chief Executive Officer (CEO) of both CERS and KRS, and the KPPA Executive Director and the Executive Management teams of KPPA, CERS, and KRS in fulfilling their governance role.

The primary objective of Internal Audit is to assist all levels of management in achieving the effective discharge of their assigned responsibilities by providing independent analysis, appraisals, advice, and recommendations concerning the activities reviewed. Internal Audit also assists in achieving sound managerial control over all financial and operational aspects including, but not limited to, accounting, investments, benefits, legal compliance, asset management, and information management and control systems.

Internal Audit helps the ~~KPPA~~ Authority and the systems it is tasked with administrating and operating, accomplish ~~their~~ its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance processes. Accomplishment of the Internal Audit objective may involve:

1. Evaluating the adequacy and effectiveness of the system of internal controls.
2. ~~Participating in working groups established to review known or suspected fraud, waste, or abuse in any area of KPPA, CERS, or KRS.~~
- 2.3. Evaluating the relevance, reliability, and integrity of management, financial and operating data, and reports.
- 3.4. Evaluating the systems established to ensure compliance with statutory requirements, regulations, policies, plans, and procedures that could have a significant impact on operations.
- 4.5. Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- 5.6. Evaluating the economy, efficiency, and effectiveness with which resources are employed.
- 6.7. Evaluating operations or programs to ascertain whether results are consistent with objectives and goals established by ~~KPPA~~ the Authority, CERS, and KRS as well as evaluating whether the operations or programs are being carried out as planned.
- 7.8. Assessing the adequacy of established systems and procedures.
- 8.9. Conducting special assignments and investigations on behalf of the ~~Joint—Audit Committee~~ Authority, KPPA, CERS, or KRS into any matter or activity affecting the probity, interests, and operating efficiency of KPPA, CERS and KRS.

² https://kyret.ky.gov/About/Meet_the_Administration/Pages/Board-Policies.aspx

Independence

Internal Audit is an advisory function having independent status within KPPA. ~~The Internal Audit Director:~~

1. ~~The Chief Auditor and Internal Audit staff~~ shall be independent of any other office, division, branch, or section.
2. ~~The Chief Auditor and Internal Audit staff~~ shall have direct access, as deemed necessary, to the ~~Authority~~ Joint Audit Committee and/or KPPA, CERS, and KRS staff.
3. ~~The Chief Auditor and Internal Audit staff~~ shall not be involved in the day-to-day operation of the KPPA, CERS, or KRS.
4. ~~The Chief Auditor and Internal Audit staff~~ shall not be responsible for the detailed development and/or implementation of new systems but should be consulted during the system development process on the control measures to be incorporated in new or amended systems and be advised of approved variations or new developments.
5. ~~The Chief Auditor shall have no managerial powers, functions, or duties except those relating to the management of the Division of Internal Audit.~~

Authority

~~As described in Kentucky Revised Statutes 61.505, the Chief Auditor shall report directly to the Authority in the performance of all internal audit functions. The Authority has delegated some of this statutory authority to the Audit Committee. This delegation is described in the Charter for the Audit Committee. The Authority shall not have the right to interfere with the internal audit function.~~

~~The Internal Audit Director shall have the right to request and promptly receive from any KPPA, CERS, or KRS staff all information and such explanations deemed necessary for the Internal Audit Director to formulate an opinion on the probity of action, adequacy of systems, and/or of controls.~~

It is incumbent that all KPPA, CERS, and KRS staff render assistance to the Internal Audit Director/Chief Auditor in carrying out his/her audit duties. ~~The KPPA Internal Audit Director shall:~~

1. ~~The Chief Auditor and Internal Audit staff shall~~ have access, at all reasonable times, to all books, documents, accounts, property, vouchers, records, correspondence, and other data of KPPA, CERS, and KRS necessary for the proper performance of the internal audit function. ~~This includes having read-only access to internal systems, drives, and websites that are used to store documents, procedures, policies, etc.~~
2. ~~The Chief Auditor and Internal Audit staff shall have access to generate reports from internal and external systems that are deemed necessary for the proper performance of the internal audit function.~~
3. ~~The Chief Auditor and Internal Audit staff shall~~ have the right, at all reasonable times, to enter any premises of KPPA and to request and promptly receive from any KPPA, CERS, or KRS staff all information and such explanations deemed necessary for the Internal Audit Director/Chief Auditor to formulate an opinion on the probity of action, adequacy of systems, and/or of controls.

Activities

The Internal Audit Director/Chief Auditor shall be responsible to the Joint Audit Committee/Authority for the functional control of internal audit activities in relation to:

Commented [CK(2)]: These responsibilities can be handled by the Chair of the Audit Committee, the KPPA Chair, or delegated to a KPPA staff member.

Commented [CK(3)]: This was added by KPPA Executive management. If it remains, I believe there should be clarification on who deems access to be necessary. I believe the Audit Committee or the Authority would play a role in making this determination.

[Type here]

1. Development, implementation, and oversight of internal audit methods and procedures.
2. Development and control of an efficient Audit Plan.
3. Scope and boundaries of internal audits.
4. Documentation of audit findings.
5. Assistance in the investigation of significant suspected fraudulent activities and promptly notifying the ~~Joint~~ Audit Committee, the Authority, the appropriate level of KPPA management, KPPA, and the ~~CEOs of the CERS and KRS, KPPA, CERS, and KRS Executive Management teams~~ of the results of any findings and conclusions. When appropriate, the Authority may request that KPPA staff also be made aware of the results of any findings and conclusions.
6. Maintenance of certain records such as, but not limited to, records related to internal audits and CERS and KRS Board elections.
7. Considering the scope of work of the external auditors and regulators, as appropriate, for providing optimal audit coverage at a reasonable overall cost.
8. Fulfilling the objectives of the Division of Internal Audit ~~Administration.~~
9. Utilizing Internal Audit resources to maximize the efficiency and effectiveness of the internal audit function.
10. Adherence to appropriate auditing standards, including, but not limited to, International Standards for the Professional Practice of Internal Auditing, Generally Accepted Government Auditing Standards, and Standards for Internal Controls in the Federal Government ~~(these standards can be applied to state government).~~
11. Review of the Annual Comprehensive Financial Report(s) and Summary Annual Financial Report(s) for both CERS and KRS.

Relationship with External Auditors

Assistance may be provided to the external auditor during the annual audit of the CERS and KRS financial statements or other audit engagements. The ~~Internal Audit Director~~ Chief Auditor shall work with the external auditors to foster a cooperative working relationship, reduce the incidence of duplication of effort, ensure appropriate sharing of information, and ensure coordination of the overall audit effort. Upon request, the ~~Internal Audit Director~~ Chief Auditor shall make available to the external auditors all internal audit working papers, programs, flowcharts, and reports.

VII. Internal Control System

As previously stated, Internal Audit adheres to the Standards issued by the IIA. The Standards do not provide specific guidelines for setting up or evaluating an internal control system. The Committee of Sponsoring Organizations of the Treadway Commission (COSO) issued the *Internal Control - Integrated Framework*³ to provide guidance to entities on setting up an effective internal control system. While state government entities are not required to follow the COSO requirements, the COSO model can be utilized when establishing an internal control system. Internal Audit helps ~~KPPA the Authority~~ as well as the CERS and KRS Boards ~~of Trustees~~ and CEOs, and KPPA management ensure the established internal control system meets COSO requirements.

Internal controls serve as the first line of defense in safeguarding assets. An internal control system includes the plans, methods, policies, and procedures implemented so that the organization can meet its objectives. Most objectives and related risks can be broken down into three categories

1. Operations – This relates to the effectiveness and efficiency of business operations.

³ [Standards for Internal Control in the Federal Government](#)

Commented [AR(4)]: From the Exec Team:

If there is suspected fraud, to limit the impact on the systems and to address any disciplinary action, KPPA mgt needs to be notified as soon as possible so that appropriate action can be taken immediately. E.g. Cut off access to systems, suspend or terminate employment, pursue legal recourse, and begin to determine financial impact.

KPPA management is responsible for the system of internal controls as well as the substantive content, accuracy, consistency, and completeness of all financial reports (including the ACFR) and therefore MUST be worked with in all aspects of the internal audit function, especially fraud.

We need to have this knowledge in order to perform our responsibilities.

We suggested adding "the appropriate level of KPPA management" in order to allow for excluding any member of management that may be the subject of the investigation.

Commented [CK(5)]: See Section XI. Internal Audit Services for additional information on the review performed on these items.

Commented [CK(6)]: Ms. Hampton suggested shortening this section and instead including an exhibit with the entire framework. We did make this section shorter. However, the entire framework is 86 pages, so instead of an exhibit, we have added a footnote (#3) which links to the standards.

For the Committee's review, the information that was removed from this section is shown after Exhibit A in this document.

Commented [CK(7)]: This was Section XI. Ms. Hampton suggested moving it closer to the front of the Charter.

Commented [CK(8)]: Clarification was added based on feedback received. This was added to specify that Internal Audit follows IIA Standards but has chosen to utilize COSO requirements when evaluating the KPPA internal control system. This system is not required to be followed by state governments (it is a federal government standard), but the COSO model provides guidance on how to set up and evaluate an internal control system.

2. Reporting – This relates to the reliability of reporting for internal and external use.
3. Compliance – This relates to compliance with applicable laws and regulations.

Roles in the Internal Control System

Internal controls are the responsibility of KPPA management; however, all members of an organization play a role in the system.

1. The KPPA Authority, CERS Board, KRS Board, CERS CEO, and KRS CEO make up the oversight body. The responsibilities include overseeing the strategic direction and obligations related to accountability. The oversight body should oversee management's design, implementation, and operation of the internal control system.
2. The KPPA Executive Director, Deputy Executive Director, Chief Investment Officer, Executive Director-Office of Operations, Executive Director-Office of Benefits, Executive Director-Office of Legal Services, and the Chief Financial Officer serve in the management role. Management is directly responsible for all activities of an entity, including the design, implementation, and operating effectiveness of the internal control system.
3. Other KPPA make up the personnel role. Personnel help management design, implement, and operate the internal control system. Personnel is responsible for reporting issues noted in the entity's operations, reporting, and compliance.

Components of COSO

There are five components to the COSO guidance. An organization must ensure these components are effectively designed, implemented, and operated in order for an internal control system to be sufficient.

1. Control Environment
2. Risk Assessment
3. Control Activities
4. Information and Communication
5. Monitoring

Each component consists of different principles that are needed to effectively design, implement, and operate an internal control system. Internal Audit utilizes the *Standards for Internal Control in the Federal Government* to perform reviews and assessments that help ensure these principles are established and working as intended.

VIII. Internal Audit Scope of Responsibilities

~~Internal Audit established in 2007. It is a division of the KPPA Authority. Internal Audit is responsible for the following duties:~~

1. In coordination with KPPA Division of Human Resources, Chief Auditor will appoint all employees deemed necessary to fulfill the mission of Internal Audit.
2. Chief Auditor will oversee the day-to-day operations of Internal Audit.
3. Chief Auditor will work cooperatively with the CEOs of the CERS and KRS to achieve the mission and goals of the CERS and KRS.
4. Chief Auditor will work cooperatively with KPPA management to achieve the mission and goals of the Authority.

Internal Controls and Compliance

Commented [CK(9)]: Using the same section title that is used in the Audit Committee Charter.

Commented [CK(10)]: This sentence was moved to Section VI.

Commented [CK(11)]: Ms. Pendergrass asked if this is the position that was moved to the Office of Investments.

Answer - The Internal Audit position that moved to the Office of Investments was the Assistant Director. The Retirement Investment Specialist is an internal audit employee whose primary focus is performing audits of investment activities.

Commented [CK(12)]: Mr. Chilton and/or Ms. Hampton provided feedback stating the relationship between Internal Audit and the Investment Compliance Officer is unclear.

Answer - There is no direct relationship between Internal Audit and the Investment Compliance Officer. The Investment Compliance Officer is an employee of the Office of Investments. All job duties related to that role fall under the supervision of the CIO.

Commented [CK(13)]: I removed the job titles because these may change. Instead, this section is being set up similar to the comparable section of the Audit Committee Charter. This section now shows the responsibilities of the internal audit function as a whole rather than each individual job role.

Commented [AR(14)]: From Exec Team: All appointing authorities must work closely with HR to ensure the availability of the position (staying under CAP) and to ensure that 18A requirements are met.

Commented [CK(15)]: Is clarification need on who is meant by KPPA management?

Commented [CK(16)]: This is a suggestion from KPPA management. The statute requires the Chief Auditor to work cooperatively with the CEOs for CERS and KRS; however, I do not believe there would be an issue with also adding this if the Audit Committee and Authority wish to do so.

1. Work with the Audit Committee, the CEOs for the CERS and KRS, and the KPPA Executive Director and other appropriate KPPA staff in the performance of an annual risk assessment.
2. Develop an audit plan to address items noted in the risk assessment.
3. Review and evaluate effectiveness of policies and procedures that are in place to determine if they achieve strategic, risk management and operational objectives.
4. Perform audit, consulting, and assurance services as well as special projects in support of the Audit Plan and in compliance with Internal Audit procedures.

Board and Committee Meetings

1. Prepare agenda and meeting materials (to be presented by Internal Audit) for Audit Committee meetings.
2. Strive to provide meeting materials (to be presented by Internal Audit) to trustees at least one week prior to the meeting date.
3. Present results of audit, consulting, and assurance services as well as results of special projects to the Audit Committee and the Authority. If requested, present results to the CERS and/or KRS Boards of Trustees or any committee of those Boards.

Specific Areas of Expertise

Since Internal Audit has limited resources and specialized requirements are needed to administer a complex public pension system, Internal Audit may request third-party expertise to assist in fulfilling audit goals (e.g., information technology and data security). Outsourced third party audits will be approved by the ~~Joint~~-Audit Committee. The findings, recommendations, and management comments will be presented to the ~~Joint~~-Audit Committee for approval and for subsequent ratification by the ~~CERS Board and KRS Board~~ Authority.

IX. Internal Audit Practices

Conflicts of Interest

Internal auditors shall be objective and free from undue influence in performing their job. Objectivity requires internal auditors to have an impartial and unbiased attitude, to avoid conflicts of interest, and to perform audits in such a manner that no significant quality compromises occur. To help ensure that internal auditors are not placed in an environment impeding their ability to make objective, professional judgments, Internal Audit will take the following precautionary measures:

1. All Internal Audit staff will be required to complete an annual Independence Statement certifying that auditors have no actual or perceived conflict that would impair their objectivity or independence.
2. Internal Audit staff assignments will be made so that potential and actual conflicts of interest and bias are avoided. If a conflict of interest or bias is present, the auditor(s) will be reassigned.
3. Internal Audit staff assignments will be rotated periodically, if practicable to do so.
4. Internal Audit staff will not assume operational responsibilities.
5. For a period of no less than one year, Internal Audit staff will refrain from assessing specific operations for which they were previously responsible.

Due Professional Care

Internal auditors shall apply the care and skill expected of a reasonably prudent and competent auditor. Due professional care does not imply infallibility and internal auditors must exercise due professional care, with consideration of the following:

1. Extent of work needed to achieve the engagement's objectives.
2. Relative complexity, materiality, or significance of matters to which assurance procedures are applied.
3. Adequacy and effectiveness of risk management, control, and governance processes.
4. Probability of significant errors, irregularities, or non-compliance.
5. Cost of assurance in relation to potential benefits.
6. Use of various software tools including, but not limited to TeamMate, Excel, Access, Word, Tableau, and Gravity.

Proficiency and Continuous Professional Education (CPE)

Internal Audit staff shall collectively possess the knowledge, skills, attributes, and other competencies essential to the practice of internal auditing within the organization. Educational and work experience criteria have been established for the various positions within Internal Audit. To maintain their proficiency, all auditors are encouraged to continue their education and will be provided adequate opportunities to do so. Such continuing education ensures that internal auditors remain current on professional techniques and standards. If an auditor holds a certification, continuing education hours necessary to meet certification requirements should be obtained. If no certification requirements are necessary, a minimum of 24 hours of continuing auditor education shall be obtained annually. Continuing education may be obtained through membership and participation in professional societies, attendance at conferences, college courses, and in-house training. KPPA may reimburse an auditor for the cost of obtaining continuing education; however, the employee must should obtain approval prior to registering for any course or seminar.

Internal Audit staff are encouraged to obtain professional certification(s). Accreditation is an important indicator of an auditor's technical proficiency. The following certifications are some of those available to auditors (this list is not all-inclusive):

1. Certified Internal Auditor,
2. Certified Fraud Examiner,
3. Certified Government Financial Manager,
4. Certified Information Systems Auditor, and
5. Certified Public Accountant.

Performance Evaluations

Performance evaluations for merit employees shall be conducted as outlined in the Commonwealth of Kentucky Personnel Policies and Kentucky Revised Statutes Chapter 18A. The Audit Committee shall review the performance for the Internal Audit Director/Chief Auditor.

Records Retention and Disposition

As required by the Kentucky Department for Libraries and Archives, Internal Audit shall retain a complete file of each audit report and each report of other audit and consulting services made under its authority for a period of eight (8) years and an electronic copy of all final reports shall be retained by Internal Audit indefinitely, in accordance with the KPPA records retention policy or policies of the Kentucky Department for Libraries and Archives for a period of seven (7) years. The file shall include audit work papers and other supportive material directly pertaining to the report. After seven (7) years, the work papers and other supportive material directly pertaining to the audit report can be destroyed. An electronic copy of all final reports should be maintained indefinitely. To guard against identity theft and fraud, destruction of business records and materials shall be done in a secured manner such as through the use of the on-site Division of Waste Management recycle containers. All CD/DVD materials shall be submitted to the KPPA Information Security Officer.

Commented [CK(17)]: I believe the Audit Committee still needs to determine how the evaluation of the Chief Auditor will be conducted.

Commented [CK(18)]: Ms. Hampton asked if 7 years was the requirement in all cases, per the Libraries and Archives.

Answer - The most recent publication by Libraries and Archives has changed the requirement to 8 years for the entire audit file and indefinitely for the final audit report.

Commented [CK(19)]: Ms. Hampton asked if this is consistent with the Libraries and Archives policy.

Answer - this is consistent with the KPPA Computer Sanitation policy.

X. Quality Assurance and Improvement Plan

Internal Audit will maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include an evaluation of Internal Audit's conformance with the Standards and an evaluation of whether internal auditors apply the IIA's Code of Ethics (see Exhibit A). The program will also assess the efficiency and effectiveness of Internal Audit and identify opportunities for improvement.

Internal Audit will conduct both ongoing and periodic internal assessments. Internal Audit should strive to have a qualified, independent assessor (or assessment team) conduct an external assessment at least once every five (5) years. The Chief Auditor will provide the results, including planned corrective action, of the internal and external assessments to the Audit Committee.

Internal Assessments

1. Ongoing Internal Assessments – Ongoing internal assessments for routine internal audit activities are an integral part of the day-to-day supervision, review, and measurement of the internal audit activity. The measurement tools for assessment are engagement supervision; feedback from auditees, KPPA management, and the Audit Committee; Audit Plan completion; and identification and analysis of other performance metrics such as recommendations accepted. Conclusions and planned corrective action will be developed and presented to Audit Committee.
2. Periodic Assessments – ~~Periodically,~~ Internal Audit will conduct a Self-Assessment as outlined by the IIA. Internal Audit will strive to complete a Self-Assessment every three years. The Chief Auditor will disclose the results of the Self-Assessment and any needed corrective action to the Audit Committee.

External Assessments

Internal Audit should strive to have a qualified, independent assessor (or assessment team) conduct an external assessment at least once every five years. This can be completed as either a Self-Assessment with Independent External Validation or a full external assessment. The Chief Auditor will disclose the results and any needed corrective action to the Audit Committee.

XI. Internal Audit Services

The scope of Internal Audit shall be sufficiently comprehensive to enable the effective and regular review of all operational, financial, and related activities. Coverage may extend to all areas of KPPA, CERS, and KRS and include financial, accounting, investments, benefits, administrative, computing, and other operational activities. The extent and frequency of internal audits will depend upon varying circumstances such as results of previous audits, relative risk associated with activities, materiality, the adequacy of the system of internal control, and resources available to Internal Audit.

Internal Audit provides independent audit, consulting, and assurance services to assist management in balancing operational efficiency with risk identification, assessment, and control. Internal Audit reports to the Joint Audit Committee Authority and collaborates with trustees and KPPA, CERS, and KRS staff to enhance assurance and accountability at all levels of KPPA, CERS, and KRS. To meet the responsibilities and objectives as set forth in the Internal Audit Charter, it is necessary for Internal Audit to perform varying types of services depending on the circumstances and requests. Services

Commented [CK(20): The QAIP was previously included as a part of the Internal Practices section above as well as Section XIII.

I combined the two separate discussions on the QAIP and moved it to section X.

Commented [CK(21): Included in the statement above this section.

Commented [CK(22): This is not required by standards. This is a goal Internal Audit is setting for themselves, if the Audit Committee agrees.

Commented [CK(23): Included in the statement above this section.

Commented [CK(24): Ms. Pendergrass asked if there is a peer review option for Internal Audit organizations similar to NASACT utilized by State Auditors.

Answer - The Institute of Internal Auditors provides peer review options for internal audit groups. We could work with the IIA out of Louisville to have a peer review conducted.

Commented [CK(25): Ms. Hampton suggested changing this to three years.

Answer - I can make this change if the Committee would like to do so. However, IIA Standards only require this type of review every five years. We have set a goal for an internal assessment to be conducted every three years.

can be requested by the Audit Committee, KPPA Board, the Authority, the CERS and KRS Boards of Trustees, the CERS and KRS, or any member of KPPA, CERS, or KRS staff. If a request is made by someone outside of the Audit Committee, the Internal Audit Director/Chief Auditor will seek approval from the Chair of the Audit Committee before engaging in the service. Internal Audit provides the following types of audits, consulting, and assurance services.

Audits

1. Internal Control Audits – Internal Control audits serve as a systematic evaluation of the effectiveness and efficiency of internal controls in mitigating risks and ensuring the reliability of financial reporting. An Internal Control audit aims to assess the design, implementation, and operating effectiveness of controls across various business processes and functions. This comprehensive examination involves evaluating the adequacy of policies, procedures, segregation of duties, access controls, and monitoring mechanisms. An Internal Control audit can identify weaknesses, gaps, and potential vulnerabilities within systems, which enables KPPA to implement corrective measures and strengthen their control environment. Ultimately, these audits contribute to the overall governance, risk management, and compliance framework of KPPA, promoting transparency, accountability, and the achievement of strategic objectives.

1-2. Compliance Audits – Compliance audits determine whether an organizational area has complied with federal law, Kentucky Revised Statutes, Kentucky Administrative Regulations, agency policies and procedures, and division specific procedures,

2-3. Operational Audits – Operational audits analyze how effectively and efficiently business units achieve organization and/or division goals. Effectiveness is measured by how successful a business unit is at achieving goals. Efficiency is measured by how well the business unit uses resources to achieve the goals.

3-4. Investment Audits – Investment audits may be performed to review movement of funds (e.g., purchases, sales, and income), cash management, manager fees, and other investment related activities. Investment audits may also be performed to ensure compliance with procurement regulations, contracts, internal policies and procedures as well as to ensure proper internal controls exist over the investment function.

4-5. Investigative Audits – Investigative audits may result from findings during a routine audit or from information received from sources outside of Internal Audit personnel. These audits are normally requested by a trustee or staff of the KPPA, CERS, or KRS as a result of information received from a tip. These audits focus on alleged, irregular conduct. Reasons for investigative audits may include internal theft, misuse of agency property, and/or conflicts of interest. These information audits should be referred to the Executive Director, Office of Legal Services, who will take immediate action conducted immediately to collect and preserve as much relevant evidence as possible. It is essential that the records in question be removed from the division/employee under investigation or otherwise safeguarded. The Executive Director, Office of Legal Services along with appropriate KPPA management will determine if an investigative audit needs to be conducted by Internal Audit, will be conducted in accordance with Internal Audit procedures. These audits –and– may include expertise from internal and external experts in fields, such as but not limited to, legal, information technology, human resources, and accounting. A draft investigative audit report will be provided to the Joint Audit Committee. The Joint Audit Committee will determine if

Commented [CK(26): Feedback received Mr. Chilton and/or Ms. Hampton: Suggest that the Audit Committee be given the authority to identify internal audit projects as confidential and not subject to public disclosure. Add a note that the Audit Committee and the Board may be able to discuss investigative audit projects in closed session

Commented [CK(27R26): We may need Legal to weigh in on this topic. Internal audit projects may not be able to be deemed confidential and may be required to be subject to public disclosure. I believe there are very specific rules on exemptions to the Open Records Act. Similarly, I believe there are limited exceptions to what can be discussed in Closed Sessions.

Commented [CK(28): Feedback received: Would there ever be a need for law enforcement to be involved? Who makes that call?

Commented [CK(29): This change was made based on feedback received from John Chilton and Lynn Hampton.

Commented [CK(30): This was a suggested change by John Chilton and Lynn Hampton.

Question - should Legal Services alone determine if an investigation is needed by Internal Audit or would other parties be involved in that decision? Should the Audit Committee and/or the Authority also be involved in determining if Internal Audit will be included?

Commented [AR(31R30): From Exec Team:
We agree the determination should be a decision of management led by legal

further actions are needed. The ~~Joint~~ Audit Committee will control any internal or external report distribution.

~~5.6.~~ Information Technology Audits – Audits of information systems and technology may be performed to determine whether existing or new computer applications and hardware function in an accurate and efficient manner and include adequate internal controls. Internal Audit ~~may be involved in~~ the evaluation/~~implementation~~ of a new system ~~to may include the review the~~ of system development methodology and the effectiveness and efficiency of the ~~internal controls system~~ being implemented. These audits could include reviews of general controls which affect all computer applications. Examples may include computer security, disaster recovery, business continuity, program change controls, and quality control procedures.

~~6.7.~~ Financial Audits – A financial audit is a review intended to serve as a basis for expressing an opinion regarding the fairness, consistency, and conformity of financial information with generally accepted accounting principles (GAAP). Financial audits can be comprehensive or limited in scope depending on the objectives.

- a. A comprehensive financial audit consists of a review of the financial statements of an entity over a specific duration of time to accurately express an opinion on those statements. Such an audit is conducted in accordance with generally accepted auditing standards (GAAS) as adopted by the American Institute of Certified Public Accountants (AICPA). For CERS and KRS, an external auditor performs this type of audit annually. At least every five years, the Auditor of Public Accounts performs the annual financial audit.
- b. A limited financial audit concentrates on a review of specific financial transactions. The primary concerns include determining the accuracy of data and evaluation of controls by reviewing the following items:
 - i. Physical control over assets,
 - ii. System of authorization and approval,
 - iii. Separation of duties between operations and custody of assets.

An engagement may involve more than one type of audit. For example, most audits performed are a combination of an internal controls, compliance, and operational audit.

Assurance Services – Assurance services help the organization improve their operations and financial performance.

1. Process Reviews – A process review is specific to a single business process. These reviews assess the effectiveness of internal controls over the process as well as test the efficiency of the process. These reviews also help ensure the business process is operating the way management intended. These reviews are typically performed in conjunction with a new business process being developed or immediately after a new business process is implemented. These reviews may be performed as needed in response to findings identified while performing other types of services within a particular division.
2. Policy Reviews – During a policy review, Internal Audit analyzes either a new or established policy. Internal audit will ensure the policy complies with applicable Kentucky Revised Statutes, Kentucky Administrative Regulations, and federal laws. Internal Audit will also determine if the policy establishes sufficient internal controls in relation to the related business process. For example, during a review of a policy related to invoice payment,

Internal Audit would ensure internal controls have been designed to ensure timely payment, prevent duplicate payment, establish segregation of duties, etc.

Consulting Services – Consulting services help organizations improve their efficiency and effectiveness.

1. Internal Audit staff may participate in the preparation of the Strategic Plan.
2. Internal Audit staff may participate on various work groups including, but not limited to, the KPPA Information Technology Governance team, the Continuity of Operations team, and other similar KPPA, CERS, or KRS teamsworking groups in order to provide an unbiased review of any policies and procedures created from these teams.

Other Services

1. Agreed Upon Procedures – An Agreed upon Procedures engagement is performed only upon request. During these engagements, the requestor specifies exactly what the auditor is to do. The auditor then performs only the requested procedures. An opinion is not expressed in these reviews. For example, a request could be made to review all expenditures posted to a particular account(s) during a specific timeframe to determine if any expenditures were improperly coded to the account(s). Internal Audit would review the requested account(s) over the specified timeframe and issue a report indicating how many expenditures were posted incorrectly. These engagements are beneficial if there is an area a division wants to review but does not have the resources or time to perform the review themselves.
2. Annual Report Review – Each year, KPPA personnel prepares an Annual Comprehensive Financial Report for the County Employees Retirement System and Kentucky Retirement Systems. Prior to presentation to the Authority, the CERS Board, and KRS Board, Internal Audit will perform a review the Annual Comprehensive Financial Report Independent Auditor's Report, Management's Discussion and Analysis, and other various sections of the Annual Financial Report – Financial Statements (including footnotes), Actuarial, and Statistical. Internal Audit staff will and identify any perceived errors or discrepancies within the Annual Financial Report. However, the KPPA staff, not Internal Audit, is responsible for the substantive content, accuracy, consistency, and completeness of Management's Discussion and Analysis, Financial Statements (including footnotes), and other sections of the Annual Comprehensive Financial Report.
3. Summary Annual Financial Report Review – Each year, KPPA personnel prepares a Summary Annual Financial Report for the County Employees Retirement System and Kentucky Retirement Systems. Internal Audit will review the Summary Annual Financial Report and identify any perceived errors or discrepancies. However, the KPPA staff, not Internal Audit, is responsible for the substantive content, accuracy, consistency, and completeness of the Summary Annual Financial Report.
4. Referencing – During the course of various types of audit, consulting, and assurance services, the Internal Audit DirectorChief Auditor may identify continuing patterns of conduct or reoccurring “themes” (e.g. the same type of problem is noted in multiple divisions). For example, findings for two divisions within an office, which identify a broader office finding (e.g., lack of controls, need for increased communication, absence of performance criteria, insufficient data processing policy, etc.). When developing the Audit Plan, Internal Audit always considers these themes when scheduling audits for the next period, particularly when these items impact the KPPA mission.

Commented [CK(32)]: Mr. Chilton expressed a concern that this may cause the audit staff to not be independent. Ms. Hampton suggested this edit to address Mr. Chilton's concern.

Answer – The Chief Auditor or other internal audit staff may participate on working groups without impairing independence. As long as the audit staff are not responsible for implementing or overseeing processes outside of the Division of Internal Audit, independence would not be impaired.

5. Board of Trustee Elections – Internal Audit assists in both CERS and KRS Board elections. Detailed Internal Audit procedures related to the Board elections can be found on the [KPPA Process Documentation SharePoint site](#).

XII. Audit Process

Methodology

For all audit projects, the person responsible for the activity under review shall be advised and given the opportunity to discuss the following:

1. Objectives and scope of the audit to be conducted, prior to the commencement of such audit.
2. Findings and proposed recommendations upon the completion of an audit, including providing an official response to the findings [and providing feedback on the draft report to the Audit Committee](#).

Audit Reports

A comprehensive written report will be prepared and issued by Internal Audit at the conclusion of each audit and will be distributed as considered appropriate. A copy of each report is to be made available on a timely basis to the Audit Committee, the [KPPA Authority](#), the CEOs of the CERS and KRS, and applicable members of KPPA staff. Audit reports will normally explain the scope and objectives of the audit, present findings and conclusions in an objective manner relevant to the specific user's needs, and make recommendations where appropriate.

XIII. Annual Risk Assessment and Audit Plan

Consistent with the long-term strategic plan, the ~~Internal Audit Director~~ [Chief Auditor](#) shall prepare an annual Risk Assessment and Audit Plan providing for the review of significant operations of KPPA, CERS, and KRS ~~based on an assessment of risks~~ pertaining to the achievement of objectives.

The Risk Assessment and Audit Plan shall be presented to the [KPPA Audit Committee](#) for deliberation and ~~finalization approval~~. Upon approval by the [Audit Committee](#), ~~the Risk Assessment and Audit Plan will be submitted to the Authority for ratification. After ratification by the Authority,~~ the Risk Assessment and Audit Plan may be presented to the CERS Board and KRS Board for informational purposes.

Risk Assessment

Internal Audit assesses risks of KPPA, CERS, and KRS by seeking input from the trustees of ~~KPPA the Authority, CERS, and KRS, as well as~~ [key personnel members](#) of KPPA, CERS, and KRS ~~management, and other personnel~~. Internal Audit also reviews the results of past internal and external audits. Internal Audit then considers organizational risks, such as the COSO components, existing internal controls, staffing, system changes, regulatory and legal changes, ~~and~~ impact to the financial statements [and organization reputation](#).

The Risk Assessment methodology is based upon the following five-part process:

1. Identifying KPPA, CERS, and KRS activities/processes (these become the “audit universe”).
2. Scoring the organizational risks for each process identified in the audit universe.
3. Ranking the processes by overall risk.

Commented [CK(33): This was added by KPPA Executive management. Can we get additional clarification on what this means? I just want to make sure we are all on the same page.

Commented [CK(34): I received feedback asking if this is the responsibility of KPPA management or the Audit Committee.

This section outlines the responsibilities of Internal Audit regarding the risk assessment and audit plan. Ultimately, these items are approved by the Audit Committee and ratified by the Authority.

Internal Audit staff utilize audit software to determine the overall risk of each item in the audit universe. The inherent risk and inherent likelihood of each item are scored using a point value with zero (0) representing the lowest level and ten (10) representing the highest level of inherent risk/likelihood. The risk and likelihood individual scores are combined to generate the overall risk to the ~~KPPA, CERS, and KRS agency~~. The overall risk scores for all ~~KPPA activities/items~~ are then ranked highest to lowest.

Audit Plan

Based upon the results of the Risk Assessment ~~as well as requests from trustees and/or KPPA, CERS, and KRS management~~, Internal Audit develops the Audit Plan. ~~The Audit Plan is created~~ through a prioritization process that includes scheduling audits for the highest risk areas as well as areas that have not been reviewed in recent years. The Audit Plan represents potential audits to be completed during the upcoming fiscal year. Internal Audit also identifies other potential audit segments such as business processes, expense contracts, and functional areas that may cross over operational units.

~~Throughout the fiscal year, the Audit Plan may be is periodically~~ reviewed, evaluated, and modified according to the specific risk factors related to KPPA, CERS, and KRS operations, ~~and internal controls, and estimated liability exposure to the Commonwealth of Kentucky. Staff is assigned to audits based upon the auditor's background and experience. If an adjustment is needed to the Audit Plan based on the periodic evaluation or if~~ Internal Audit receives a request to complete an audit not previously identified on the Audit Plan, the requested ~~modification(s)~~ shall be forwarded to the Chair of the ~~KPPA Audit Committee~~ for approval.

1. The Chair of the ~~KPPA Audit Committee can approve the requested modification(s) without seeking input from the rest of the Audit Committee. In these instances, will determine if a special called meeting of the KPPA is necessary to discuss the requested audit. If the Chair of the KPPA determines that a special called meeting is not warranted, then~~ the requested ~~audit modification(s)~~ will be added to the Audit Plan and reported to ~~all the Audit Committee trustees of the KPPA as a part of on the update on the~~ "Status of Current Projects" at the next regularly scheduled ~~KPPA Audit Committee~~ meeting.
2. ~~The Audit Committee Chair can call a special meeting to discuss the requested modification(s). In these instances, the Audit Committee will vote on whether to make the requested modifications to the Audit Plan.~~

Tracking Projects

Internal Audit staff continually track audits and other projects with electronic audit software. If ~~a request is made~~ ~~Internal Audit is requested~~ to complete projects not foreseen during the ~~development of the audit plan~~ ~~risk assessment~~, these ~~additional projects~~ are also tracked through the audit software. The status of current projects is presented to the Audit Committee at each quarterly meeting. All findings and recommendations, including status and implementation dates, are thoroughly tracked, and documented using appropriate methodologies.

XIV. Internal Audit Procedures

Detailed Internal Audit procedures can be found on the [Internal Audit Process Documentation SharePoint](#) site.

XV. Approvals

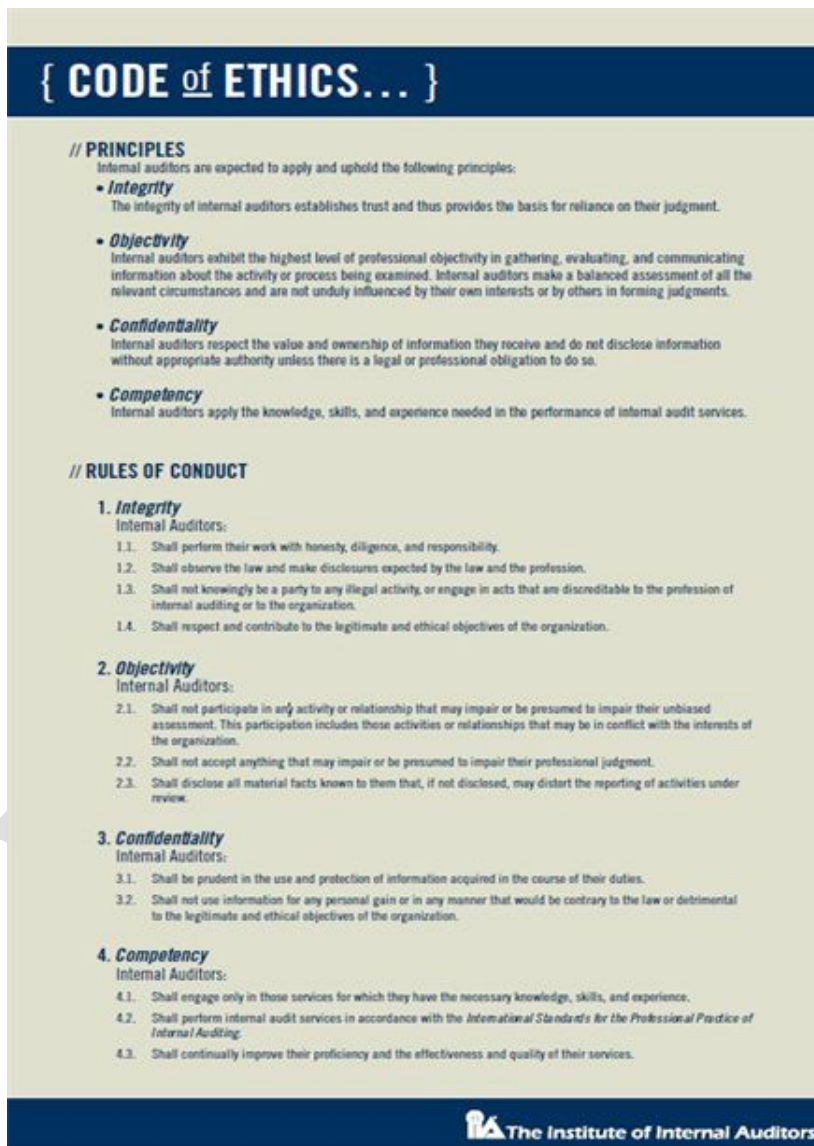
Date _____

Date _____

Date

History: Approval Date: June 28, 2023
Amended:

EXHIBIT A



This is the information that was removed from section VII.

Control Environment

Commented [CK(35)]: I received feedback that it is pertinent for this to remain in the charter.

Control Environment is the foundation for an internal control system. This provides the discipline and structure to help an entity achieve its objectives. Control Environment consists of five principles:

1. The oversight body and management should demonstrate a commitment to integrity and ethical values.
2. The oversight body should oversee the entity's internal control system.
3. Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives.
4. Management should demonstrate a commitment to recruit, develop, and retain competent individuals.
5. Management should evaluate performance and hold individuals accountable for their internal control responsibilities.

Risk Assessment

A Risk Assessment is used to determine the risks an entity faces when trying to meet its objectives. As a part of the assessment, a risk response should also be developed. Risk assessment consists of four principles:

1. Management should define objectives clearly to enable the identification of risks and define risk tolerances.
2. Management should identify, analyze, and respond to risks related to achieving the defined objectives.
3. Management should consider the potential for fraud when identifying, analyzing, and responding to risks.
4. Management should identify, analyze, and respond to significant changes that could impact the internal control system.

Control Activities

Control Activities are the actions taken by management to establish policies and procedures that help the entity achieve its objectives and respond to risks. Control activities consists of three principles:

1. Management should design control activities to achieve objectives and respond to risks.
2. Management should design the entity's information system and related control activities to achieve objectives and respond to risks.
3. Management should implement control activities through policies.

Information and Communication

Management should provide information needed to support the internal control system to all personnel. Information and Communication consists of three principles:

1. Management should use quality information to achieve the entity's objectives.
2. Management should internally communicate the necessary quality information to achieve the entity's objective.
3. Management should externally communicate the necessary quality information to achieve the entity's objectives.

Monitoring

Monitoring includes the activities established by management to assess the quality of performance over time as well as the activities established to resolve findings from audits and other reviews. Monitoring consists of two principles:

1. Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.
2. Management should remediate identified internal control deficiencies on a timely basis.



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 - Implementation of HB 587

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 Policy 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 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(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.

Submission/Responsibility

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