

Fire & Police Pension Association Audit Committee Meeting Agenda

September 15, 2020

7:30 a.m. Mountain Time

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

Approval of May 12, 2020 meeting minutes.

7:35 a.m. IT Reports (Executive Session).

1. IT Assessment.

Presenter: Jeff Ahlerich, Security Pursuit, and Mark Gremmert

2. IT Internal testing review.

Presenters: Mark Gremmert and Matt Wilson

3. Internal Audit: Disaster Recovery Plan assessment.

Presenter: Courtney Reikofski, BKD, LLP

8:45 a.m. Annual review of open audit findings (Executive Session).

Presenter: Kim Collins, Scott Simon, Ahni Smith, and Mark Gremmert,

9:05 a.m. Annual Private Markets Financial Statement Review.

Presenter: Scott Simon

9:10 a.m. Break

9:20 a.m. Auditor Reports.

Presenter: Sara Kurtz, Eide Bailly, LLP

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

2. Financial Statement, GASB 68, and SOC 1 Type 2 Audits Plans 12/31/2020 and GASB Pronouncements Update.

9:50 a.m. Internal Auditor Reports.

Presenter: Courtney Reikofski, BKD, LLP

1. Entity level controls review based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) model.

2. Determine 2021 Internal Audit Plan.

10:20 a.m. Determine 2021 Audit Committee Dates.

Presenter: Kim Collins

10:30 a.m. Evaluation of BKD, LLP.

Presenter: Dan Slack

10:45 a.m. Adjourn

Tentative Agenda for Audit Committee Meeting May 2021 at 7:30 a.m.

- Auditor Reports:
 - SSAE 18 SOC 1 Type II 2020 Audit.
 - Independent Auditor's presentation for the period ending December 31, 2020.
 - Financial Statement audit.
 - Independent Auditors' report.
 - Governance report.
 - Independent Auditors' report on Internal Controls.
 - Update on GASB 68 Audit.
 - Audit Committee discussion with Independent Auditor.
- Review of December 31, 2020 Comprehensive Annual Financial Report (CAFR).
- Internal Auditor Reports:
 - To Be Determined.
- Audit Charter review.
- Evaluation of Eide Bailly, LLP.

FIRE AND POLICE PENSION ASSOCIATION

Minutes – Audit Committee Meeting

September 15, 2020

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

*This meeting was held virtually via Zoom.

Committee Members Present: Chair Tammy Hitchens, Jason Mantas and Guy Torres.

Staff Members Present: Dan Slack, Kim Collins, Kevin Lindahl, Scott Simon, Ahni Smith, Mark Gremmert, Matt Wilson, and Isabel Fernandez.

Others Present: Jeff Ahlerich, Security Pursuit; Sara Kurtz, Eide Bailly, LLP; Courtney Reikofski, Rick Lucy, Sam Beck, BKD, 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 7:33 a.m., Chair Hitchens called the meeting to order.

Mr. Torres moved to approve the minutes of the May 12, 2020, meeting. Chair Hitchens seconded the motion. The motion passed.

IT Assessment and IT Internal testing review (Executive Session)

Mr. Torres moved the Committee to adjourn into Executive Session to discuss information technology security, including an IT assessment, IT internal testing, and disaster recovery plan assessment, as allowed pursuant to C.R.S. Section 24-6-402(4)(d). Chair Hitchens seconded that motion. The motion passed. The Committee convened into executive session. Staff, auditors, and FPPA contractors were allowed to stay.

Mr. Torres moved that the Committee return to its regular meeting. Mr. Mantas 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)

Mr. Torres moved the Committee to adjourn into Executive Session to discuss open audit items as allowed pursuant to C.R.S. Section 24-6-402(4)(g). Mr. Mantas seconded that motion. The motion passed. The Committee convened into executive session. Staff and auditors were allowed to stay.

Mr. Mantas moved that the Committee return to its regular meeting. Mr. Torres 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.

Annual Private Markets Financial Statement Review

Mr. Simon presented the annual private markets financial statement review. Hamilton Lane, the third party investment consultant, does a review of all the financial statements for all the private market portfolios.

At 9:05 a.m. Chair Hitchens called for a break.

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

Auditor Reports

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

Ms. Kurtz presented the GASB 68 audit report, reviewing the significant audit areas and explaining the actuarial assumptions and methods. At Chair Hitchens' request, Ms. Kurtz presented an overview of GASB 68. Eide Bailly issued a clean and unmodified opinion on the fairness of the schedules and footnotes for both plans.

Ms. Smith presented the response to the Management Letter for the Statewide Defined Benefit Plan Governmental Accounting Standards Board Statement 68 audit.

Financial Statement, GASB 68, and SOC 1 Type 2 Audit Plans 12/31/2020

Ms. Kurtz reviewed the Financial Statement and GASB 68 Audit Plans for 2020, including task requirements and deliverables, required communications to governance, risk assessment procedures, significant audit areas, and tentative timelines.

Ms. Kurtz reviewed the SOC 1 Type 2 Audit plans and tentative timelines for 2020.

The opinion on the financial statement audit will be issued and presented at the May 2021 Committee meeting, the GASB 68 audit will be issued and presented at the September 2021 Committee meeting, and the SOC 1 audit will be issued by February 2021 and presented at the May 2021 Committee meeting.

GASB Pronouncements Update

Ms. Kurtz reviewed the GASB 68 pronouncement updates highlighting the following pronouncements of most relevance to FPPA: Implementation Guide No. 2018-1, GASB-84 – Fiduciary Activities, Implementation Guide No. 2019-1, and GASB-87 – Leases.

Internal Audit Reports

Entity level controls review based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) model.

The Committee determined that the meeting would remain in open session. Ms. Reikofski reviewed the 2020 internal audits and the possible audits for 2021.

Ms. Reikofski reviewed the COSO Framework for Internal Control and the five components that work to maintain an effective control system.

Determine 2021 Internal Audit Plan

Ms. Reikofski directed the Committee to the 2021 possible audits. The Committee, staff, and the auditors discussed the proposed audits.

Mr. Mantas moved to recommend to the Board to proceed with the following audit areas from the BKD presentation totaling \$37,200 in audit costs:

- Item #1 - Update risk assessment;
- Item #4 – Evaluate vendor master file processes;
- Item #5 - Evaluate processes for allocating investment results and expenses and the rationale for allocating results and expenses to each asset pool;
- Item #8 – Audit Committee, Management Meetings & Internal Audit Management;

Mr. Torres seconded the motion. The motion passed.

Determine 2021 Audit Committee Dates

The Committee approved the following 2021 meeting dates: May 11 and September 14. The meetings start at 7:30 a.m.

Evaluation of BKD, LLP

Mses. Kurtz and Reikofski and Messrs. Beck and Lucy left the meeting. The Committee discussed the evaluation of BKD. Mr. Mantas asked staff to determine when it would be appropriate to complete an RFP process for internal audit services and to bring staff's recommendation to the May 2021 meeting.

Adjournment

At 10:34 a.m., Chair Hitchens declared the meeting adjourned.