

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

May 30, 2019

7:30 a.m. Mountain Time

**7:30 a.m. Call to Order.** *Tammy Hitchens, Chair*

**Approval of November 16, 2018 meeting minutes.**

**7:35 a.m. Auditor Reports.**

*Presenters: Sara Kurtz and Jim Schmidt, Eide Bailly, LLP*

1. SSAE 18 SOC 1 Type II 2018 Audit.
2. Independent Auditor's presentation for the period ending December 31, 2018.
  - Financial Statement Audit.
  - Independent Auditor's report.
  - Governance report.
  - Independent Auditors' report on Internal Controls.
3. Update on GASB 68 audit.
4. Audit Committee discussion with Independent Auditor.

**8:45 a.m. Discussion on Private Markets Accounting Change for 2019.**

*Presenters: Kim Collins and Ahni Smith*

**9:00 a.m. Break.**

**9:15 a.m. Review of December 31, 2018 Comprehensive Annual Financial Report (CAFR).**

*Presenters: Kim Collins and Ahni Smith*

**9:45 a.m. Internal Auditor Reports.**

*Presenter: Courtney Reikofski, BKD, LLP*

1. Money manager compliance with contract terms.
2. Accounts Payable forensic data mining.

**10:15 a.m. Evaluation of Eide Bailly, LLP.**

*Presenter: Kim Collins*

**10:30 a.m. Adjourn**

**Tentative Agenda for Audit Committee Meeting September 24, 2019 at 7:30 a.m.**

- **IT Assessment (Executive Session).**
- **Annual review of open audit findings (Executive Session).**
- **Annual Illiquid Alternatives financial statement review.**
- **Auditor Reports:**
  - **Governmental Accounting Standards Board (GASB) Statement No. 68 Report on the Statewide Defined Benefit Plan and Statewide Hybrid Plan – Defined Benefit Component.**
  - **Financial Statement, GASB 68, and SOC 1 Type 2 Audits Plans 12/31/2019. GASB Pronouncements Update.**
- **Internal Auditor Reports:**
  - **Transition of MFUG to Hamilton Lane.**
  - **Entity level controls review based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) model. (Executive Session)**
- **Determine 2020 Internal Audit Plan.**
- **Determine 2020 Audit Committee Dates.**
- **Evaluation of BKD, LLP.**

**FIRE AND POLICE PENSION ASSOCIATION**  
Minutes – Audit Committee Meeting  
May 30, 2019

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

Committee Members Present: Chair Tammy Hitchens and Pam Feely.

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

Others Present: Courtney Reikofski, BKD, LLP and Sara Kurtz and Adam Campbell (via phone), Eide Bailly, LLP.

*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 7:32 a.m., Chair Hitchens called the meeting to order.

Ms. Feely moved to approve the November 16, 2018, meeting minutes. Chair Hitchens seconded the motion. The motion passed.

Auditor Reports

*SSAE 18 SOC 1 Type II 2018 Audit*

Mr. Campbell presented the Service Organization Control (SOC) audit of FPPA's administration of local defined benefit pension plan services for police officers and firefighters hired prior to April 8, 1978 (Old hire Plans), and affiliated volunteer firefighter plans and general IT controls. A clean opinion was issued with no exceptions noted.

*Independent Auditor's presentation for the period ending December 31, 2018*

At 7:46 a.m., Mr. Campbell disconnected from the call and Ms. Kurtz presented the audit procedures and the results of FPPA's 2018 Financial Statement Audit. Eide Bailly issued an unmodified opinion on the fairness of the basic financial statements and footnotes.

Discussion on Private Markets Accounting changes for 2019

Ms. Kurtz and staff discussed the year-end private markets valuation adjustment. Eide Bailly and staff will meet in June to determine the method for calculating this adjustment in 2019.

*Independent Auditor's presentation for the period ending December 31, 2018 (continued)*

The Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters resulted in no issues identified of material weaknesses and no significant deficiencies in internal controls.

Eide Bailly's Governance report highlighted: 1) FPPA's implementation of the provisions of Government Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans; and 2) the financial statements include private market investments whose carrying values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by the fund managers or the general partners.

*Update on the GASB 68 audit*

Ms. Kurtz provided a brief update on the GASB 68 audit on the Statewide Defined Benefit and Statewide Hybrid plans. The audit will be presented at the September Committee meeting.

*Audit Committee discussion with Independent Auditor*

At 8:24 a.m., Chair Hitchens excused staff to meet privately with Eide Bailly to further discuss the 2018 audits. Staff exited the meeting.

At 8:34 a.m., Chair Hitchens called for a break.

*Review of December 31, 2018 Comprehensive Annual Financial Report (CAFR)*

At 8:41 a.m., the meeting reconvened. Ms. Collins, Ms. Smith and Mr. Simon reviewed the summary highlights of the CAFR. Chair Hitchens thanked Staff for their work on the CAFR.

*Internal Auditor Reports*

*Money Manager Assessment*

At 9:05 a.m., Ms. Reikofski presented BKD's assessment of the review and retention of money managers and provided observations and recommendations. Mr. Simon responded to the auditor's observations and recommendations.

*Report on Forensic Data Mining Services*

Ms. Reikofski presented BKD's assessment of the Forensic Data Mining Services on vendor, accounts payable and employee data. The auditors reviewed their data analysis and Ms. Collins and Ms. Smith responded to their observations and recommendations.

At 9:18 a.m., Ms. Feely moved to recommend that the Board accept the CAFR. Chair Hitchens seconded the motion. The motion passed. The Committee will recommend the Board approve the CAFR.

Evaluation of Eide Bailly LLP

At 9:18 a.m., the auditors left the meeting. The Committee and staff proceeded to the evaluation of Eide Bailly.

The Committee reviewed the tentative agenda for the September meeting.

Chair Hitchens requested that we test for fraudulent receipt of benefits. Staff will add this to the COSO model.

Adjournment

At 9:40 a.m., Chair Hitchens declared the meeting adjourned.