Kentucky Public Pensions Authority
Ad Hoc Committee on Governance and Bylaw Updates – Special Meeting
October 28, 2026, at 2:00 PM EST (1:00 PM CT)
Live Video Conference/Facebook Live

AGENDA

1.	**Call to Order**	**George Cheatham**
2.	**Opening Statement**	**Legal Services**
3.	**Roll Call**	**Sherry Rankin**
4.	**Public Comment**	**Sherry Rankin**
5.	**Opening Remarks and Committee Purpose Review**	**George Cheatham**
6.	**Board Charge***	**George Cheatham**
7.	**Priority Workstreams Rankings***	**George Cheatham**
8.	**Deliverables and Review Method* - Stakeholder input Process and issue tracking method**	**George Cheatham**
9.	**180 Day Work Plan and Meeting Cadence***	**George Cheatham**
10.	**Assignments Before Next Meeting* – Identify owners, deadlines, document requests and invited subject matter presentations**	**George Cheatham**
11.	**Confirm Next Meeting Date and Time***	**George Cheatham**
12.	**Adjourn***	**George Cheatham**

Committee Action May Be Taken

Ratification of Ad Hoc Committee on Governance and Bylaw Updates

Chairman's recommendation to the Kentucky Public Pensions Authority Board

Requested action. Ratify the Chair's creation of an Ad Hoc Committee on Governance and Bylaw Updates, approve a balanced and time-limited charge, and direct the Committee to return proposed amendments and related governance policies to the full Board within 180 days. The Committee would study and recommend; the Board would retain final authority to amend the Bylaws.

Why a comprehensive review is timely

House Bill (HB) 484 created a deliberately different governance model: separate Kentucky Retirement Systems and County Employees Retirement System (CERS) boards, supported by the Kentucky Public Pensions Authority (KPPA) as their shared administrative platform. The principal separation provisions and KPPA staffing transition became operative April 1, 2021. Five full operating years now provide something the Board did not possess at launch—evidence from actual decisions, committee work, shared-service delivery, budget allocation, audits, technology, benefits administration, and interaction among three governing bodies.

The publicly posted KPPA Bylaws and audit charters were revised in June 2024. Those revisions are important, but they do not eliminate the value of an end-to-end post-implementation review. KRS 61.505 has itself been amended since 2021, and operating practices inevitably develop between formal revisions. The question is not whether the structure should be reversed; it is whether the governing documents now describe the structure with enough precision to support consistent, transparent decisions.

The Board's responsibility is preventive

Kentucky Revised Statutes (KRS) 61.505(3)(b) authorizes KPPA to make bylaws that are consistent with law. KRS 61.505(12) requires members to act in good faith, on an informed basis, and in the best interests of the systems as applicable. Periodically reconciling statutes, bylaws, charters, delegations, and actual practice is therefore sound oversight: ~~it reduces avoidable disputes over who may decide, when approval is effective, what must be reported, and which body—KPPA, Kentucky Retirement Systems, or CERS—owns the decision.~~

Commented [SR1]: KPPA Board voted on September 24th to remove this portion.

Two examples already identified

Review point	What the documents now say	Why it matters
Committee authority	Bylaws §2.4 says a committee decision within delegated authority constitutes Board action and is later reported. The Audit Committee Charter says all recommendations or actions must be ratified by the Authority (Charter §§III, VII.2).	The same action can appear final under one document and provisional under another. That uncertainty affects motions, minutes, implementation timing, accountability, and public reporting.
Outdated statutory cross-reference	Bylaws §1.4.XI directs the Executive Director to sign regulation documents under KRS 61.505(1)(f). Current KRS 61.505 places regulation authority in subsection (1)(g); subsection (1)(f) now concerns the external certified public accountant.	A technical citation error does not by itself invalidate an action, but it weakens the authority trail and shows why systematic statutory cross-checking is necessary.

Neither example implies misconduct or a flawed separation. Both are normal signs of document drift in a complex public institution—and both are better corrected deliberately before they complicate a consequential decision, audit trail, or public explanation.

A focused, time-limited committee

The Bylaws expressly allow the Chair or the Board to create an ad hoc committee and fix its duties (Bylaws §2.1). Board ratification would give the review institutional ownership, a public record, and a clear scope while preserving the Chair's existing authority and the full Board's final decision-making role.

Proposed charge

- **Reconcile governing documents.** Review the KPPA Bylaws, Audit Committee Charter, Division of Internal Audit Charter, committee rosters, delegations, and related Board policies against current statutes and one another.
- **Clarify decision rights.** Identify matters reserved to the KPPA Board, matters that may be delegated, matters assigned to the Executive Director, and matters that remain with the Kentucky Retirement Systems or CERS boards.
- **Strengthen Board oversight.** Recommend practical standards for Executive Director reporting, escalation, prior approval, risk acceptance, major contracts, cybersecurity, benefits administration, and follow-through on Board actions.
- **Harmonize committees.** Give each committee a written purpose, membership rule, quorum, authority, reporting duty, ratification rule, annual charter review, and sunset where appropriate.
- **Protect the shared-services boundary.** Make clear that KPPA governs administration, resources, controls, service levels, and enterprise risk while Kentucky Retirement Systems and CERS retain the fiduciary and system-specific powers assigned to them by law.
- **Return a usable package.** Present a legal crosswalk, redlined Bylaws, conforming charter and policy changes, an implementation schedule, and a list of any issues requiring counsel or legislative attention.

Guardrails

The review should be conducted under Kentucky open-meetings and open-records requirements, with counsel validating legal conclusions. Membership should comply with Bylaws §2.1 and maintain balanced Kentucky Retirement Systems/CERS representation. Management, the Chief Auditor, system chief executive officers, committee chairs, and subject-matter staff should provide facts and options; trustees should define governance. The Committee should not direct day-to-day operations, decide individual benefit or disability matters, or adopt amendments on behalf of the Board.

Why repeat the review every three to five years

Governance documents age even when the institution performs well. Statutes and regulations change; Board and executive leadership turns over; technology and cyber risk evolve; vendors and service models change; and practices created to solve immediate problems can gradually become unwritten policy. A regular cycle keeps the authority map current, preserves institutional memory, improves trustee onboarding, and gives auditors, management, members, employers, and the public a consistent account of how decisions are made.

Recommended cadence. Require a comprehensive review every four years—within the requested three-to-five-year range—and never allow more than five years to pass without one. Conduct a brief annual legal and technical cross-check, and begin an interim review after a material statutory change, reorganization, significant audit finding, major litigation, or serious cyber or service event. This approach is disciplined without creating a permanent governance bureaucracy.

Suggested motion

I move that the Kentucky Public Pensions Authority Board ratify the Chair's establishment of the Ad Hoc Committee on Governance and Bylaw Updates; approve the scope and guardrails described in this summary; and direct the Committee to report proposed amendments, conforming governance policies, and an implementation plan to the full Board within 180 days. All final amendments and other reserved actions shall remain subject to approval by the full Board after legal review.

Conclusion

Ratification is a prudent five-year checkpoint. It demonstrates that KPPA is willing to test its own governance against current law and operating experience, correct ambiguity before it becomes controversy, and preserve the balance envisioned by HB 484. A limited committee, a clear deadline, and full-Board approval provide the right combination of rigor, transparency, and restraint.

Authorities referenced: 2020 House Bill 484 | KRS 61.505 | KPPA Bylaws | Audit Committee Charter

BOARD GOVERNANCE AND OVERSIGHT

Kentucky Public Pensions Authority

A practical framework for fiduciary governance, Board-reserved authority, executive accountability, and systematic oversight

BOARD WORKING GUIDE

Prepared for use by KPPA Board members and CERS/KRS trustees

Source review current through September 1, 2026

How to use this guide

> **IMPORTANT LEGAL STATUS** This is a governance working framework, not a legal opinion. Kentucky statutes, valid administrative regulations, and duly adopted KPPA bylaws and charters control. KPPA counsel should review any delegation schedule, threshold, charter amendment, or policy adopted from this guide.

Terminology matters. Kentucky law designates the KPPA executive as the **Executive Director** and chief administrative officer. The term **CEO** belongs to the separate CERS and KRS chief executives. This guide therefore uses "Executive Director" for KPPA and "system CEO" for CERS or KRS. (KRS 61.505(8)(a); KPPA Bylaws §1.1.I.7-.8.)

Authority labels. A statement marked LEGAL is tied to statute; BYLAW/CHARTER is an adopted internal requirement; RECOMMENDED is a governance control that the Board may adopt after legal review. "Reserved" means management should not act without prior Board approval unless an express emergency or delegated-authority provision applies.

- ☐ Use Sections 1-3 to settle who owns a decision before discussing the merits.
- ☐ Use Sections 4-7 as the recurring oversight checklist and Executive Director reporting compact.
- ☐ Use Sections 8-9 to plan the Board year and construct each meeting agenda and packet.
- ☐ Use the appendices as adoption-ready templates; insert Board-approved dollar, duration, and risk thresholds where blanks appear.

Acronyms and abbreviations

Usage note. KRS has two distinct meanings in this guide. A citation followed by a chapter or section number means Kentucky Revised Statutes; a reference to the KRS system, Board, or CEO means Kentucky Retirement Systems. Agenda-code combinations such as D/O or O/D indicate that an item serves more than one purpose.

Acronym or code	Meaning and use in this guide
AAC	Administrative Appeals Committee; a joint CERS/KRS quasi-judicial committee authorized to act on hearing-officer reports and recommended orders on behalf of a system board.
ACFR	Annual Comprehensive Financial Report; pluralized as ACFRs when referring to more than one report.
CEO	Chief Executive Officer. In this guide, CEO refers to the separate CERS or KRS chief executive, not the KPPA Executive Director.
CERS	County Employees Retirement System.

Acronyms and abbreviations continued

Acronym or code	Meaning and use in this guide
CFO	Chief Financial Officer.
COOP	Continuity of Operations Plan; the documented plan for maintaining or restoring essential operations during a disruption.
COSO	Committee of Sponsoring Organizations of the Treadway Commission; publisher of a widely used internal-control framework.
CPA	Certified Public Accountant; in this guide, generally the external accounting or audit professional or firm.
CSF	Cybersecurity Framework; specifically, the NIST Cybersecurity Framework when used with NIST.
D / O / I / E	Decision / Oversight / Information / Education; classifications used in the suggested Board agenda. Combinations indicate multiple purposes.
DAC	Disability Appeals Committee; a joint CERS/KRS quasi-judicial committee authorized to act on disability hearing-officer reports and recommended orders on behalf of a system board.
DR	Disaster Recovery; the technology and operational capability for restoring systems, data, and services after a disruption.
ED	Executive Director; the statutory title of KPPA's chief administrative officer.
FY	Fiscal Year.
GAAP	Generally Accepted Accounting Principles.
GAO	U.S. Government Accountability Office.
GASB	Governmental Accounting Standards Board.
GFOA	Government Finance Officers Association.
HB	House Bill; HB 484 refers to the 2020 legislation establishing the current separation and shared-administration structure.

Acronyms and abbreviations continued

Acronym or code	Meaning and use in this guide
HR	Human Resources.
IIA	The Institute of Internal Auditors.
IT	Information Technology.
KAR	Kentucky Administrative Regulations; the body of regulations implementing Kentucky statutes.
KERS	Kentucky Employees Retirement System.
KPI	Key Performance Indicator; a quantified measure used to assess results, trends, or service performance.
KPPA	Kentucky Public Pensions Authority.
KRS — citations	Kentucky Revised Statutes, when followed by a chapter or section number, such as KRS 61.505.
KRS — entity	Kentucky Retirement Systems, when referring to the system, Board, or CEO; KRS administers KERS and SPRS.
NIST	National Institute of Standards and Technology.
OPEB	Other Postemployment Benefits.
PPOB	Public Pension Oversight Board.
RS	Regular Session, as used in Kentucky legislative references such as 20RS.
SLA	Service-Level Agreement; a documented service commitment defining expected performance, responsibilities, reporting, and escalation.
SPRS	State Police Retirement System.
U.S.	United States.

Executive summary

HB 484 created a deliberate three-entity structure: CERS and KRS retained separate plan governance, while KPPA became the shared administrative platform. The sound governance model is therefore **policy and fiduciary decisions by the proper system board; shared-service governance by the KPPA Board; execution through the KPPA Executive Director; and independent assurance through the Chief Auditor**.

- ☐ The KPPA Board governs the shared administrative enterprise: people, accounting, benefit operations, IT, legal and employer services, payment processing, records, shared assets, procurement administration, the common actuary and external CPA, and other assigned work. (KRS 61.505(1).)
- ☐ The CERS and KRS Boards retain system-specific fiduciary, plan-policy, funding, actuarial-assumption, investment-policy, benefit, and CEO/general-counsel authority. KPPA administers and supports those decisions; it should not silently absorb them. (KRS 61.645; KRS 61.650; KRS 78.782; KRS 78.790.)
- ☐ For retiree health insurance, disability determinations, and administrative appeals, KPPA governs the integrity and capacity of the administrative platform—not individual entitlement or plan-policy outcomes. CERS/KRS Boards and their joint Retiree Health Plan Committee, AACs, and DACs retain the system-level and quasi-judicial authority assigned by law and bylaws. KPPA Board reports should be aggregate and deidentified. (KRS 61.505(1)(c); KRS 61.645(16); KRS 61.665; KRS 78.782(16); CERS Bylaws §§2.2(b), (d), (f).)
- ☐ The KPPA Executive Director runs operations within the Board-approved budget, policies, service standards, procurement rules, and delegation schedule. The Board sets outcomes and limits, approves reserved matters, monitors exceptions, and evaluates the Executive Director; individual members do not direct staff.
- ☐ The Chief Auditor reports directly to the KPPA Board. Internal Audit must remain independent of management, have unrestricted access, maintain a risk-based plan, and report at least quarterly through the Audit Committee and to the Board. (KRS 61.505(8)(a); KPPA Bylaws §§1.5, 2.3; Audit Charters.)
- ☐ Board information should be exceptions-first: a one-page scorecard, a short decision or exception memorandum, and appendices for detail. Every decision paper should identify the deciding entity, legal authority, fiscal and system-allocation impact, risk, conflicts, and exact resolution requested.

> **RECOMMENDED OPERATING RULE** At the start of every material item, the Chair should state: (1) which legal entity is acting; (2) whether the item is decision, oversight, information, or education; and (3) the authority for the action. The minutes should preserve that statement.

1. Legal architecture and fiduciary frame

1.1 The three-entity model

Entity	Core role	Executive relationship	Decision boundary
KPPA Board	Govern the common administrative platform and shared resources serving both systems, including benefit and disability administration.	Appoints, compensates, and evaluates the KPPA Executive Director and Chief Auditor.	Shared operations, administrative budget, common vendors, controls, staff, cost allocation, regulations within KPPA authority; process integrity rather than individual benefit merits.
CERS Board	Administer CERS and act in CERS's best interest.	Appoints the CERS CEO and general counsel; KPPA Executive Director is the Board's chief administrative officer.	CERS plan policy, investments, funding and actuarial decisions, retiree-health terms and contributions, and AAC/DAC final-order authority.
KRS Board	Administer KERS/SPRS and act in KRS's best interest.	Appoints the KRS CEO and general counsel; KPPA Executive Director is the Board's chief administrative officer.	KERS/SPRS plan policy, investments, funding and actuarial decisions, retiree-health terms and contributions, and AAC/DAC final-order authority.

Legal foundation. HB 484 §1 transferred CERS administration to a separate CERS Board while retaining KERS/SPRS under KRS and assigning personnel, day-to-day administration, and specified common duties to KPPA. Current KRS 61.505(1) now controls KPPA's enumerated scope.

1.2 Fiduciary duties and the dual-hat problem

A KPPA member must act in good faith, on an informed basis, and in the best interest of CERS and KRS "as applicable," using ordinary-prudent-person care. A CERS trustee separately owes the corresponding duty to CERS, and a KRS trustee to KRS. Reliance on staff or experts is protected only when the member honestly believes the source is competent and has no knowledge making reliance unwarranted. (KRS 61.505(12); KRS 78.782(15); KRS 61.645(15).)

- ☐ Declare the capacity: KPPA member, CERS trustee, KRS trustee, or committee member.
- ☐ Identify who bears the cost, receives the service, owns the data, and carries the risk.
- ☐ Do not use KPPA's shared-service authority to decide a system-specific fiduciary question.
- ☐ Document conflicts and recusals before discussion; preserve the disclosure and disposition in the minutes.
- ☐ Require enough information to make reliance reasonable: qualifications, assumptions, alternatives, risk, cost, and dissenting views.

1.3 Governing principles

Principle	Board-level meaning
Mission before institution	Administer benefits accurately, timely, lawfully, securely, and cost-effectively for members, retirees, beneficiaries, employers, and taxpayers.
Right board, right decision	Route decisions to KPPA, CERS, or KRS according to statute and recorded delegation; do not treat overlapping membership as interchangeable authority.
Policy governs; management executes	The Board sets direction, limits, risk tolerance, budgets, and accountability. The Executive Director selects methods and manages staff within those limits.
Delegation without abdication	Write delegations, define limits and reporting, monitor performance, and retain the ability to amend or rescind.
Informed, documented judgment	Packets should present authority, facts, assumptions, alternatives, risk, fiscal and allocation effects, expert advice, and a proposed resolution.
Independence of assurance	The Chief Auditor and external auditor need direct Board access, freedom from operational responsibility, and private sessions when legally permitted.
Transparency with lawful confidentiality	Meet public-meeting, publication, and records duties while protecting member data, security information, litigation strategy, and procurement integrity.
Balanced service to both systems	Track service levels and full costs separately by system; disclose allocation rules and exceptions; resolve priority conflicts through the Boards, not informal staff bargaining.
Continuous readiness	Maintain succession, continuity, cyber response, disaster recovery, vendor exit, and crisis communication capabilities.

RECOMMENDED PRACTICE BASIS GFOA recommends documented governance rules, trustee education, policy monitoring, transparency, and a routine reporting schedule. The IIA Three Lines Model separates governing-body accountability, management action, and independent assurance.

2. The governance/management boundary

2.1 Matters reserved to the KPPA Board

The following matters are reserved by statute or current bylaws, or should be expressly reserved in the Board's delegation policy. Items labeled RECOMMENDED require Board adoption before they become binding internal limits.

Area	Reserved action	Basis	Authority
Governing instruments	Adopt and amend bylaws; approve policies and material policy revisions; define delegations and committee authority.	LEGAL/BYLAW	KRS 61.505(3)(b); Bylaws §§1.3.I, 2.4-.6

Area	Reserved action	Basis	Authority
Executive leadership	Appoint/contract, set terms and compensation, and annually evaluate the Executive Director and Chief Auditor; remove or end services when warranted.	LEGAL/BYLAW	KRS 61.505(8)(a); Bylaws §§1.3.II-.III
Budget	Approve the biennial budget unit request before submission; approve the administrative budget and necessary amendments.	LEGAL/BYLAW	KRS 61.505(11)(b); Bylaws §1.3.XII
Personnel structure	Approve petitions for new unclassified positions; adopt/amend the Office of Investments salary and classification plan; approve the annual personnel report.	LEGAL	KRS 61.505(8)(b), (d), (e)
Common professionals	Ensure procurement of the single actuarial firm and single external CPA; approve material appointment/discharge decisions as allocated by charter and law.	LEGAL/BYLAW	KRS 61.505(1)(e)-(f); Bylaws §1.3.IV, IX; Audit Committee Charter VI
Financial reporting	Act on audited financial statements and give final approval for publication of the ACFR(s), after system-board overview/acceptance.	BYLAW/CHARTER	Bylaws §1.3.VI; Audit Committee Charter VII.6-.7
Regulations	Consider and take action on proposed administrative regulations within KPPA authority or the documented authority of CERS/KRS.	BYLAW	Bylaws §1.3.V; KRS 61.505(1)(g)
Audit and assurance	Ratify Audit Committee recommendations/actions where required; annually evaluate Chief Auditor; ensure implementation of adopted recommendations.	LEGAL/BYLAW/CHARTER	KRS 61.505(8)(a); Bylaws §§1.3.VIII, 1.5; Audit Committee Charter III
Cost allocation	Determine the method for prorating, assigning, or allocating KPPA expenses to CERS and KRS and oversee the annual report to PPOB.	LEGAL	KRS 61.505(11)(a)
Benefit-process governance	Approve administrative service standards, capacity, controls, privacy safeguards, and enterprise/vendor risk for retiree health, disability determinations, and appeals; do not decide individual entitlement or system plan terms.	LEGAL/RECOMMENDED	KRS 61.505(1)(c)1., 6., (h); CERS Bylaws §2.2

Area	Reserved action	Basis	Authority
Critical contracts	Approve contracts above Board thresholds, unbudgeted critical commitments, long-duration commitments, and contracts presenting high operational, privacy, cyber, or reputational risk.	RECOMMENDED	Delegation schedule; KRS 61.505(1)(h), (3)(d); Bylaws §1.3.IV
Risk tolerance	Approve enterprise risk appetite/tolerance, cybersecurity risk posture, continuity objectives, and acceptance of material unresolved audit risk.	RECOMMENDED	GAO Green Book; NIST CSF 2.0; Audit Charters
Material litigation	Approve precedent-setting positions and settlements above threshold, except time-critical protective actions that are promptly reported and ratified.	RECOMMENDED/ BYLAW	Bylaws §§1.4.VI, XIV; §3.0

2.2 Delegated management authority

Subject to law, the approved budget, Board policies, procurement rules, collective or personnel requirements, and the written delegation schedule, the Executive Director should have authority to run KPPA without seeking approval for routine methods and transactions.

- ☐ Hire, assign, supervise, evaluate, discipline, and separate KPPA employees other than Internal Audit personnel, within authorized positions and compensation rules.
- ☐ Operate retiree-health eligibility/enrollment support, disability application and medical-review administration, appeal intake/portal/scheduling/records support, final-order implementation, payment processing, employer reporting/compliance, finance/accounting, IT, legal operations, communications, records, facilities, and other shared services.
- ☐ Execute approved budgets and contracts; conduct procurements; sign routine agreements; monitor vendors; and enforce terms within the delegation schedule.
- ☐ Implement Board policies and approved regulations; issue procedures, playbooks, and internal controls that do not change Board policy.
- ☐ Coordinate staff and resources with the CERS and KRS CEOs and general counsels, while documenting system-specific priorities and resolving conflicts through the proper governance channel.
- ☐ Take emergency protective action when the conditions in Bylaws §1.4.XIV are met, then promptly report and obtain review/ratification when a quorum is available.

> **BOUNDARY TEST** If a matter changes policy, risk tolerance, a statutory allocation of authority, the approved budget, a Board-approved service level, executive compensation, or a threshold in the delegation schedule, it belongs before the Board. If it selects the means to deliver an approved outcome within those limits, it ordinarily belongs to management.

2.3 Matters belonging to CERS or KRS, not KPPA

- ☐ Plan-specific fiduciary judgments and administration under the system statutes.
- ☐ Investment policy, asset allocation, risk/return objectives, manager decisions, proxy policies, and other investment decisions assigned to the CERS or KRS Board and investment committee. KPPA may oversee investment administration, staffing, controls, systems, procurement support, and shared cost/service issues.
- ☐ Actuarial assumptions, valuations, funding policy, and employer contribution decisions assigned by law to the system boards. KPPA hires the common actuarial firm and oversees contract performance and shared data/control quality.

- ☐ Retiree-health plan design, premium-contribution policy, coverage choices, and execution of health-plan contracts reserved to the CERS/KRS Boards after recommendation from the Joint Retiree Health Plan Committee.
- ☐ Individual administrative-appeal and disability-appeal merits, hearing-officer recommendations, and final orders assigned to the CERS/KRS Boards or their delegated AAC/DAC panels. The KPPA Board should not review a claimant's evidence or communicate ex parte about a pending case.
- ☐ Appointment, compensation, evaluation, and termination of each system CEO and general counsel.
- ☐ System-specific litigation, legislation, regulatory positions, communications, and administrative appeals, unless delegated or jointly affecting KPPA and both systems.
- ☐ Acceptance or approval actions that KRS 61.645 or KRS 78.782 expressly assigns to the system board.

3. Board oversight checklist and authority matrix

This section is designed for the Chair's annual workplan and each quarterly packet. "Board" means the KPPA Board unless the row expressly routes a decision to CERS/KRS.

3.1 Governance, strategy, service and risk

Domain	Board reserved/oversight	Executive Director/management	Evidence and cadence
Mission/strategy	Approve KPPA strategic outcomes, annual priorities, risk tolerance, and service commitments; monitor delivery and corrective actions.	Prepare plan, measures, options, forecasts, and exceptions; allocate staff and execute.	Quarterly dashboard; annual strategy review
Entity boundaries	Confirm deciding entity and statutory authority for material items; refer system-specific matters to CERS/KRS.	Route decision papers correctly; obtain counsel review when authority is ambiguous.	Each agenda item; annual delegation audit
Shared services	Approve service catalog, system-specific service levels, change-control and dispute process, and cost-allocation method.	Operate services, measure KPIs, document demand, report allocation and service exceptions.	Quarterly SLA scorecard; annual reset
Enterprise risk	Approve risk appetite/tolerance and top enterprise risks; challenge mitigation and residual risk; approve material risk acceptance.	Own the risk register; assign owners; implement controls; escalate breaches and trend deterioration.	Quarterly top-risk report; immediate critical events
Compliance/ethics	Oversee legal/regulatory compliance, ethics, conflicts, whistleblower process, and remediation; preserve independent reporting channels.	Maintain obligations register, training, certifications, investigations, and issue tracking.	Quarterly exceptions; annual certifications

3.2 Finance, budget, procurement and controls

Domain	Board reserved/oversight	Executive Director/management	Evidence and cadence
Budget	Approve biennial request, administrative budget, amendments, and material corrective plans.	Develop with system CEOs; submit only after approval; manage within budget.	Budget-to-actual each regular quarterly meeting (Bylaws §1.4.III)
Cost allocation	Approve method and material changes; assess fairness, consistency, drivers, and system effects.	Calculate allocations, reconcile, document drivers, and prepare PPOB report.	Quarterly estimate; annual report due by Nov. 15
Financial reporting	Act on audited statements; final ACFR approval/publication; oversee significant estimates and control deficiencies.	Prepare fair GAAP/GASB statements, maintain controls, coordinate audit, correct findings.	Quarterly financials; annual audit/ACFR
Procurement	Approve procurement/contract policy and high-risk or above-threshold commitments; oversee exceptions and conflicts.	Run compliant procurements, evaluations, negotiations, execution, monitoring, renewals, and closeout.	Quarterly contract dashboard; decision memo before reserved actions
Internal control	Oversee design/effectiveness; require management certification and timely remediation; do not perform controls.	Design, implement, document, test, and operate controls; certify and remediate.	Quarterly deficiency/remediation report; annual control assertion
Fraud/improper payment	Approve risk approach, receive substantiated issues and losses, oversee recovery and control redesign.	Perform risk assessment, prevention/detection, case handling, recovery, and reporting.	Quarterly trend; immediate material case

3.3 Operations, technology, cyber, data and continuity

Domain	Board reserved/oversight	Executive Director/management	Evidence and cadence
Benefit operations	Set administrative service outcomes and tolerances; monitor retiree-health and disability/appeal timeliness, accuracy, backlog, deadline exceptions, payment errors, and member impact without reviewing individual merits.	Manage eligibility/enrollment, disability intake and examiner support, appeal portal/scheduling/records, order implementation, quality, staffing, training, corrections, and root-cause actions.	Monthly operations; quarterly aggregate/deidentified scorecard by system
IT portfolio	Approve strategy, major transformations, critical-system risk, and projects above threshold.	Prioritize delivery, architecture, testing, vendors, benefits realization, and change management.	Quarterly portfolio health; decision gates
Cyber/privacy	Approve risk posture and policy; oversee identity/access, data protection, third parties, testing, incidents, and recovery.	Operate NIST-aligned program, risk register, controls, exercises, incident response, notifications, and remediation.	Quarterly; immediate material incident
Records/transparency	Oversee legal compliance and publication; protect lawful confidentiality.	Designate records custodian; manage retention, open-records response, website postings, and secure disposal.	Quarterly exceptions; annual program review
Continuity/disaster recovery	Approve recovery-time/data-loss tolerances and critical-service priorities; review exercise results.	Maintain COOP/DR, backups, crisis roles, alternate processing, tests, and corrective actions.	Annual full exercise; quarterly readiness

Domain	Board reserved/oversight	Executive Director/management	Evidence and cadence
Member/employer service	Monitor equitable service, accessibility, complaints, satisfaction, employer compliance, and material service failures.	Operate channels, outreach, complaint resolution, employer education/enforcement, and service improvement.	Quarterly trends and root causes

3.4 People, audit, legal, legislative, actuarial and investments

Domain	Board reserved/oversight	Executive Director/management	Evidence and cadence
Executive leadership	Hire, compensate and annually evaluate Executive Director/Chief Auditor; approve succession and emergency coverage.	Executive Director manages KPPA; Chief Auditor independently manages Internal Audit.	Annual evaluation; quarterly goal status
Workforce	Approve unclassified-position actions and salary/classification plan; approve annual personnel report; monitor workforce risk.	Workforce planning, classified personnel actions, performance, culture, safety, training, and succession.	Quarterly workforce dashboard; annual report
Internal audit	Approve/ratify charter, risk-based plan, budget, chief-auditor matters and material risk acceptance; meet privately as allowed.	Management responds and remediates; it does not limit scope, access, reporting, or staffing.	Audit Committee at least quarterly; Board report/ratification
Litigation/legal	Approve material joint positions/settlements within reserved thresholds; monitor exposure and precedent.	Legal manages cases; ED reports significant joint matters. System-only matters go to CERS/KRS.	Quarterly privileged report; immediate material event
Legislation/regulations	Approve KPPA policy positions and regulations; distinguish joint, KPPA, CERS, and KRS sponsorship.	Monitor, analyze, coordinate with CEOs/counsel, draft, implement, and sign approved filings.	Session dashboard; decision memo for Board action
Actuarial/funding	Oversee common actuary procurement, independence, contract/service performance and data controls; do not displace system decisions.	Provide accurate data, coordinate deliverables, monitor contract and issues. CERS/KRS decide assumptions/funding matters.	Annual service review; statutory valuation/experience cycle
Investments	Oversee KPPA's administrative services, staffing boundaries, systems, controls, cyber, accounting, custody interfaces and shared costs.	ED manages personnel; investment staff take investment-management/performance direction from CERS/KRS investment committees.	Quarterly operational-control report; system investment reports separately

4. Executive Director responsibility and delegated-authority compact

4.1 Legal and bylaw duties

Responsibility	Executive Director duty	Authority

Responsibility	Executive Director duty	Authority
Chief administrative officer	Serve KPPA, CERS Board, and KRS Board as chief administrative officer; cooperate with both system CEOs.	KRS 61.505(8)(a)
Personnel	Appoint KPPA employees except those reporting directly to Chief Auditor; manage HR and Office of Investments personnel within legal/Board limits.	KRS 61.505(8)(b)-(d); Bylaws §1.4.I-.II
Budget	Develop biennial budget/amendments with system CEOs; present for KPPA approval; submit to Governor; report budget-to-actual each regular quarterly meeting.	KRS 61.505(11)(b); Bylaws §1.4.III
Information/cyber/continuity	Maintain comprehensive records/information management, disaster recovery, continuity, and cybersecurity policies.	Bylaws §1.4.IV, XV
Policies	Recommend policy improvements and implement approved policies consistent with law and system policies.	Bylaws §1.4.V
Benefits, disability and appeals	Administer retiree-health eligibility/enrollment and disability processes; coordinate medical review, notices, portal access, hearings, records, staff/legal support, and final-order implementation without influencing case merits.	KRS 61.505(1)(c)1., 6.; KRS 61.665; 105 KAR 1:215, 1:220; CERS Bylaws §2.2
Litigation	Monitor jointly affecting litigation with Legal and report significant developments; route system-only litigation to the affected system.	Bylaws §1.4.VI
Legislative/regulatory	Coordinate with system CEOs; represent KPPA; advise Board; propose changes; implement law; sign documents for approved regulations.	Bylaws §1.4.VII-.XI; KRS 61.505(1)(g)
Communications/reciprocity	Coordinate communications with system CEOs and assist with reciprocal benefits.	Bylaws §1.4.XII-.XIII
Emergency authority	When defined emergency conditions exist and no quorum is available, take necessary protective action; obtain review/ratification when quorum returns.	Bylaws §1.4.XIV
Board support	Cause minutes to be prepared and provide Board/committee materials at least one week before meetings.	Bylaws §§1.1.III.6, 1.4.XVI

4.2 Reporting compact

The Board should adopt the following minimum reporting compact as part of the Executive Director's annual goals and delegation schedule. It supplements, and does not reduce, any legal or bylaw report.

Cadence	Content	Required format / audience
Immediate / same day	Material cyber/privacy incident; benefit-payment or retiree-health service interruption; systemic missed notice/hearing deadline; loss or unavailability of appeal records/portal; examiner, carrier, or administrator failure; material eligibility/premium/reconciliation error; suspected fraud; regulator/law-enforcement contact; improper interference or ex parte contact in a pending appeal.	Chair, Audit Chair/Chief Auditor, counsel, and affected system CEO/Chair as appropriate; concise secure alert with known facts, containment, decisions needed, next update. Protect claimant confidentiality.

Cadence	Content	Required format / audience
Within 72 hours	Written incident or exception memorandum after an immediate alert.	Timeline, scope, member/employer/system impact, legal duties, containment, financial estimate, decision rights, communications, next milestones, and preliminary lessons.
Monthly	Operating dashboard to Board members or at minimum Chair/Vice Chair and committee chairs.	Service levels; benefit/payment accuracy; retiree-health eligibility/enrollment and reconciliation exceptions; disability/appeal volume, age, cycle time, deadline exceptions, vendor performance, and final-order implementation; backlog, complaints, projects, workforce, cyber, risks, and upcoming decisions. Use aggregate/deidentified data and separate CERS/KRS where material.
Each regular quarterly meeting	Formal Executive Director report and certification.	One-page scorecard; budget-to-actual; top risks; compliance; retiree-health and disability/appeal administration; cyber/continuity; service/SLA; contracts; workforce; litigation/legislation; audit remediation; Board decisions requested.
Quarterly Audit Committee	Management compliance and remediation update; legal/compliance matters; control deficiencies; fraud/whistleblower trends.	Exceptions and aging; accountable owner; target date; residual risk; management acceptance requiring Board action.
Annual	Strategic outcomes; control certification; risk assessment; workforce/personnel report; cost-allocation report; vendor/contract performance; succession; policy review; cyber/COOP exercise; Executive Director self-assessment.	Year-over-year trends, independent assurance, unmet objectives, resource choices, and next-year commitments.
Biennial / statutory cycle	Budget unit request and supporting forecasts; legislative/regulatory workplan.	Reconciled CERS/KRS needs, allocation impact, alternatives, risks, and Board resolution before submission.

4.3 Quarterly scorecard specification

- ☐ Status: current, prior quarter, target, trend, and red/amber/green definition.
- ☐ Service: benefit accuracy/timeliness, payment exceptions, backlog age, contact-center service, complaint themes, employer-reporting timeliness/compliance.
- ☐ Member protection: retiree-health eligibility/enrollment accuracy, premium/reimbursement reconciliation, carrier/administrator performance, open-enrollment readiness, disability application and examiner cycle time, appeal inventory/age, statutory deadline exceptions, remands/modifications, portal availability, and final-order implementation—aggregate, deidentified, and segmented by system.
- ☐ Financial: budget-to-actual, forecast at completion, cost per member/transaction where useful, system allocation, cash/financial-control exceptions.
- ☐ Risk/control: top risks, threshold breaches, audit findings by age/severity, compliance events, fraud/improper payment, management risk acceptance.
- ☐ Technology/cyber: critical availability, vulnerabilities/remediation, access reviews, phishing/training, third-party risk, incidents, recovery tests, portfolio milestones.
- ☐ People/vendor: vacancies in critical roles, turnover, succession coverage, grievances, safety, contract renewals, SLA failures, concentration and exit risk.
- ☐ Decisions: item, deciding entity, authority, deadline, consequence of delay, and staff recommendation.

4.4 Prior Board approval and escalation

Control	Matters covered
Always prior approval	Bylaws/policies; ED/Chief Auditor appointment, terms, compensation/evaluation; biennial budget request and budget amendments; new unclassified-position petition; investment-office salary/classification plan; annual personnel report; regulations; cost-allocation method; audited financial statements/ACFR final approval; other nondelegable action.
Prior approval when threshold met	Unbudgeted commitment; critical or high-risk contract, including a retiree-health administrator, carrier support, medical examiner, or appeals platform; term beyond Board limit; major IT/cyber change; organizational restructure; material settlement; public policy position; material acceptance of audit/control risk; service-level reduction; change that shifts cost or risk between systems.
Notify, then ratify if necessary	Emergency protective action under Bylaws §1.4.XIV; urgent litigation/procurement step needed to preserve rights; incident containment within adopted plan. Notify Chair/counsel promptly and place ratification on the first lawful meeting agenda.
Management may act and report	Routine personnel, purchases, contracts, operations, procedures, remediation, and communications within budget, policy, procurement law, delegation, and system direction.

THRESHOLDS TO ADOPT The Board should annually approve a one-page schedule defining dollar, duration, variance, service-impact, privacy/cyber, litigation, and reputational thresholds. Use blanks until counsel and finance validate scale: contract $____; unbudgeted spend $____ or ____%; budget variance ____%; outage ____ hours; claim/settlement $____; project variance ____% or ____ days.

5. Board–Executive Director–system CEO relationship

5.1 Working rules

- ☐ The Board speaks through adopted resolutions, policies, budget, goals, and the Chair's authorized communications—not through individual trustee instructions to staff.
- ☐ The Chair is the primary governance liaison to the Executive Director. The Chair may clarify Board intent and coordinate agendas but should not exercise unilateral executive authority.
- ☐ The Executive Director keeps all members equally informed on material matters; no faction receives privileged operational access.
- ☐ CERS/KRS CEOs state system policy, executive, and legislative priorities to their own boards and coordinate administrative execution with the Executive Director.
- ☐ Operational directions to KPPA staff flow through the Executive Director or designated management chain. System investment committees may direct investment-management/performance work as recognized in Bylaws §1.4.II, while personnel authority remains with the Executive Director.
- ☐ Disagreement is surfaced, documented, and routed: staff issue → executives; shared-service priority/cost issue → KPPA Board; CERS policy/fiduciary issue → CERS Board; KRS policy/fiduciary issue → KRS Board; independence issue → Chief Auditor/Audit Committee/Board.
- ☐ Performance evaluation is against pre-agreed outcomes and conduct, not individual Board member preferences or operational micromanagement.

5.2 Direction and dispute protocol

Step	Required action
1. Classify	Identify entity, service, legal authority, funding source, data owner, urgency, and whether the issue is policy, priority, or execution.
2. Resolve operationally	Executive Director and affected system CEO/general counsel attempt resolution within approved policy, service levels, and budget.
3. Document	Record options, service/member impact, cost allocation, risk, legal view, and recommended route. Do not rely on informal side agreements.
4. Escalate	Shared-service/cost/risk issue goes to KPPA; CERS-only issue to CERS; KRS-only issue to KRS; joint fiduciary issue may require coordinated but separate actions.

Step	Required action
5. Track	Record decision, owner, due date, metrics, and any required review or sunset. Report unresolved cross-system issues quarterly.

6. Committee and assurance oversight

6.1 Current committee framework

The current bylaws name the Audit Committee as the standing committee. The Chair or Board may create ad hoc committees. Additional standing committees should be created only through a bylaw amendment and a clear charter; committees support Board judgment and do not blur authority among KPPA, CERS, and KRS. (KPPA Bylaws §§2.1-2.6.)

Body	Scope	Reporting	Boundary
Audit Committee	Internal control, compliance, internal/external audit, Chief Auditor matters, audit plan/budget, findings and remediation.	At least quarterly; report activities, issues, actions/recommendations; obtain Board ratification as required by Charter.	Four KPPA members under Charter; bylaws permit properly appointed non-KPPA trustees. Reconcile charter, appointments, and actual roster annually.
Budget/shared-services ad hoc	Biennial budget, allocation methodology, service catalog/SLA, major contracts or facilities.	Time-limited; written charge, deliverable, sunset, and report to Board.	Avoid delegating final budget approval or nondelegable matters.

Body	Scope	Reporting	Boundary
Regulation/legislative ad hoc	Complex or cross-system regulations and joint legislative matters.	Recommend sponsor, authority, substance, implementation, and system approvals.	Separate KPPA, CERS, and KRS actions when required.
Technology/cyber ad hoc	Major transformation, cyber maturity, incident lessons, recovery and third-party risk.	Use for major programs or heightened risk; otherwise full Board/Audit oversight.	Do not move operational command to trustees.
Executive evaluation ad hoc	Structured annual evaluation of Executive Director and Chief Auditor, succession and compensation recommendations.	Annual confidential process consistent with Open Meetings law and counsel advice.	Chief Auditor evaluation should involve Audit Chair; Board retains final action.

6.2 Audit Committee minimum checklist

☐ Confirm member independence, conflicts, financial expertise, annual appointments, quorum, and charter alignment.

- ☐ Review and approve the Internal Audit Charter, risk assessment, plan, resources, budget, and material plan changes; take or recommend the action required by current Charter language.
- ☐ Meet with the Chief Auditor at least quarterly and without management when legally permissible and useful.
- ☐ Confirm unrestricted access, scope, staffing, communications, and records; investigate any interference.
- ☐ Review findings by severity, owner, due date, age, repeat status, residual risk, and evidence of closure.
- ☐ Require Board approval for management acceptance of risk above the Board-adopted tolerance.
- ☐ Oversee external-auditor scope, independence, non-audit services, required communications, performance, findings, and management responses.
- ☐ Receive quarterly legal/compliance updates and significant investigations; protect whistleblower channels and prohibit retaliation.
- ☐ Report committee activities, issues, actions, and recommendations to KPPA at least quarterly; identify items requiring ratification.
- ☐ Complete annual charter, committee performance, responsibility, and assurance-coverage reviews.

ASSURANCE MODEL Management owns risks and controls. Compliance, legal, finance, information security, and other monitoring functions provide management assurance. Internal Audit provides independent assurance to the Board and must not design or operate the controls it later audits.

6.3 System-board benefit committees and KPPA administrative support

LEGAL AND GOVERNANCE BOUNDARY The AACs and DACs exercise delegated quasi-judicial authority for the CERS/KRS Boards; the Joint Retiree Health Plan Committee recommends plan matters to those Boards. KPPA supplies the administrative platform, staff, records, legal/regulatory support, and vendors. The KPPA Board oversees that platform's capacity, controls, security, cost, and performance; it does not decide individual cases or system plan terms. (KRS 61.505(1)(c); KRS 61.645(16); KRS 78.782(16); CERS Bylaws §§2.2(b), (d), (f).)

Body	System-board authority	KPPA administrative support	KPPA Board oversight boundary
Joint Retiree Health Plan Committee	Four trustees—two CERS and two KRS—meet quarterly, monitor the health plan, and recommend plan, carrier, self-insurance, actuarial, contract, and legislative matters to the system Boards.	Provide eligibility/enrollment and vendor data; legal/regulatory analysis; actuarial and procurement coordination; issue identification; recommendations; and implementation support.	Monitor administrative readiness, service, controls, privacy, vendor performance, and shared costs. Route plan design, premium contributions, and contract execution to CERS/KRS.
Administrative Appeals Committees (AACs)	Joint three-member panels act for the system Boards on hearing-officer reports and recommended orders and may adopt, reject, modify, or remand under KRS Chapter 13B.	Maintain notices, portal access, scheduling, records, exhibits, staff/legal coordination, decision tracking, and implementation of final orders.	Monitor aggregate volume, age, deadlines, remands, implementation, consistency risks, resources, systems, and vendors—not facts, evidence, or merits of a pending case.

Body	System-board authority	KPPA administrative support	KPPA Board oversight boundary
Disability Appeals Committees (DACs)	Joint three-member panels act for the system Boards on disability hearing-officer reports and recommended orders and may adopt, reject, modify, or remand.	Administer applications, medical-examiner workflow, notices, evidence intake, portal, hearings, records, staff/legal coordination, and final-order implementation.	Monitor aggregate timeliness, examiner/vendor performance, backlog, deadline exceptions, access, consistency risks, and controls—not medical evidence or individual entitlement.

CLAIMANT CONFIDENTIALITY AND DECISIONAL INDEPENDENCE KPPA Board materials should contain only aggregate, deidentified information unless counsel determines that identifiable information is legally necessary for a specific Board duty. Trustees should not seek claimant files, contact a panel member or hearing officer about a pending case, or engage in ex parte communications. Any attempted interference should be documented and escalated immediately.

7. Domain-specific oversight playbooks

7.1 Risk and compliance

- ☐ Approve an enterprise risk policy defining categories, appetite/tolerance, escalation, ownership, and reporting.
- ☐ Review a top-risk dashboard with current/residual exposure, trend, controls, owner, action due dates, and interdependencies.
- ☐ Maintain a legal/regulatory obligations register and policy calendar; report missed obligations, waivers, and overdue remediation.
- ☐ Require a coordinated assurance map so compliance monitoring, external audit, internal audit, security assessments, and regulators do not leave gaps or duplicate work.

7.2 Internal audit

- ☐ Preserve direct Chief Auditor access to the Board and Audit Committee, independent budget discussion, and authority over Internal Audit staff.
- ☐ Approve a risk-based plan covering benefits, finance, investments administration, employer reporting, technology/cyber, data, procurement, HR, legal compliance, and governance over a multi-year cycle.
- ☐ Track findings until independently validated as implemented, no longer applicable, or explicitly risk-accepted at the proper level.

7.3 Investments

- ☐ KPPA's role is administrative and enabling: personnel, finance/accounting, IT/data, procurement support, custody interfaces, compliance operations, and controls. CERS/KRS Boards and investment committees retain the investment powers assigned by KRS 78.790 and KRS 61.650.
- ☐ Receive KPPA operational metrics: reconciliations, data quality, trade/custody breaks, valuation exceptions, fee data completeness, access conflicts, cyber/vendor incidents, staffing, procurement status, and audit findings.
- ☐ Do not convert a KPPA operational review into approval of asset allocation, manager selection, portfolio transactions, or system-specific risk/return objectives.

7.4 Actuarial and funding

- ☐ KPPA hires one actuarial consulting firm for both systems; oversee procurement, qualifications, independence, contract performance, data governance, timeliness, and allocation of costs. (KRS 61.505(1)(e).)
- ☐ CERS/KRS Boards own the actuarial tables, valuations, assumption investigations, analyses, and funding/contribution actions assigned by KRS 78.784 and KRS 61.670.
- ☐ Require clear separation between common vendor oversight and system fiduciary judgment. Consider an independent actuarial audit at least every five years as a recommended control, coordinated with statutory reviews.

7.5 Retiree health insurance, disability determinations and appeals

- ☐ Adopt a written boundary: KPPA governs the resources, service standards, controls, technology, vendors, privacy, and risk of administration; CERS/KRS Boards and their Joint Retiree Health Plan Committee, AACs, and DACs govern plan policy and individual quasi-judicial outcomes.
- ☐ Require a quarterly aggregate/deidentified dashboard segmented by CERS and KRS. Retiree-health measures should cover eligibility/enrollment accuracy, premium and reimbursement reconciliation, carrier/administrator service, complaints/grievances, open-enrollment and plan-year readiness, cost trends, and material coverage interruptions.
- ☐ Disability measures should cover applications and completeness, examiner/vendor cycle time, cases by age, additional-evidence activity, approvals/denials, hearing requests, staffing, and exception causes. Appeals measures should cover inventory, hearing-officer cycle time, AAC/DAC activity, remands/modifications, missed statutory or regulatory deadlines, portal access, legal challenges, and final-order implementation.

- ☐ Require prompt escalation of systemic deadline failures, a material backlog threshold breach, service or coverage interruption, privacy breach, loss/unavailability of appeal records or portal access, medical-examiner or vendor failure, evidence of inconsistent administration, a court/regulator finding, a material premium/reconciliation error, or attempted interference/ex parte contact.
- ☐ Require Internal Audit periodically to review the end-to-end process: intake, eligibility, evidence and medical review, notices, security/portal access, scheduling, hearing support, final-order implementation, reconciliations, vendor controls, complaint handling, and management reporting.
- ☐ Do not place individual claimant merits, medical records, or identifiable case files on the KPPA Board agenda. Route policy or final-order matters to the legally authorized CERS/KRS body and document the referral.

7.6 Budget, finance and controls

- ☐ Approve the budget only after reconciling service demand, staffing, technology, contracts, audit needs, system-specific requests, contingencies, and allocation drivers.
- ☐ At each quarterly meeting, review actual, budget, forecast, variance cause, corrective action, year-end projection, and CERS/KRS allocation impact.
- ☐ Require segregation of duties, reconciliations, access reviews, approval controls, change logs, vendor master controls, payment integrity, and management certification aligned to the GAO Green Book/COSO concepts used by the Internal Audit Charter.

7.7 Procurement and contracts

- ☐ Maintain a Board-approved procurement and contract-management policy consistent with KRS Chapters 45, 45A, 56, and 57 as applicable and KRS 61.505(1)(h), (3)(d).
- ☐ Reserve high-value, long-duration, unbudgeted, sole-source, related-party, member-data, core-benefit, cyber-critical, and reputationally material contracts.
- ☐ Quarterly dashboard: pipeline, awards, renewals, total spend, amendments, competition, conflicts, KPIs/SLAs, data/security terms, concentration, disputes, audit rights, exit/transition, and benefits realized.

7.8 Litigation and legal

- ☐ ED reports significant litigation affecting KPPA and both systems jointly; CERS-only or KRS-only litigation goes to the affected board. (Bylaws §1.4.VI.)
- ☐ Adopt materiality/settlement thresholds and emergency authority to preserve rights, with prompt notice and ratification.

- ☐ Use a privileged quarterly report showing stage, exposure range, precedent/policy impact, insurance/indemnity, deadlines, strategy choices, and decisions needed without compromising privilege.

7.9 Cybersecurity, privacy and resilience

- ☐ Use NIST CSF 2.0's Govern function to set risk strategy, roles, legal/contractual requirements, supply-chain expectations, policy, oversight, and accountability.
- ☐ Board dashboard should cover critical assets/data, identity and privileged access, vulnerability and patch risk, third parties, detection/response, backups, recovery, exercises, workforce behavior, and material incidents.
- ☐ Approve recovery-time and recovery-point objectives for benefit payments, member records, employer reporting, finance, and communications; require annual exercise and independent testing.

7.10 Human resources and executive compensation

- ☐ Board owns Executive Director/Chief Auditor terms, compensation, annual evaluation, succession, and any required unclassified-position/salary-plan actions.
- ☐ Executive Director owns other KPPA personnel; Chief Auditor owns Internal Audit appointments. CERS/KRS Boards own their CEO/general-counsel employment matters.
- ☐ Use market, internal-equity, performance, retention, legal, and public-accountability factors; document recusal, independent advice, and the exact basis for executive pay decisions.

7.11 Legislative and regulatory

- ☐ Classify each proposal as KPPA, CERS, KRS, or joint. Identify which board must approve policy, draft language, or a regulation.
- ☐ ED coordinates with system CEOs and counsel, advises KPPA, implements changes, and signs documents necessary to promulgate approved KPPA regulations. (Bylaws §1.4.VII-.XI.)
- ☐ Maintain a session dashboard showing bill/regulation, owner, status, fiscal/actuarial/operational impact, system effect, Board position, implementation deadline, and communications.

7.12 Shared services and system-specific service agreements

- ☐ Adopt a Shared Services Governance Charter or memoranda acknowledged by KPPA, CERS, and KRS. It should document the statutory model without contracting away Board duties.

- ☐ For each service define owner, customer, scope, KPI/SLA, priority, data owner, staffing, budget, allocation driver, change control, incident escalation, audit access, dispute route, and annual review.
- ☐ Report performance separately for CERS and KRS where differences can be material. Explain cross-subsidy, backlog, deferred demand, and priority conflicts.

8. Recurring Board reporting and annual calendar

8.1 Minimum recurring Board packet

- ☐ Cover sheet: meeting date, entity, item classification (Decision/Oversight/Information/Education), presenter, authority, confidentiality, and conflicts.
- ☐ Consent agenda: prior minutes, routine reports, and items suitable for one motion; any member may remove an item.
- ☐ Executive Director one-page scorecard and exceptions memorandum.
- ☐ Budget-to-actual and forecast; allocation by system; financial-control exceptions.
- ☐ Top enterprise risks and compliance/legal exception report.
- ☐ Service/SLA and member/employer experience dashboard.
- ☐ Member-protection dashboard: retiree-health administration and disability/appeals process integrity, with CERS/KRS segmentation, trends, threshold breaches, corrective actions, and only aggregate/deidentified data.
- ☐ Technology, cyber, privacy, continuity and major-project report.
- ☐ Procurement/contract, workforce/succession, litigation, legislation/regulation, and policy-calendar updates.
- ☐ Audit Committee report, Chief Auditor report, finding-remediation aging, actions and ratifications.
- ☐ Decision memoranda with draft resolutions and prior committee recommendations.
- ☐ Forward calendar, education, unresolved requests, and certifications.

PACKET DEADLINE The Executive Director must ensure Board/committee materials are distributed at least one week before the meeting. Regular meeting notice and agenda are posted at least seven days before the meeting under the bylaws; statutory posting is at least 72 hours. Follow the stricter rule and control late materials. (KRS 61.505(7)(d); Bylaws §§1.1.III.4.A, 1.4.XVI.)

8.2 Board-year oversight calendar

Cycle	Required oversight

Cycle	Required oversight
April annual meeting	Elect Chair/Vice Chair; appoint committees; confirm charters/delegations; conflicts/disclosures; education status; strategic priorities; risk appetite; ED/Chief Auditor goals; annual workplan.
April-June	FY forecast and close readiness; audit plan/budget; cyber/continuity exercise plan; common actuary/CPA/vendor review; retiree-health and disability-examiner vendor review; service catalog/SLA reset; major-project gates.

Cycle	Required oversight
July-September	Year-end results; audited statements/ACFR process; annual control certification; retiree-health open-enrollment/plan-year readiness; workforce/succession; policy inventory; external-audit communications.
October-December	Annual cost/allocation report for Nov. 15; personnel report; legislative session readiness; budget development; retiree-health implementation/reconciliation readiness; next year's regular meeting schedule; vendor renewals.
January-March	Executive Director and Chief Auditor evaluations/compensation; biennial budget unit request as applicable; Board/committee self-assessment; charter/bylaw review; risk assessment; annual report and next Board-year agenda.
Every quarter	ED scorecard; budget-to-actual; services; aggregate/deidentified retiree-health, disability, and AAC/DAC administration; risk/compliance; cyber/continuity; contracts; workforce; legal/legislative; audit/remediation; system CEO and committee interface; decisions and forward calendar.

9. Suggested recurring KPPA Board meeting agenda

Use D = decision, O = oversight, I = information, and E = education. The Chair approves the agenda; the packet should state the authority and exact action for every D item. Timing is illustrative and should fit the meeting.

#	Agenda item	Type	Lead	Min.
1	Call to order; roll; quorum; notice/open-meetings confirmation	D/I	Chair / counsel	5
2	Conflicts, recusals, and entity/capacity declaration	I	Chair / members	5
3	Agenda approval; public comment procedure	D	Chair	5
4	Consent agenda: prior minutes; routine filings; accepted reports	D	Chair	5
5	Committee reports and required ratifications	D/O	Committee Chairs	15
6	Executive Director scorecard and prior-action status	O	Executive Director	20
7	Financials: budget-to-actual, forecast, allocation, controls	O/D	CFO / Executive Director	20
8	Member protection: retiree health, disability, and AAC/DAC process integrity	O	Benefits / legal leads	20
9	Shared services and operations: employer, service levels, complaints	O	Operating executives	15

#	Agenda item	Type	Lead	Min.
10	Enterprise risk, compliance, legal, ethics and litigation	O/D	Risk/legal leads	20
11	Technology, cybersecurity, privacy, continuity and major projects	O/D	Technology/security leads	20
12	Procurement/contracts, facilities and vendor performance	O/D	Executive Director / procurement	15
13	People: workforce, succession, executive/Chief Auditor matters	O/D	Executive Director / Audit Chair	15
14	Legislative/regulatory dashboard and proposed actions	O/D	Executive Director / CEOs / counsel	15
15	CERS/KRS interface: system requests, benefit committees, disputes and routing	O/D	System CEOs / Executive Director	15
16	Board-reserved decision papers	D	Assigned presenters	As needed
17	Chief Auditor/private assurance session when legally permitted	O	Chief Auditor / Audit Chair	10
18	Education/strategic deep dive	E	Expert / staff	20
19	Forward calendar, information requests, action recap, certifications	D/I	Chair / Board secretary	10
20	Closed session only for a lawful purpose; return and action in open session	D	Chair / counsel	As needed
21	Adjournment	D	Chair	2

9.1 Decision-paper cover sheet

Field	Required content
Decision requested	Exact motion/resolution, amount, term, effective date, and conditions.
Deciding entity and authority	KPPA/CERS/KRS; statute, bylaw, charter, policy, or delegation; identify whether action is nondelegable.
Why now	Deadline, consequence of delay, and prior actions.
Recommendation and alternatives	Staff recommendation; at least one feasible alternative; reasons and tradeoffs.
Member/employer/system impact	Service, benefit administration, equity, operational and reputational effects; CERS/KRS differences.
Financial and allocation impact	Budget, total lifecycle cost, funding source, cost driver, and allocation between systems.
Risk/control/cyber/privacy	Key risks, residual risk, controls, data classification, continuity, third-party and audit rights.
Legal/procurement	Counsel review, procurement method, conflicts, confidentiality/public-record status, litigation/regulatory effect.

Field	Required content
Implementation/accountability	Owner, milestones, KPI/SLA, reporting cadence, review/sunset, and exit plan.
Attachments	Draft resolution, contract/policy redline, financial schedule, risk analysis, committee recommendation, dissent/minority view if any.

10. Adoption roadmap and governance housekeeping

10.1 First 90 days

- ☐ Adopt the entity-and-authority agenda classification and decision-paper cover sheet.
- ☐ Approve an interim reserved-authority/delegation schedule with explicit thresholds and emergency/ratification rules.
- ☐ Approve the Executive Director reporting compact and one-page quarterly scorecard definitions.
- ☐ Adopt administrative service standards, reporting definitions, privacy boundaries, and escalation thresholds for retiree-health, disability, and AAC/DAC support; assign an end-to-end Internal Audit review cycle.
- ☐ Confirm Audit Committee composition, charter, annual plan/budget, private-session practice, finding closure and Board ratification route.
- ☐ Inventory all policies, delegations, charters, regulations, critical contracts, statutory reports, service commitments, and system-specific directions.
- ☐ Create the shared-service catalog and baseline CERS/KRS service and cost-allocation metrics.
- ☐ Approve a top-enterprise-risk register and cybersecurity/continuity tolerances.

10.2 Six-to-twelve months

- ☐ Execute or formally acknowledge Shared Services Governance Charters with CERS and KRS.
- ☐ Complete Board/committee self-assessment, skills/education plan, succession protocols, and annual governance calendar.
- ☐ Re-procure or evaluate critical professional services on the required cycle; assess independence, performance, competition, and exit risk.
- ☐ Complete a full cyber/continuity exercise and independent assessment; close material gaps through a Board-approved roadmap.
- ☐ Integrate risk, strategy, budget, service metrics, audit coverage, project portfolio, and executive evaluation into one performance system.

10.3 Items for counsel/bylaw reconciliation

Topic	Review point
Regulation citation	Bylaws §1.4.XI cites KRS 61.505(1)(f); the current statute places regulation authority in subsection (1)(g) after addition of the external-CPA provision. Update cross-reference if counsel confirms.
Unclassified investment positions	Bylaws §1.4.I names two Office of Investments positions outside the personnel system; current KRS 61.505(8)(d) permits up to six unclassified Office of Investments employees under a Board-adopted plan. Reconcile descriptive language with current law and Board authorizations.
Audit Committee composition	The Audit Committee Charter describes four KPPA members; bylaws permit non-KPPA trustees when properly approved/appointed. Reconcile charter, annual appointments, website roster, quorum, voting, and ratification practice.

Topic	Review point
Committee authority	Bylaws §2.4 permits delegated committee action to constitute Board action, while the Audit Committee Charter states all Audit Committee recommendations/actions must be ratified. State the controlling process explicitly in minutes and charters.
Parliamentary reference	Bylaws call for the most recent Robert's Rules but parenthetically reference the 11th edition. Confirm intended edition and conform text.
Posting timelines	Current KRS 61.505(7)(d) requires minutes/materials needing adoption or ratification to be posted within three business days. The original HB 484 text used 72 hours. Use current law and align procedures.

SOURCE-VERSION NOTE This guide used the publicly posted KPPA Bylaws effective June 27, 2024, the CERS Bylaws revised June 10, 2024, and official Kentucky statutory and regulatory pages available September 1, 2026. If an attached copy contains later amendments, counsel should redline those amendments against this framework before adoption.

11. Conclusion: Recommended amendments to the KPPA bylaws

CONCLUSION The KPPA Board should amend the bylaws in one coordinated governance package, after review by KPPA counsel. The present bylaws identify many duties, but best practice is to make the allocation of authority, reporting expectations, escalation duties, committee accountability, and shared-services boundaries more explicit. The amendments should strengthen Board oversight without moving routine administration from the Executive Director to individual Board members.

11.1 What belongs in the bylaws—and what does not

- ☐ **Bylaws should contain enduring governance rules.** Put the identity of the deciding entity, nondelegable and reserved powers, delegation standards, Executive Director and Chief Auditor accountability, minimum reporting and escalation duties, committee authority, emergency safeguards, conflicts, and the CERS/KRS shared-services interface in the bylaws.
- ☐ **Board policies should contain adjustable operating detail.** Put dollar thresholds, contract durations, dashboard definitions, response times, technology standards, service levels, templates, and workflow detail in policies or schedules adopted under express bylaw authority. This permits disciplined updates without repeatedly rewriting the bylaws.
- ☐ **Statutes and valid regulations remain controlling.** No bylaw amendment should transfer investment, actuarial, funding, benefit-policy, or system-employment authority assigned by law to the KRS or CERS Boards. Counsel should confirm every cross-reference and delegation before adoption. (KRS 61.505(3)(b), (12); KRS 61.645; KRS 78.782.)

11.2 Authority, delegation and executive accountability

- ☐ **Entity and capacity discipline.** Require every agenda item, committee recommendation, motion, resolution, and set of minutes to identify whether the matter belongs to KPPA, KRS, CERS, or more than one entity and to cite the source of authority. State expressly that KPPA does not exercise powers reserved by law to a system board.
- ☐ **Board-reserved matters and delegation schedule.** Expand Sections 1.3 and 2.4-2.5 to require a Board-approved schedule of reserved and delegated authority, reviewed at least annually. The bylaws should reserve amendments to bylaws and governance instruments, Executive Director/Chief Auditor appointment and compensation, the budget and material amendments, risk appetite, material settlements and contracts above policy thresholds, major shared-service commitments, and other nondelegable statutory duties. Delegation should be written, bounded, reportable, revocable, and never inferred from silence.
- ☐ **Executive Director reporting compact.** Add to Section 1.4 a minimum reporting duty: an exceptions-first operating scorecard; quarterly budget, service, risk, compliance, workforce, cyber/continuity, procurement, litigation, legislation, and project reports; a status report on prior Board directions; and separate CERS/KRS impacts when material. Exact metrics and timing may be maintained in a Board policy incorporated by reference.

- ☐ **Prior approval and material-event escalation.** Require the Executive Director to obtain prior Board approval for reserved matters and to notify the Chair and appropriate committee chair without delay of a material service interruption, cyber/privacy event, fraud or control failure, threat to benefit administration, major litigation development, unlawful or out-of-authority direction, serious budget variance, or threat to Internal Audit independence. A companion policy should set objective thresholds and written follow-up deadlines.
- ☐ **Governance-management boundary.** State that the Board governs and supervises through collective action, adopted policy, the Chair, committees, and evaluation of the Executive Director; the Executive Director manages KPPA operations and staff within delegated authority. Individual members should not direct employees or vendors, while retaining the right to request information and raise concerns through a defined process.
- ☐ **Executive succession and evaluation.** Supplement Sections 1.3.II-III with an annual goal-setting and evaluation cycle for the Executive Director and Chief Auditor, documented compensation decisions, recusal standards, and Board-approved emergency and long-term succession plans for both positions. (KRS 61.505(8)(a).)

11.3 Committees, assurance, risk and shared services

- ☐ **Committee authority and ratification.** Reconcile Section 2.4, which permits delegated committee action to constitute Board action, with the Audit Committee Charter's ratification language. Require every charter to state composition, competence, quorum, voting, scope, delegated authority, reporting, minutes, private-session access, and whether an action is final or only a recommendation. Require annual Board review of charters and appointments.
- ☐ **Audit Committee composition and independence.** Harmonize Section 2.3, the Audit Committee Charter, and annual appointments. Specify the number and status of KPPA and non-KPPA members, voting rights, financial and risk literacy expectations, conflict restrictions, and direct access to the Chief Auditor and external auditors.
- ☐ **Chief Auditor functional independence.** Strengthen Section 1.5 so the Board, acting through the Audit Committee where appropriate, controls the Chief Auditor's charter, risk assessment, audit plan, budget sufficiency, access, performance evaluation, compensation recommendation, appointment, and removal. Administrative support may come from management but may not impair audit scope, access, reporting, or personnel decisions.

- ☐ **Enterprise risk, internal control and cybersecurity.** Assign the Board responsibility to approve risk appetite and critical continuity objectives; assign management ownership of the risk register and internal controls; and require independent assurance from Internal Audit. Require periodic reporting and prompt escalation of material cyber, privacy, resilience, fraud, compliance, and control events. Keep named technical frameworks in policy so they can be updated without a bylaw amendment.
- ☐ **Shared-services and system interface.** Require a Board-approved shared-services governance instrument acknowledged by KPPA, KRS, and CERS. It should define services, decision rights, customer and data ownership, performance and cost-allocation reporting, change control, audit access, priority conflicts, dispute escalation, and annual review without contracting away any board's statutory duties.
- ☐ **Retiree-health, disability and appeals oversight boundary.** State expressly that KPPA Board oversight covers the administrative platform, resources, service standards, controls, technology, privacy, vendors, cost, and risk for retiree-health, disability, and appeal support—but not individual claim merits, medical evidence, plan design, premium contributions, or final orders reserved to CERS/KRS and their joint committees. Require the Executive Director to provide quarterly aggregate/deidentified reporting, maintain decisional independence and claimant confidentiality, and escalate systemic deadline failures, service interruptions, record/portal loss, vendor failure, material errors, and attempted interference. Authorize a companion Board policy to define metrics and thresholds.

11.4 Meetings, emergencies, ethics and technical corrections

- ☐ **Board packets and decision discipline.** Retain the one-week packet requirement in Section 1.4.XVI and add a late-material rule. Require agenda classification as Decision, Oversight, Information, or Education; decision papers that identify authority, alternatives, financial and system impacts, risk, legal review, and a draft motion; and a consent agenda process that permits any member to remove an item.
- ☐ **Minutes and follow-through.** Require minutes to record the entity acting, authority, conflicts and recusals, motion, vote, conditions, dissent when offered for the record, and follow-up owner. Require an action register and timely posting consistent with current law. (KRS 61.505(7)(d); Bylaws §1.1.III.6.)
- ☐ **Narrow emergency authority.** Revise Section 1.4.XIV to define an emergency, limit action to what is reasonably necessary, require contemporaneous notice to the Chair and counsel, consultation with affected system CEOs when feasible, a written record of authority and expenditures, the earliest practicable Board meeting, express ratification or corrective action, and a post-incident review. Emergency authority should not override a duty the Board cannot lawfully delegate.

- ☐ **Conflicts, confidentiality and fiduciary capacity.** Retain annual disclosure requirements and add meeting-specific disclosure and recusal procedures, committee-member coverage, documentation in minutes, and a prohibition on using confidential or privileged information for another entity or personal interest. Clarify the duty of KPPA members and committee members when acting for KPPA under KRS 61.505(12)(a).
- ☐ **Board effectiveness.** Require annual Board and committee self-assessment, a skills and education plan, attendance review, Chair and committee-chair succession planning, and an annual governance calendar. The bylaws should state the requirement; Board policy should contain the assessment instrument and curriculum.
- ☐ **Technical and conforming corrections.** After counsel confirms current law, correct Section 1.4.XI's regulation cross-reference and reconcile the Office of Investments employment language with KRS 61.505(8)(d). Resolve the Robert's Rules edition conflict, update posting language, repair numbering and typographical errors, and conform the bylaws, committee and Internal Audit charters, and public committee roster.

RECOMMENDED BOARD ACTION Direct KPPA counsel and designated Governance/Audit leadership to prepare a coordinated package: a bylaw redline; conforming Audit Committee and Internal Audit Charter amendments; a Reserved Matters and Delegation Schedule; an Executive Director Reporting and Escalation Policy; and a Shared Services Governance Policy. Include a crosswalk of current and proposed text, authority, rationale, and companion policy, then present the package at a properly noticed meeting. Review it annually and after a material statutory change.

Appendix A. Chair's quarterly oversight checklist

- ☐ Agenda identifies entity, authority, item type, presenter, time, confidentiality, and exact decision requested.
- ☐ Notice and packet deadlines met; late materials identified and handled under an adopted rule.
- ☐ Conflicts/recusals disclosed; quorum and voting requirements confirmed.
- ☐ Prior Board actions and overdue commitments tracked.
- ☐ Executive Director scorecard includes target, actual, trend, explanation, corrective action, owner, and date.
- ☐ Retiree-health and disability/appeal administration is reported by system using aggregate/deidentified timeliness, accuracy, backlog, deadline, vendor, complaint, and implementation measures.
- ☐ Any attempted influence, ex parte contact, claimant-data exposure, systemic deadline failure, material backlog, service interruption, or record/portal loss has been escalated and contained.
- ☐ Budget-to-actual and year-end forecast include CERS/KRS allocation and variance drivers.

- ☐ Top risks, compliance matters, cyber/continuity and material incidents are exceptions-first and decision-oriented.
- ☐ Audit Committee reports activities, issues, findings, risk acceptance, and items needing ratification.
- ☐ Critical contracts, projects, vacancies, litigation and legislation show deadlines and Board decisions needed.
- ☐ System CEO interface identifies CERS/KRS requests, unresolved priority/cost disputes, and correct routing.
- ☐ Closed session, if any, is tied to a lawful purpose and any required action occurs in open session.
- ☐ Minutes capture the entity acting, authority, disclosures, alternatives, motion, vote, abstentions/recusals, conditions, and follow-up.

Appendix B. Illustrative shared-services scorecard

Service	Measures	Segmentation	Cadence
Benefits	Accuracy; time to decision/payment; backlog age; corrections; appeals; member impact	CERS and KRS separately; consolidated total	Monthly / quarterly
Retiree health	Eligibility/enrollment accuracy; premium/reimbursement reconciliation; service interruptions; complaints; open-enrollment/plan-year readiness; vendor performance	CERS, KERS and SPRS as applicable; aggregate/deidentified	Monthly / quarterly; immediate exception
Disability/appeals	Application and examiner cycle time; case aging; hearing requests; AAC/DAC inventory; deadline exceptions; remands; portal availability; final-order implementation	CERS and KRS separately; aggregate/deidentified	Monthly / quarterly; immediate exception
Employer reporting	On-time reports/contributions; exceptions; unresolved aging; compliance actions; education	By system and employer segment	Monthly / quarterly
Member service	Answer speed; abandonment; first-contact resolution; correspondence age; complaints; satisfaction	By channel and system	Monthly / quarterly
Finance/accounting	Close timeliness; reconciliations; payment exceptions; audit adjustments; allocation accuracy	By system and shared	Monthly / quarterly
Technology	Critical availability; incident impact; project milestones; change failure; legacy risk	By critical service	Monthly / quarterly

Service	Measures	Segmentation	Cadence
Cyber/privacy	Material events; privileged access; vulnerabilities; third-party risk; recovery tests; training	Enterprise and system impact	Quarterly / immediate
Legal/regulatory	Open matters; deadlines; regulatory inventory; appeals; joint/system routing	Joint, KPPA, CERS, KRS	Quarterly
Procurement/vendors	Pipeline; cycle time; competition; renewals; SLA failures; concentration; exit risk	Shared and system-specific	Quarterly
People	Critical vacancies; turnover; time to fill; succession coverage; training; engagement	Enterprise and critical function	Quarterly

Appendix C. Source and authority map

Legal sources below are the official Kentucky Legislature or KPPA publications used for this framework. Online statutes are unofficial postings; certified statutes and current counsel advice should be used for reliance. Best-practice sources are advisory, not Kentucky law. Accessed September 1, 2026.

[1] KRS 61.505, Kentucky Public Pensions Authority. https://apps.legislature.ky.gov/law/statutes/statute.aspx?id=54845 *Core KPPA scope, Board, Executive Director, Chief Auditor, budget, reports and duties.*

[2] 2020 Regular Session HB 484, enrolled text. https://apps.legislature.ky.gov/recorddocuments/bill/20RS/hb484/bill.pdf *Separation architecture and legislative intent; current statutes control later amendments.*

[3] KPPA Statement of Bylaws and Committee Organization, effective June 27, 2024. https://www.kyret.ky.gov/About/Boards/Board%20Policies/KPPA%20Bylaws.pdf

[4] KRS 61.645, Kentucky Retirement Systems Board. https://apps.legislature.ky.gov/law/statutes/statute.aspx?id=54857

[5] KRS 78.782, County Employees Retirement System Board. https://apps.legislature.ky.gov/law/statutes/statute.aspx?id=54870

[6] KRS 61.650, KRS investment authority and standards. https://apps.legislature.ky.gov/law/statutes/statute.aspx?id=56402

[7] KRS 78.790, CERS investment authority and standards. https://apps.legislature.ky.gov/law/statutes/statute.aspx?id=56403

[8] KRS 61.670, KRS actuarial processes. https://apps.legislature.ky.gov/law/statutes/statute.aspx?id=52979

[9] KRS 78.784, CERS actuarial processes. https://apps.legislature.ky.gov/law/statutes/statute.aspx?id=52980

[10] KPPA Charter for the Audit Committee, amended June 27, 2024. https://www.kyret.ky.gov/About/Boards/Board%20Policies/KPPA%20Charter%20for%20the%20Audit%20Committee.pdf

[11] KPPA Charter for the Division of Internal Audit, June 2024. https://www.kyret.ky.gov/About/Boards/Board%20Policies/KPPA%20Charter%20for%20the%20Division%20of%20Internal%20Audit.pdf

[12] KRS Chapter 61. https://apps.legislature.ky.gov/law/statutes/chapter.aspx?id=37294 *Includes Open Meetings/Open Records and current chapter index through the 2026 Regular Session.*

[13] CERS Statement of Bylaws and Committee Organization, revised June 10, 2024. https://www.kyret.ky.gov/About/Boards/Board%20Policies/CERS%20Bylaws.pdf *AAC, DAC, Joint Retiree Health Plan Committee, system-board delegation, and KPPA administrative support.*

[14] KRS 61.665, disability medical-review process. https://apps.legislature.ky.gov/law/statutes/statute.aspx?id=54858

[15] KRS 78.5536, CERS retiree health insurance. https://apps.legislature.ky.gov/law/statutes/statute.aspx?id=57506

[16] KRS 61.702, KERS/SPRS retiree health insurance. https://apps.legislature.ky.gov/law/statutes/statute.aspx?id=57505

[17] 105 KAR 1:215, administrative and disability appeals. https://apps.legislature.ky.gov/law/kar/titles/105/001/215/

[18] 105 KAR 1:220, disability retirement procedures. https://apps.legislature.ky.gov/law/kar/titles/105/001/220/

[19] KPPA, Administrative/Disability Appeals Committees. https://www.kyret.ky.gov/About/Board-Committees/Pages/ACC%20-%20DAC.aspx *Current joint-committee purpose and meeting information.*

[20] KPPA, Retiree Health Plan Committee. https://www.kyret.ky.gov/About/Board-Committees/Pages/Retiree-Health-Plan-Committee.aspx *Current joint-committee purpose and meeting information.*

Recommended governance references

[21] GFOA, Governance of Public Employee Postretirement Benefits Systems. https://www.gfoa.org/materials/governance-of-public-employee-postretirement-benefits

[22] GFOA, Investment Policies for Defined Benefit Plans. https://www.gfoa.org/materials/investment-policies-for-defined-benefit-plans

[23] GFOA, Sustainable Funding Practices for Defined Benefit Pensions and OPEB. https://www.gfoa.org/materials/sustainable-funding-practices-for-defined-benefit-pensions

[24] GFOA, Actuarial Audits. https://www.gfoa.org/materials/actuarial-audits

[25] U.S. GAO, Standards for Internal Control in the Federal Government (2025 Green Book). https://www.gao.gov/greenbook

[26] NIST, Cybersecurity Framework 2.0. https://www.nist.gov/publications/nist-cybersecurity-framework-csf-20

[27] Institute of Internal Auditors, Three Lines Model. https://www.theiia.org/en/content/position-papers/2020/the-iias-three-lines-model-an-update-of-the-three-lines-of-defense

Appendix D. Legal requirement vs. recommended practice index

Item	Status	Authority
Quarterly KPPA meetings	Legal minimum	KRS 61.505(7)(a)
Regular notice/agenda	Bylaw: 7 days; statute: at least 72 hours	Bylaws §1.1.III.4.A; KRS 61.505(7)(d)
Board packet	Bylaw: at least one week	Bylaws §1.4.XVI
Budget-to-actual	Bylaw: each regular quarterly meeting	Bylaws §1.4.III
Executive Director/Chief Auditor evaluations	Annual legal requirement	KRS 61.505(8)(a)
Personnel report	Annual Board review, approval and PPOB submission	KRS 61.505(8)(e)
Administrative/investment expense report	Annual by Nov. 15	KRS 61.505(11)(a)3
Biennial budget unit request	Prior KPPA approval	KRS 61.505(11)(b)
Audit Committee reporting	Charter: at least quarterly and Board ratification	Audit Committee Charter III.5; VII.2
Monthly dashboard	Recommended	Board-adopted reporting compact
24-hour critical escalation / 72-hour memo	Recommended	Board-adopted escalation protocol
Shared-service charter/SLA	Recommended	Board/system-adopted governance instrument
Benefit/disability administration	Legal KPPA duty	KRS 61.505(1)(c)1., 6.; KRS 61.665
AAC/DAC final-order authority	Legal/bylaw system-board delegation	KRS 61.645(16); KRS 78.782(16); CERS Bylaws §§2.2(b), (d); 105 KAR 1:215
Joint Retiree Health Plan Committee	Bylaw/statutory system-board function	CERS Bylaws §2.2(f); KRS 61.702; KRS 78.5536
Aggregate benefit-process dashboard and escalation	Recommended KPPA oversight control	Board-adopted reporting and escalation policy
Risk appetite, delegation thresholds, annual Board self-assessment	Recommended	Board policy; GFOA/GAO/NIST/IIA guidance

Docusign Envelope ID: A0B89B14-360C-4858-A3C2-7F796CA1CB16

KENTUCKY PUBLIC PENSIONS AUTHORITY
STATEMENT OF BYLAWS AND COMMITTEE ORGANIZATION

Effective June 27, 2024

Section 1.1 GENERAL ADMINISTRATION.

This Statement of Bylaws and Committee Organization of the Kentucky Public Pensions Authority Board is adopted pursuant to the authority of KRS 61.505(3)(b). State and Federal law shall control any inconsistency that exists or may exist between the law and this Statement of Bylaws and Committee Organization.

I. Definitions.

1. KPPA: "The KPPA" refers to the Kentucky Public Pensions Authority.
2. KPPA member: "KPPA member" used in reference to the KPPA means one of the eight (8) members of the KPPA Board pursuant to Kentucky Revised Statutes 61.505(2).
3. KPPA Board: "KPPA Board" refers to the eight-member board tasked with administering and operating the KPPA in accordance with Kentucky Revised Statutes 61.505.
4. Committee member: "Committee member" used in relation to a Committee refers to a member of the KPPA Board, or a Trustee of the Kentucky Retirement Systems or County Employees Retirement System, serving on an *ad hoc* or Standing Committee of the KPPA.
5. Board Year: The Board Year shall be from April 1 of each calendar year through March 31 of the following year.
6. Bylaws: "Bylaws" refers to the Statement of Bylaws and Committee Organization.
7. Executive Director: "Executive Director" refers to the KPPA Executive Director, as outlined in KRS 61.505(8).
8. CEO: "CEO" refers to the Chief Executive Officer of the Kentucky Retirement Systems and/or the Chief Executive Officer of the County Employees Retirement System.
9. KRS: "KRS" refers to the Kentucky Revised Statutes.
10. Non KPPA Member Trustee: "Non KPPA Member Trustee" refers to a Trustee of either the Kentucky Retirement Systems or County Employees Retirement System selected to serve on a KPPA Committee.
11. Retirement Office: "Retirement Office" refers to the offices of the KPPA located at 1260 Louisville Road, Frankfort, Kentucky 40601.

Docusign Envelope ID: A0B89B14-360C-4858-A3C2-7F796CA1CB16

12. Take action: "Take action" used in relation to the KPPA Board refers to a motion being made, seconded, and voted upon by the KPPA Board in compliance with Robert's Rules of Order. [RONR (11th ed., as amended)].

II. Quorum; Parliamentary Authority.

1. KPPA Board quorum. As required by KRS 61.505(7)(c), a majority of the KPPA members shall constitute a quorum and all actions taken by the KPPA Board shall be by affirmative vote of a majority of the KPPA members present.
2. KPPA Committee quorum. A majority of the Committee members on any *ad hoc* or Standing Committee shall constitute a quorum and all actions taken by the Committee shall be by affirmative vote of a majority of the Committee members present.
3. Parliamentary authority. The most recent edition of Robert's Rules of Order shall be the parliamentary authority. [RONR (11th ed., as amended)]

III. Meetings.

Meetings of the KPPA Board and its Committees shall be conducted consistent with the Open Meetings Act, KRS 61.805 to 61.850. The Open Meetings Act shall control if any inconsistency exists between the Open Meetings Act and these Bylaws.

1. Annual Meeting. The annual meeting of the KPPA Board shall be held in April of each Board Year.

2. Regular Meetings. The Board shall determine and approve, on an annual basis in advance, no later than the preceding December Board meeting, the following years' regular Board and Standing Committee meeting schedule.

3. Special Meetings.
   A. Special meetings of the KPPA Board shall be held upon the call of the Chair of the KPPA Board or the Executive Director.
   B. Special meetings of an *ad hoc* or Standing Committee of the KPPA Board shall be held upon the call of the Committee Chair, Chair of the KPPA, or the Executive Director.
   C. A KPPA member, or a Committee member, may request that the Executive Director, Chair of the KPPA Board (in the case of a special

Docusign Envelope ID: A0B89B14-360C-4858-A3C2-7F796CA1CB16

meeting of the KPPA), or Committee Chair (in the case of a special meeting of an *ad hoc* or Standing Committee) call a special meeting by email or other written means. Upon receipt of email or other written requests to call a special meeting from a majority of the KPPA members or Committee members, the Executive Director, KPPA Board Chair, or Committee Chair shall call the requested special meeting.

4. Notice of Meetings.
   A. Regular Meetings. Notice of a regular meeting of the KPPA Board or Standing Committee shall be posted at least seven (7) days (inclusive of weekends and holidays) before the meeting is scheduled. The notice of a regular meeting shall include the date, time, and location of the meeting, and the agenda for the meeting. The agenda shall be determined under the direction of and approval by the Chair of the KPPA Board or the Chair of the Standing Committee. Changes or revisions to the agenda may be proposed by the Executive Director, KPPA member, or a Committee member, provided such proposed changes shall be delivered to the Chair for approval not less than ninety-six (96) hours before the meeting is scheduled and further provided that nothing in this sentence shall prevent a KPPA member from introducing new items of business during a regular meeting. Approved changes or revisions to the agenda shall be posted not less than seventy-two (72) hours before the meeting is scheduled.
   B. Special Meetings. When circumstances warrant a special meeting of the KPPA Board or of an *ad hoc* or Standing Committee, notice shall be posted as soon as reasonably possible, but not less than twenty-four (24) hours before the meeting is scheduled. The notice of a special meeting shall include the date, time, and location of the special meeting and the agenda for the meeting. Discussions and action at the meeting shall be limited to items listed on the agenda in the notice.

5. Change in Meeting Dates. Any regular or special meeting of the KPPA Board or Standing Committee may be changed by following the procedure prescribed in these Bylaws for calling special meetings.

6. Records of Proceedings. All official acts of the KPPA Board shall be recorded in the minutes of the regular or special meeting at which the action

Docusign Envelope ID: A0B89B14-360C-4858-A3C2-7F796CA1CB16

was approved or adopted. The Executive Director shall cause the minutes to be transcribed and presented for approval or amendment at the next regular meeting. An electronic copy (certified by the Chair and the Executive Director) shall be on file in the Retirement Office for public inspection and posted on the KPPA website. Electronic copies are maintained on the KPPA Website for KPPA Board and Committee actions. Copies that have been archived from the website are available on request.

IV. Chair and Vice-Chair of the KPPA.

The KPPA Board shall elect a Chair and a Vice-Chair at each annual meeting to hold office for the ensuing Board Year or until their successors are elected. The Chair shall not serve more than four (4) consecutive years as Chair or Vice-Chair (in combination) of the KPPA Board. The Vice-Chair shall not serve more than four (4) consecutive years as Chair or Vice-Chair (in combination) of the KPPA Board. A KPPA member who has served four (4) consecutive years as Chair or Vice-Chair of the KPPA Board may be elected Chair or Vice-Chair of the KPPA after an absence of two (2) years from both positions.

V. Committees.

As specified in Sections 2.1 through 2.3 below, the KPPA Board may create *ad hoc* or Standing Committees with such powers and duties as established by the KPPA Board. The Chair of the KPPA Board also has the authority to create an *ad hoc* Committee. The Chair of the KPPA Board, unless otherwise stipulated or determined by the KPPA Board, shall appoint the members of each *ad hoc* or Standing Committee, and such appointments shall be recorded in the minutes of the current or next-following regular KPPA Board meeting. If passed by majority vote of the KPPA Board, the Kentucky Retirement Systems Board of Trustees and the County Employees Retirement System Board of Trustees each may appoint one Non-KPPA Member Trustee to serve on any specified KPPA Committee. The Chair shall also appoint a Chair for each *ad hoc* or Standing Committee and may appoint a Vice Chair for each *ad hoc* or Standing Committee, unless otherwise determined by the KPPA Board. The Chair and Vice Chair for each *ad hoc* or Standing Committee shall be a KPPA Member so they may present each Committee's recommendations to the KPPA Board. The Non-KPPA Committee member Trustees shall not have a vote on any matter before the KPPA Board, including their Committee's recommendation(s) before the KPPA Board.

Docusign Envelope ID: A0B89B14-360C-4858-A3C2-7F796CA1CB16

Committee members, Committee Chair, and Committee Vice Chair, if applicable, shall serve concurrently with the appointing Chair.

Any Non-KPPA Member Trustee serving on a KPPA Committee accepts the requirements of KRS 61.505(12)(a), specifically, KRS 61.505(12)(a)(3), to act in a manner he or she honestly believes to be in the best interest of both the County Employees Retirement System and the Kentucky Retirement Systems, as applicable.

VI. Conflicts of Interest.

1. KPPA members shall file a statement of financial disclosure with the Executive Branch Ethics Commission within thirty (30) days of taking office and provide a copy to the KPPA legal staff.
2. KPPA members shall also file a statement of financial disclosure by April 15 of each calendar year, and within thirty (30) days following departure from office as a KPPA member, or as otherwise provided by law, with the Executive Branch Ethics Commission and provide a copy to the KPPA legal staff.
3. KPPA members shall also file a written conflict of interest statement as required pursuant to the KPPA Conflict of Interest Policy.

VII. Confidentiality.

KPPA members shall file a written confidentiality statement as required by the KPPA Confidentiality Policy.

VIII. Travel Policy Guidelines.

1. All travel for official business of KPPA must be done in accordance with the requirements of and be consistent with KRS Chapter 45A and the KPPA Per Diem and Reimbursement Policy.
2. No more than three (3) KPPA members may be passengers in the same common carrier. A maximum of one (1) executive staff of the KPPA may be a passenger in the same common carrier.
3. To avoid an accidental violation of Kentucky Open Meetings Laws, other than for scheduled meetings, no more than four (4) KPPA members, nor a quorum of any KPPA Committee, may attend the same off-site conference, training, etc., at the same time. The Executive Director, or his or her designee, shall

Docusign Envelope ID: A0B89B14-360C-4858-A3C2-7F796CA1CB16

review KPPA member travel requests to coordinate attendance and avoid noncompliance with Kentucky Open Meetings Laws.

VII. <u>Violations of KPPA Policies and Guidelines.</u>

If a complaint is made that a KPPA member, or a Committee member, violated these Bylaws or any policy approved by the KPPA Board, the KPPA Board shall follow the procedure found in the KPPA Conflict of Interest and the KPPA Confidentiality Policies in investigating the complaint.

Section 1.2 KPPA MEMBER REQUIREMENTS.

I. A vacancy on the KPPA Board shall be filled by the Kentucky Retirement Systems or the County Employees Retirement System, as appropriate, in the same manner provided for the selection of the particular KPPA member position in KRS 61.505(2).

II. No person shall serve in more than one (1) position as a KPPA member and if a person holds more than one (1) position as a KPPA member, he or she shall resign a position.

III. Membership on the KPPA Board shall not be incompatible with any other office unless a constitutional incompatibility exists.

IV. A KPPA member shall be removed from office upon conviction of a felony or for a finding of a violation of any provision of KRS 11A.020 or 11A.040 by a court of competent jurisdiction.

V. KPPA members are expected to comply with the Trustee Education Policy of the Board of Trustees of the Kentucky Retirement Systems or the Trustee Education Policy of the County Employees Retirement System, as applicable. The Executive Director may schedule additional KPPA member education at any Annual Meeting or Regular Meeting of the KPPA Board. If a KPPA member fails to comply with the Trustee Education Policy of either the Board of Trustees of the Kentucky Retirement Systems or the Board of Trustees of the County Employees Retirement System (as applicable), or fails to attend additional KPPA member education scheduled by the Executive Director, then any reimbursement or per diem of the KPPA member shall not be paid until the KPPA member is in compliance with the

Docusign Envelope ID: A0B89B14-360C-4858-A3C2-7F796CA1CB16

applicable Trustee Education Policy or receives the additional KPPA member education.

Section 1.3 KPPA BOARD RESPONSIBILITIES.

I. The KPPA Board shall make and maintain Bylaws.

II. The KPPA Board shall appoint an Executive Director, fix the Executive Director's salary, and perform an annual evaluation of the Executive Director.

III. The KPPA Board shall appoint a Chief Auditor, fix the Chief Auditor's salary, and perform an annual evaluation of the Chief Auditor.

IV. The KPPA Board may act on contracts for rental of office space, and professional services, including, but not limited to, the auditor, legal counsel, medical examiners, and hearing officers, in accordance with the requirements of the Commonwealth of Kentucky Model Procurement Act (KRS Chapter 45A).

V. The KPPA Board shall consider and take action on changes to administrative regulations proposed by the staff of the KPPA.

VI. The KPPA Board shall take action on the audited financial statements of the KPPA, which includes the Kentucky Retirement Systems and the County Employees Retirement System plans.

VII. The KPPA Board shall consider and take action on the recommendations of all of its Committees.

VIII. The KPPA Board shall receive reports and recommendations from the KPPA Audit Committee. The KPPA Board shall consider and take action on any recommendations by majority vote of the KPPA Board and upon approval be responsible for ensuring their implementation as adopted.

IX. The KPPA Board shall, in compliance with KRS Chapter 45A, issue a Request for Proposal and through KPPA staff select and contract with the actuary, who shall be a Fellow of the Conference of Consulting Actuaries or a member of the American Academy of Actuaries, pursuant to KRS 61.505(1)(e), KRS 61.645(2)(d), and KRS 78.782(2)(d) in order to allow the Kentucky Retirement Systems and the County

Docusign Envelope ID: A0B89B14-360C-4858-A3C2-7F796CA1CB16

Employees Retirement System to carry out their obligations in accordance with KRS 61.670 and KRS 78.784. The KPPA may also consult with the actuary as needed in accordance with KRS 61.505(12)(c)2.

X. The KPPA Board shall provide oversight concerning programs and services for Kentucky Retirement Systems' and County Employees Retirement System's members, beneficiaries, recipients, and participating employers.

XI. The KPPA Board, individual KPPA members, and Committee members should ordinarily refer all news media inquiries to the Executive Director and/or the KPPA Board Chair, and should not speak on behalf of the KPPA with the news media. However, nothing in this subsection is intended to prevent individual KPPA members from speaking to the media concerning their actions, opinions, and decisions as individual KPPA members.

XII. The KPPA Board shall review and approve the KPPA biennial administrative budget and necessary budget amendments. The Executive Director (or designee) will schedule meetings, prepare budget documents and supporting schedules, and present them to KPPA members prior to the date of a meeting. The KPPA biennial administrative budget will include the budgets of the Kentucky Retirement Systems and the County Employees Retirement Systems.

Section 1.4 EXECUTIVE DIRECTOR RESPONSIBILITIES.

I. The Executive Director shall appoint all employees deemed necessary to transact the business of the KPPA, except for the employees who report directly to the KPPA Chief Auditor. The KPPA Executive Director shall be responsible for oversight and implementation of agency-related human resources management, e.g., affirmative action and similar matters. All employees of the KPPA, except for the Executive Director, the Chief Auditor, the Executive Director of the Office of Investments, and the Deputy Executive Director of the Office of Investments shall be subject the state personnel system established pursuant to KRS 18A.005 to 18A.204 and shall have their salaries determined by the secretary of the Personnel Cabinet.

II. The Executive Director shall seek appropriate input from the CEOs of the Kentucky Retirement Systems and the County Employees Retirement System and the Investment Committee Chairs of the Board of Trustees of the Kentucky Retirement Systems and the Board of Trustees of the County Employees Retirement System

Docusign Envelope ID: A0B89B14-360C-4858-A3C2-7F796CA1CB16

regarding the hiring, firing, and performance evaluations of the Executive Director of the Office of Investments. The Executive Director shall also have personnel authority over all employees of the Office of Investments. However, all Office of Investments employees, including the Executive Director of the Office of Investments, shall take direction on investment management and performance from the Investment Committees of the Board of Trustees of the Kentucky Retirement Systems and the Board of Trustees of the County Employees Retirement System.

III. The Executive Director will coordinate with the CEOs of the Kentucky Retirement Systems and the County Employees Retirement System to develop a biennial budget and necessary budget amendments for approval by the KPPA and shall submit the budget to the Governor's office. The KPPA biennial administrative budget will include the budgets of the Kentucky Retirement Systems and the County Employees Retirement Systems. The Executive Director (or designee) shall present a budget-to-actual expenditure analysis to the KPPA at each regular quarterly meeting of the KPPA.

IV. The Executive Director shall ensure that information and records management is comprehensive and efficient, and shall ensure that a disaster recovery plan, continuity of operations plan, and policies to ensure cyber-security are developed and maintained.

V. The Executive Director shall develop recommendations for improvements and revisions of KPPA Board policies and submit such revisions for KPPA Board approval. The Executive Director shall ensure that approved policies are implemented in conformance with statutes, regulations, and relevant policies of the Kentucky Retirement Systems and the County Employees Retirement System.

VI. The Executive Director shall collaborate with the KPPA Office of Legal Services to monitor litigation affecting the KPPA and the Kentucky Retirement Systems, and the County Employees Retirement System, jointly. The Executive Director shall report significant relevant developments to the KPPA Board. Litigation affecting only the Kentucky Retirement Systems or only the County Employees Retirement System shall not be reported to the KPPA.

VII. The Executive Director shall collaborate with the CEOs of the Kentucky Retirement Systems and the County Employees Retirement System in acting as

Docusign Envelope ID: A0B89B14-360C-4858-A3C2-7F796CA1CB16

legislative liaison and represent the KPPA at legislative hearings and other legislative meetings. The Executive Director will review proposed legislation that is likely to affect the KPPA, the Kentucky Retirement Systems, and the County Employees Retirement System and advise the KPPA Board about pending legislation.

VIII. The Executive Director shall collaborate with the CEOs of the Kentucky Retirement Systems and the County Employees Retirement System to provide technical assistance to the members of the General Assembly, the Governor's office, and state and local government officials.

IX. The Executive Director shall collaborate with the CEOs of the Kentucky Retirement Systems and the County Employees Retirement System to recommend legislative or regulatory changes and propose draft language.

X. The Executive Director shall implement any statutory or regulatory changes and take appropriate action to conform to state and federal law.

XI. The Executive Director shall sign all documents necessary to promulgate or amend an administrative regulation on behalf of the KPPA in accordance with KRS 13A.220 and KRS 61.505(1)(f).

XII. The Executive Director shall collaborate with the CEOs of the Kentucky Retirement Systems and the County Employees Retirement System to communicate with the mass media and other agencies, entities, or institutions, including responding to correspondence or inquiries addressed to the KPPA.

XIII. The Executive Director shall assist the CEOs of the Kentucky Retirement Systems and the County Employees Retirement System in coordinating reciprocal benefits with the other state administered retirement systems in Kentucky.

XIV. In the case of emergency conditions that threaten the functioning of the KPPA, the Kentucky Retirement Systems, or the County Employees Retirement System; the preservation or protection Kentucky Retirement Systems' property or assets or the County Employees Retirement System's property or assets; vital data; or the health and safety of any person, and where a quorum of the KPPA Board is unavailable, the Executive Director may take actions necessary to prevent or mitigate the threat,

Docusign Envelope ID: A0B89B14-360C-4858-A3C2-7F796CA1CB16

even if a vote of the KPPA Board would otherwise be necessary to take such action. When a quorum of the KPPA Board becomes available, any such actions taken by the Executive Director shall be reviewed and ratified as necessary.

XV. The Executive Director shall designate KPPA staff to act as the Records Custodian for the KPPA, the Kentucky Retirement Systems, and the County Employees Retirement System, and shall ensure compliance with Kentucky's Open Records Act, KRS 61.870, et seq.

XVI. The Executive Director shall ensure that all Board and/or Committee meeting materials are distributed to Trustees at least one week in advance of the meeting to allow Trustees ample time to review documents.

Section 1.5 CHIEF AUDITOR RESPONSIBILITIES

I. The Chief Auditor shall report directly to the KPPA Board in the performance of internal audit functions.

II. The Chief Auditor shall appoint the employees who report directly to them.

III. The Chief Auditor shall work cooperatively with the CEOs of the County Employees Retirement System and the Kentucky Retirement Systems.

IV. The remainder of the Chief Auditor's responsibilities are detailed in the Internal Audit Charter.

Section 2.1 *AD HOC* COMMITTEES.

The Chair or the KPPA Board may at any time establish an *ad hoc* Committee of the KPPA Board and fix its duties and responsibilities for any purpose which, in the judgment of the Chair or the KPPA Board, is served by an *ad hoc* Committee. The Chair shall appoint the members of each *ad hoc* Committee. Each *ad hoc* Committee shall consist of two (2) KPPA members who also serve on the Board of Trustees of the Kentucky Retirement Systems and two (2) KPPA members who also serve on the Board of Trustees of the County Employees Retirement System. If passed by majority vote of the KPPA Board, *ad hoc* Committees may include Non-KPPA Member Trustees as described in Section 1.1, Paragraph V above, in addition to the KPPA members appointed by the KPPA Chair. The Chair shall also appoint a Chair for each *ad hoc* Committee and may appoint a Vice Chair, unless otherwise determined by the KPPA Board.

Docusign Envelope ID: A0B89B14-360C-4858-A3C2-7F796CA1CB16

Section 2.2 STANDING COMMITTEES

The Board shall have the Standing Committees specified in Section 2.3, each of them to have the duties and responsibilities as therein set forth, together with such other duties and responsibilities as the Board may by resolution determine. In each Board Year, the Chair, elected at the annual meeting, shall appoint members to Committees as specified in Section2.3, unless otherwise determined by the Board. Each Committee shall have a Chair and the Board Chair shall appoint the Chair of each Committee, unless otherwise determined by the Board. A Committee may (but is not required to) elect a Vice-Chair from among its committee members by a majority vote of the Committee, if one is not appointed by the Chair of the KPPA Board. A Vice-Chair so elected shall preside at meetings of the Committee in the absence or inability to act of the Committee Chair. Any member may attend any meeting of any Committee of which he or she is not a Committee member but shall not have a vote.

Section 2.3 STANDING COMMITTEES; DUTIES AND RESPONSIBILITIES.

The Standing Committees of the Board are, and shall have respective duties and responsibilities, as follows:

a. **Audit Committee.** The Audit Committee shall consist of the members appointed annually by the KPPA Chair, and any Non-KPPA Member Trustees appointed by their respective Board. The Audit Committee shall recommend actions to the KPPA Board in fulfilling its oversight responsibilities for the system of internal control, the internal and external audit processes, and the process for monitoring compliance with laws, regulations, and the code of conduct.

1. **Audit Committee Responsibilities.**
   The Audit Committee will meet quarterly, with authority to convene additional meetings, as circumstances require. The Audit Committee shall have the authority to review reports by the Chief Auditor and to recommend appropriate policies and procedures. Additional responsibilities are enumerated in the Audit Committee Charter.

2. **Chief Auditor Responsibilities**.
   The KPPA Chief Auditor will be responsible for the planning, implementation, and reporting of audits and internal audit plans. The Chief Auditor will also be responsible for the functional control and audit activities in the relation to the objectives of the KPPA Division of Internal

Docusign Envelope ID: A0B89B14-360C-4858-A3C2-7F796CA1CB16

Audit. Additional responsibilities are enumerated in the KPPA Division of Internal Audit Charter.

3. **Audit Charters.**
The Audit Committee Charter and the KPPA Division of Internal Audit Charter are hereby incorporated by reference.

Section 2.4 DELEGATIONS OF AUTHORITY BY THE KPPA BOARD.

Delegation of Authority.
Except as may be prohibited by or inconsistent with law, the KPPA Board may delegate to any *ad hoc* or Standing Committee of the KPPA any power, authority, duty, or responsibility conferred on the KPPA Board by law. In the case of any such delegation, the decision or action of the *ad hoc* or Standing Committee within the scope of its delegated authority shall constitute the decision or action of the KPPA Board and shall be reported to the KPPA Board at its next regularly scheduled meeting. The KPPA Board may at any time rescind the delegated authority as a whole or in part.

Section 2.5 LIMITATIONS ON AUTHORITY.
No *ad hoc* or Standing Committee shall have any power or authority, nor shall the KPPA Board delegate to itself, power or authority, as to any of the following:

I. The amendment or repeal of any KPPA Board resolution.

Action on other matters committed by KPPA Board resolution or by Kentucky law (including the common law of trusts respecting the delegation or the non-delegation of fiduciary responsibilities) to the KPPA Board under terms or provisions that make such action non-delegable.

Section 2.6 AMENDMENT OF BYLAWS.
These Bylaws may be amended at any regular or special meeting of the KPPA Board by a vote of a majority of the entire membership of the KPPA Board.

Docusign Envelope ID: A0B89B14-360C-4858-A3C2-7F796CA1CB16

Section 3.0 LITIGATION DEFENSE FOR TRUSTEES AND EMPLOYEES OF KPPA, COUNTY EMPLOYEES RETIREMENT SYSTEMS AND KENTUCKY RETIREMENT SYSTEMS.

The KPPA shall provide and pay for the defense of any current or former Board Member or employee of the KPPA, or trustee County Employees Retirement Systems and Kentucky Retirement Systems who is named in any action arising out of an act or omission occurring within the scope of the Trustee or employee's duty as a member or employee of one of those Boards and to pay any judgment, compromise or settlement of the action provided that the Trustee or employee notifies in writing the KPPA within 10 days of receipt of service. The KPPA shall not pay a judgement or settlement or may recover payments made on behalf of a Trustee or employee if it is determined through the course of litigation that the Trustee or employee: acted or failed to act because of malice, fraud or corruption; the actions are clearly outside the actual or apparent scope of the Trustee or employee's duties; the Trustee or employee willfully failed or refused to assist in the defense of the cause of action; or the Trustee or employee compromised or settled the claim without the approval of the KPPA. If the Trustee or employee obtains private counsel KRS 78.782 and KRS 61.645 shall apply.

Section 4.0 CERTIFICATION OF STATEMENT OF BYLAWS AND COMMITTEE ORGANIZATION.

We, the Chair of the Kentucky Public Pensions Authority Board and the Executive Director of the Kentucky Public Pensions Authority, do certify that this Statement of Bylaws and Committee Organization was approved and adopted by the KPPA Board on the 27th day of June 2024.

Signed by:
Jerry Powell
D629CE74031A402...

7/30/2024

Jerry W. Powell, Chair
Kentucky Public Pensions Authority

Date

Signed by:
Ryan Barrow
E33A61C983E0449...

7/25/2024

Ryan Barrow, Executive Director
Kentucky Public Pensions Authority

Date