

***Fire & Police Pension Association  
Audit Committee Meeting Agenda***

September 18, 2018

10:30 a.m. Mountain Time

- 10:30 a.m. Call to Order**
- Approval of June 5, 2018 meeting minutes.**
- 10:35 a.m. IT Assessment (Executive Session).** *Presenter: Jeff Ahlerich, Security Pursuit, and Mark Gremmert*
- 11:20 a.m. Review of open audit findings (Executive Session).** *Presenters: Kim Collins, Mark Gremmert, and Scott Simon*
- 11:45 a.m. Annual Illiquid Alternatives Financial Statement Review.** *Presenter: Scott Simon*
- 11:50 a.m. Lunch**
- 12:30 p.m. Governmental Accounting Standards Board (GASB) Statement No. 68 Report on the Statewide Defined Benefit Plan and Statewide Hybrid Plan – Defined Benefit Component.** *Presenters: Lealan Miller and Sara Kurtz, Eide Bailly, LLP*
- 12:40 p.m. Financial Statement, GASB 68, and SOC 1 Type 2 Audits Plans 12/31/2018.** *Presenters: Lealan Miller and Sara Kurtz, Eide Bailly, LLP*
- 12:50 p.m. GASB Pronouncements Update and FASB Cybersecurity Risk Management Reporting Framework.** *Presenters: Lealan Miller and Sara Kurtz, Eide Bailly, LLP*
- 1:05 p.m. Internal Audit Reports.** *Presenters: Keith Galante and Courtney Reikofski, BKD, LLP*
- 1) Identify universe of vendors/service providers with FPPA financial or personally identifiable information (PII) and mapping of current internal reviews of SOC reports. (Executive Session)
  - 2) Entity level controls reviewed based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) 2013 framework. (Executive Session)
  - 3) Determination of 2019 Internal Audit Plan.
- 1:45 p.m. Determine 2019 Audit Committee Dates.** *Presenters: Dan Slack and Kim Collins*
- 1:50 p.m. Fraud Hotline.** *Presenters: Dan Slack and Kim Collins*

**1:55 p.m.**    **Evaluation of BKD, LLP.** *Presenter: Dan Slack*

**2:15 p.m.**    **Adjournment**

**Tentative Agenda for Audit Committee Meeting May 2019 at 7:30 a.m.**

- **Auditor Reports:**
  - i) **SSAE 18 SOC 1 Type II 2018 Audit.**
  - ii) **Independent Auditor's presentation for the period ending December 31, 2018.**
    - (1) **Financial Statement audit.**
    - (2) **Independent Auditors' report.**
    - (3) **Governance report.**
    - (4) **Independent Auditors' report on Internal Controls.**
    - (5) **Audit Committee discussion with Independent Auditor.**
  - iii) **Update on GASB 68 Audit.**
- **Review of December 31, 2018 Comprehensive Annual Financial Report (CAFR).**
- **Internal Audit Reports**
  - i) **To Be Determined**
- **Audit Charter review.**
- **Evaluation of Eide Bailly, LLP.**

## **FIRE AND POLICE PENSION ASSOCIATION**

Minutes – Audit Committee Meeting

September 18, 2018

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

Committee Members Present: Chair Tammy Hitchens, Pam Feely, and Nick Nuanes.

Staff Members Present: Kim Collins, Kevin Lindahl, Scott Simon, Mark Gremmert, Ahni Smith, and Karen Moore.

Others Present: Jeff Ahlerich, Security Pursuit; Lealan Miller (via phone), Sara Kurtz and David Rowan, Eide Bailly, LLP; Keith Galante and Courtney Reikofski, BKD, LLP (via phone).

*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 10:28 a.m., Chair Hitchens called the meeting to order.

Mr. Nuanes moved to approve the minutes of the June 5, 2018 meeting. Ms. Feely seconded the motion. The motion passed.

### IT Assessment (Executive Session)

At 10:29 a.m., Ms. Feely moved the Committee to enter into an Executive Session to discuss information technology security as allowed pursuant to section 24-6-402(4)(d) of the Colorado Revised Statutes. Mr. Nuanes seconded that motion. The motion passed. The Committee convened into executive session. Staff and FPPA contractors were allowed to stay.

At 11:19 a.m., Ms. Feely moved that the Committee return to its regular meeting. Mr. Nuanes seconded that motion. The motion passed. The Committee returned to its regular meeting. Chair Hitchens declared that no motions were made and no actions were taken during the executive session.

### Review of open audit findings (Executive Session)

At 11:20 a.m., Ms. Feely moved the Committee to enter into an Executive Session to discuss open audit items related to security as allowed pursuant to section 24-6-402(4)(d) of the Colorado Revised Statutes. Mr. Nuanes seconded that motion. The motion passed. The Committee convened into executive session. Staff and auditors were allowed to stay.

At 11:35 a.m., Ms. Feely moved that the Committee return to its regular meeting. Mr. Nuanes seconded that motion. The motion passed. The Committee returned to its regular meeting. Chair Hitchens declared that no motions were made and no actions were taken during the executive session.

Messrs. Gremmert and Ahlerich left the meeting.

### Annual Illiquid Alternatives Financial Statement Review

At 11:36 a.m., Mr. Simon presented the annual illiquid alternatives financial statement review and explained the process.

At 11:40 a.m., Chair Hitchens called for a break.

### Governmental Accounting Standards Board (GASB) Statement No. 68 Report on the Statewide Defined Benefit Plan and Statewide Hybrid Plan – Defined Benefit Component

At 12:15 p.m., the meeting reconvened. Ms. Kurtz presented the GASB 68 report, reviewing the significant audit areas and explaining the actuarial assumptions and methods. Ms. Kurtz explained the need for additional census data testing, as well as the additional associated fees. These fees will be charged to the Audit budget, not to any of the employers. The Committee agreed to provide the employers until October 26 to provide payroll data.

Ms. Smith answered Chair Hitchens' questions regarding the Statewide Defined Benefit Plan GASB Statement No. 68. The Committee decided to add an explanation of the Changes of Assumptions calculation listed in the Schedule of Collective Pension Amounts.

### Financial Statement, GASB 68, and SOC 1 Type 2 Audit Plans 12/31/2018

At 12:42 p.m., Ms. Kurtz reviewed the Financial Statement, GASB 68, and SOC 1 Type 2 Audit Plans, including task requirements and deliverables, required communications to governance, risk assessment procedures, significant audit areas, and tentative timelines.

The opinion on the financial statement will be issued and presented at the June 2019 Committee meeting, the GASB 68 will be issued and presented at the September 2019 Committee meeting, and the SOC 1 audit will be issued and presented by the June 2019 Committee meeting.

### GASB Pronouncements Update and FASB Cybersecurity Risk Management Reporting Framework.

Ms. Kurtz reviewed the following GASB 68 pronouncement updates, effective June 15, 2017: GASB-75 - OPEB Employers, GASB-85 - Omnibus 2017, GASB-86 - Certain Debt Extinguishments, and IGU-2017-1.

Mr. Rowan presented on SOC for cybersecurity, reviewing the various types of SOC reports, including the report users and reasons for completion.

At 1:00 p.m., Mr. Rowan left the meeting.

The Committee briefly discussed that an audit of BNY Mellon's tax reclaim process was not necessary.

At 1:03 p.m., Mr. Lindahl left the meeting, and Mr. Miller disconnected from the call.

### Internal Audit Reports

Mr. Keith Galante and Ms. Courtney Reikofski joined the call. Chair Hitchens announced who was present

in the meeting room.

At 1:04 p.m., Ms. Feely moved the Committee to adjourn into Executive Session to discuss matters related to maintaining the security of confidential information pursuant to section 24-6-402(4)(d) of the Colorado Revised Statutes. Mr. Nuanes seconded the motion. The motion passed. The Committee convened into executive session.

At 1:15 p.m., Ms. Feely moved that the Committee return to its regular meeting. Mr. Nuanes seconded that motion. The motion passed. The Committee returned to its regular meeting. Chair Hitchens declared that no motions were made and no actions were taken during the executive session.

#### Determination of 2019 Internal Audit Plan

Mr. Galante and Ms. Reikofski directed the Committee to the 2019 possible audits. The Committee, staff, and the auditors discussed the proposed audits.

Chair Hitchens discussed whether changing the Fraud Risk Assessment procedures from past year's audits, to assist in catching possible new issues, should be considered. Ms. Reikofski explained the current process, and Mr. Galante briefly discussed possible procedures and analysis that could be followed this upcoming year to accomplish this. Mr. Galante will provide a memo on this topic that will be circulated to the Committee for discussion.

The Committee agreed to recommend to the Board to proceed with Audit Items 1. Entity level controls working based on the COSO model and updated risk assessment, 2. Fraud Risk Assessment (pending direction based off of Mr. Galante's memo mentioned above), 6. Evaluate process used to monitor money managers and their compliance with contract terms, 7. Evaluate process and identify potential control gaps in new process since transition of services from BNY Mellon to Hamilton Lane, and 10. Audit Committee, Management Meetings, and Internal Audit Management, for \$37,120 in audit costs.

#### Determine 2019 Audit Committee Dates

Ms. Collins proposed and the Committee approved the following 2019 meeting dates: May 30 and September 24. The Committee agreed to commence the meetings at 7:30 a.m.

#### Fraud Hotline

Ms. Collins provided the current process for reporting fraud. The Committee discussed whether a fraud hotline was needed. The Committee decided to maintain the current process.

#### Evaluation of BKD, LLP

At 1:39 p.m., Ms. Kurtz left meeting and Mr. Galante and Ms. Reikofski disconnected from the conference line. The Committee discussed the evaluation of BKD.

Mr. Galante and Ms. Reikofski rejoined the call. Chair Hitchens notified them of the positive evaluation.

Ms. Collins provided a tentative agenda for the May 2019 meeting.

Adjournment

Ms. Feely moved to adjourn the meeting. Mr. Nuanes seconded the motion. The motion passed.

At 1:51 p.m., Chair Hitchens declared the meeting adjourned.