

FIRE and POLICE PENSION ASSOCIATION

Audit Committee Meeting

June 5, 2015

- 7:30 a.m. **Call to order**
Jack Blumenthal, Chair
- Approval of Minutes of April 10, 2015, Audit Committee meeting**
- 7:35 a.m. **Independent Auditor's presentation**
Bill Petri, Steve Shanks, Michelle Alexander, CliftonLarsonAllen LLP
1. Financial Statement report
 2. Governance letter report
 3. Audit Committee discussion with Independent Auditor
- 8:15 a.m. **Review of December 31, 2014 Comprehensive Annual Financial Report**
Kim Collins, Chief Operations Officer and Ahni Smith, Accounting Manager
- 8:45 a.m. **Determine June 12 Presentation by Audit Committee to Board on Audit/CAFR**
- 9:00 a.m. **FPPA Staff Trading Policy**
Scott Simon, Chief Investment Officer
- 9:15 a.m. **Break**
- 9:30 a.m. **Internal audit report**
Tim O'Brien, Internal Auditor
1. Internal Audit of Member/Employer Contributions, Member Retirements, Refunds to Members, Disability Retirements, Member Enrollments, and Changes to Member Data, audit 2015-XX
 2. Other Matters
- 10:15 a.m. **Evaluation of CliftonLarsonAllen LLP**
- 10:30 a.m. **Adjourn**

FIRE AND POLICE PENSION ASSOCIATION

Minutes – Audit Committee Meeting

June 5, 2015

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

Committee Members Present: Chair Jack Blumenthal, Pam Feely, and Nick Nuanes

Staff Members Present: Dan Slack, Kim Collins, Kevin Lindahl, Scott Simon, Jacqueline Tara, Ahni Smith, and Melanie Winters

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

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 7:30 a.m., Chair Blumenthal called the meeting to order.

Chair Blumenthal called for approval of the minutes from the April 10, 2015, meeting. Ms. Feely moved for approval of the minutes. Mr. Nuanes seconded. The motion passed.

Chair Blumenthal called for approval of the minutes from the April 10, 2015, executive session. Ms. Feely moved for approval of the minutes. Mr. Nuanes seconded. The motion passed.

Audit Report

Independent Auditor's Reports

Mr. Petri, Mr. Shanks and Ms. Alexander from CliftonLarsonAllen (CLA), presented the audit procedures and the results of FPPA's 2014 Financial Statement Audit. CLA's audit resulted in an unmodified opinion, sometimes referred to as a "clean" opinion.

At 7:56 a.m., Chair Blumenthal excused staff from the room to meet privately with CLA. Mr. Slack, Mr. Lindahl, Mr. Simon, Ms. Collins, Ms. Smith, Ms. Winters, and Mr. O'Brien left the meeting.

CLA's evaluation of working with FPPA staff was complimentary, with no issues being reported to the committee.

At 8:00 a.m., Mr. Slack, Mr. Lindahl, Mr. Simon, Ms. Collins, Ms. Smith, Ms.

Winters, and Mr. O'Brien returned to the meeting.

Comprehensive Annual Financial Report (CAFR)

Ms. Collins reviewed the 2014 CAFR, the modifications to be made to the report before completion by June 30th, and the rework of the financial and actuarial sections to the CAFR due to the implementation of Governmental Accounting Standards Board Statement No. 67 (GASB 67), Financial Reporting for Pension Plans.

The Audit Committee recognized that FPPA has successfully received the Government Finance Officers Association (GFOA) award since providing the annual report since the mid-1980s. Ms. Collins verified that FPPA will be applying for the GFOA program for the 2014 CAFR.

The Audit Committee asked Ms. Collins to generate a synopsis of the CAFR for the June Board meeting, focusing on FPPA's financial status.

The Audit Committee recognized the invaluable information within the CAFR and thanked staff for their time and dedication to its accuracy.

Staff Trading Policy

Mr. Simon discussed that FPPA's Personal Trading Policy is guided by the CFA Institute Code of Ethics and Standards of Professional Conduct and is consistent with the Security Exchange Commission's (SEC) restrictions on insider trading and the definition of family members. While FPPA will continue to educate its investment staff regarding the restrictions of insider trading, currently there are no recommended changes to its policy.

At 8:55 a.m., Chair Blumenthal called for a break.

At 9:07 a.m., the meeting reconvened.

Internal Audit Report

Mr. O'Brien reviewed his findings on the Member and Employer Contributions, Member Retirements, Refunds to Members, Disability Retirements, Member Enrollments, and Changes to Member Data for the twelve months ended December 31, 2014. There were no findings in the report and Mr. O'Brien attributed that to FPPA's staff, well documented policies and procedures, and the investment in technology.

Ms. Feely moved to accept Mr. O'Brien's resignation as FPPA's contract internal auditor. Mr. Nuanes seconded the motion. The motion passed.

Mr. Slack reviewed the memo in the packet regarding suggestions for the replacement of the internal auditor and will present the same memo to the Board at the June meeting.

At 9:26 a.m., Bill Petri, Steve Shanks, and Michelle Alexander left the meeting.

External Auditor (CLA) contract review

Ms. Collins led the Committee through a complete annual review of the external auditors. The Audit Committee requested the following comments be added to the 2014 external auditor evaluation:

Under item #9: The Audit Committee considered both the Financial and the SOC Audits in their response to this question

Under item #12: Audit fee was \$65,000 for the December 31, 2014 report. The audit fee was competitively bid in 2009. For the current contract, effective with the 2014 audit, fees were negotiated based on a cost-of-living-adjustment.

Under item #13: The Audit Committee noted that there were no findings or recommendations presented, which corroborates with the findings of the internal auditor.

At 9:42 a.m., Mr. Nuanes moved to adjourn the meeting. Ms. Feely seconded the motion. The meeting adjourned.