

**FIRE and POLICE PENSION ASSOCIATION**

Audit Committee

October 25, 2013

- 8:00 a.m.      **Call to order**  
*Jack Blumenthal, Chair*
- Election of Audit Committee Chair**
- Approval of Minutes of June 10, 2013**
- 8:30 a.m.      **Review Audit Committee charter**  
*Audit Committee Chair*
- 8:45 a.m.      **2013 internal audit reports**  
*Tim O'Brien, Internal Auditor*
- 1) Internal Audit of Withdrawals and Refunds, Audit 2013-XX  
                  2) Internal Audit of Member/Employer Contributions, Audit 2013-XX
- 9:00 a.m.      **Review of open audit findings**  
*Kim Collins*
- 9:30 a.m.      **Break**
- 9:45 a.m.      **Proposed 2014 internal audit plan**  
*Tim O'Brien, Internal Auditor*
- 10:15 a.m.     **CliftonLarsonAllen presentation**  
*Bill Petri and Steve Shanks*
- 1) 2014 Audit Plan
- 2) Changes in accounting standards or procedures that will be employed in the audit
- a) GASB 45
- 3) Other financial accounting change to be incorporated in the future
- a) GASB 67/68
- b) OPEB
- 4) Other Matters
- a) Staffing
- 10:45 a.m.     **GASB Update**  
*Kim Collins and Dan Slack*
- 11:15 a.m.     **External Auditor contract term**  
*Dan Slack*
- 11:30 a.m.     **Adjourn**

## **FIRE AND POLICE PENSION ASSOCIATION**

Minutes – Audit Committee Meeting

October 25, 2013

FPPA Office  
5290 DTC Parkway, Suite 100  
Greenwood Village, CO

Committee Members Present: Chair Jack Blumenthal and Pam Feely

Staff Members Present: Dan Slack, Kim Collins, Gina McGrail, Kevin Lindahl, Jacqueline Tara, Bob Billings, Melanie Winters and Scott Simon via teleconference

Others Present: Tim O'Brien, FPPA Internal Auditor; Bill Petri, Steve Shanks and Michelle Alexander, CliftonLarsonAllen (CLA)

*Notice of this meeting and a copy of the agenda were posted in the building lobby of the FPPA office and on the FPPA website at least twenty-four hours prior to the meeting.*

At 8:05 a.m., Chair Blumenthal called the meeting to order.

Chair Blumenthal discussed adding a third Board member to the Audit Committee and it will be an agenda item for the next Board meeting.

Chair Blumenthal called for approval of the minutes from the June 10, 2013, meeting. Ms. Feely moved for approval of the minutes. Chair Blumenthal concurred. The motion was approved.

The Audit Committee Charter was reviewed for appropriateness; there were no recommendations for changes. Although the charter allows for review every three years it was recommended and agreed to continue with annual reviews.

### Internal Audit Reports

Mr. O'Brien discussed the matrix of the 2013-2014 Continuous Internal Audit Plan for FPPA and the objectives of the audits for Q1 –Q4.

Chair Blumenthal requested a report from Mr. O'Brien at the end of the year covering the activities, findings and recommendations. The report should be rendered to both the CEO and the Chair of the Audit Committee, allowing staff to meet and be formally responded to and documented. Response from staff should be no later than the first Audit Committee meeting of the calendar year.

### Review of Audit Findings

Ms. Collins updated the committee on projects currently in progress and also the status of those projects concluded and reported since 10/2012. The committee requested that an update on the implementation status of the investment system Code Red be prepared for the next Audit Committee meeting.

The committee requested that Ms. Collins segregate the report by department topics in the future.

At 9:00 a.m., Chair Blumenthal called for a break. Mr. Simon disconnected from the teleconference.

At 9:15 a.m., the meeting reconvened.

### Financial Statement Audit Plan

Mr. Petri and Mr. Shanks, CliftonLarsonAllen (CLA), presented the FPPA Financial Statement Audit Plan, highlighting changes to the plan, changes to accounting standards and procedures and the required SAS No. 114 communications.

### GASB Update

Ms. Collins discussed changes to the identified projects for implementation of the new Government Accounting Standard's Board (GASB) Statements No. 67 and 68 reporting requirements. The entire Comprehensive Annual Financial Report (CAFR), which includes the audit report, will be presented at the June Audit Committee Meeting. There will not be a separately published audit report offered prior to that meeting.

External accounting expenses along with the completion of the SOC 1Type 2 audit expenses will be charged specifically to the Old Hire and Volunteer Fire Plans with FPPA. Actuarial reports are required for every plan, including the cost-sharing plans. The dollar amounts per each plan will be determined and charged accordingly.

The Audit Committee members questioned fiduciary responsibility of employer related costs to the members. FPPA staff will research the matter and report back to the Board.

At 10:00 a.m., Steve Shanks and Bill Petri left the meeting.

### External Auditor (CLA) contract review

Mr. Slack reviewed the RFPs leading up to CliftonLarsonAllen's contract. In the current circumstances of GASB 67 and 68 implementation and the need for greater continuity and minimized potential for disruption, staff recommends the Audit Committee consider recommending to the Board that it renew or extend the

engagement of CLA.

While FPPA is not under statutory requirements to rebid audits at the end of contracts, Mr. Slack will meet with CLA to negotiate future fees.

At 10:14 a.m., Mr. O'Brien was excused from the meeting.

The Audit Committee agreed by consensus to recommend the continuation of Mr. O'Brien's contract to the Board.

Ms. Feely recommended the Audit Committee move into Executive Session for legal advice.

At 10:24 a.m., the executive session ended and the Audit Committee returned to the regular meeting. During the executive session the Audit Committee received legal advice and provided instruction to Mr. Slack regarding negotiations with the outside auditor for contract renewal. No formal action was taken during the executive session.

At 10:30 a.m., the meeting adjourned.