

**MINUTES OF MEETING
COUNTY EMPLOYEES RETIREMENT SYSTEM
AND KENTUCKY RETIREMENT SYSTEMS
BOARD OF TRUSTEES JOINT AUDIT COMMITTEE
APRIL 7, 2022, 10:00 A.M., E.T.
VIA LIVE VIDEO TELECONFERENCE**

At the April 7, 2022 meeting of the Joint Audit Committee of the Board of Trustees of the County Employees Retirement System and the Kentucky Retirement Systems, the following Committee members were present: Betty Pendergrass, William O'Mara, and Lynn Hampton. Staff members present were David Eager, Rebecca Adkins, Erin Surratt, Michael Board, Steven Herbert, Vicki Hale, Connie Davis, Madeline Perry, Matthew Daugherty, Kristen Coffey, Carrie Bass, Phillip Cook, and Sherry Rankin. Others present included CERS CEO Ed Owens, III, and KRS CEO, John Chilton.

Ms. Pendergrass called the meeting to order.

Mr. Board read the Opening Video Teleconference Statement.

Ms. Rankin called roll.

Being no Public Comment, Ms. Pendergrass introduced the agenda item *Approval of February 22, 2022 Joint Audit Committee Meeting Minutes*. A motion was made by Ms. Hampton and seconded by Mr. O'Mara to approve the minutes as presented. The motion carried unanimously.

Ms. Pendergrass introduced the agenda item *Review of Issued Audits*. Ms. Coffey reviewed the final audit report of the Plan Liquidity – Daily Qualification Process that was completed on February 3, 2022. She indicated that initially this audit started by looking at the Daily Cash Projection worksheet used by Accounting Investment Operations staff to monitor the pension and insurance cash accounts at BNY Mellon. During this preliminary review, it was revealed that there are many other procedures that influence numbers reflected on the Daily Cash Projection worksheet. It was then determined that the department would review each of these procedures separately and release the results in three phases. She stated that in this Phase I

review, the objectives of the review were to ensure employer and member contributions received at JP Morgan Chase were wired to BNY Mellon in a timely manner. Ms. Coffey reviewed in detail the noted nine (9) findings that the Division of Internal Audit Administration found during this audit. Upon recommendation of the Committee, an update on the progress of work performed since the audit results and the legal review of the Retirement Allowance Account will be brought at the May 24, 2022 meeting.

Ms. Pendergrass introduced the agenda item *Joint Audit Committee Administrative Updates*. Ms. Coffey reviewed the figures included in the Fiscal Year 2022 Internal Audit Budget as of December 31, 2021. This presentation was for informational purposes only.

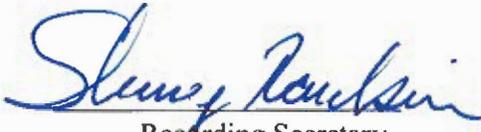
Ms. Coffey then reviewed the proposed additions to the Current Audit Plan. The additions include a review of all JP Morgan Chase Bank Accounts; review of Administrative Expenses, including plan specific expenses; review of the employer contribution process, including the balancing process; review of cash receipt process; review of investment manager and performance fee reconciliations; review of the investment reconciliation between BNY Mellon and Great Plains; review of the process of investing direct repo. Ms. Coffey stated that on February 11, 2022, Internal Audit Staff requested to add to the current audit plan a review of the process followed by KPPA staff to update an individual's death status in the KPPA system. Approval to begin this audit was granted on February 14, 2022 and the audit is currently in progress. Ms. Coffey sought Committee approval of the additions to the current Audit Plan. A motion was made by Mr. O'Mara and seconded by Ms. Hampton to approve the additions to the Current Audit Plan. The motion carried unanimously.

Ms. Coffey provided an update on the Status of Current Internal Audit Projects, noting additional items have been added to account for staff time preparing reports and memorandums for the various Board and Committee meetings. This presentation was for informational purposes only.

There being no further business, a motion to adjourn was made by Mr. O'Mara and seconded by Ms. Hampton, the meeting adjourned.

CERTIFICATION

I do certify that I was present at this meeting and I have recorded above the action of the Committee on the various items considered by it at this meeting. Further, I certify that all requirements of KRS 61.805-61.850 were met in connection with this meeting.


Recording Secretary

I, as Chair of the Joint Audit Committee of the Board of Trustees of the County Employees Retirement System and the Kentucky Retirement Systems, do certify that the Minutes of the meeting held on April 7, 2022 were approved by the Joint Audit Committee on May 24, 2022.


Committee Chair

I have reviewed the Minutes of the Audit Committee Meeting on April 7, 2022 for form, content, and legality.


Executive Director
Office of Legal Services