

**MINUTES OF THE
WV CONSOLIDATED PUBLIC RETIREMENT BOARD
ACCOUNTING AND AUDIT COMMITTEE MEETING
OF OCTOBER 4, 2022**

An emergency meeting of the West Virginia Consolidated Public Retirement Board Accounting and Audit Committee was held on Tuesday, October 4, 2022 at the Consolidated Public Retirement Board office at 4101 MacCorkle Avenue, SE, Charleston, WV 25304. An emergency meeting notice had been published.

Call to Order

The meeting was called to order at 1:01 p.m. by Jeff Waybright, Chair.

Roll Call

Members present:

Jeffrey Waybright, *representing Auditor John McCuskey*
Bill Barker
Mike McKown
Dominique Raneri (*joined at 1:04pm via telephone*)
Jeffrey Vallet (*via telephone*)

Member absent:

David Nelson

A quorum was present.

Also present:

Jeffrey Fleck, CPRB Executive Director
Terasa Miller, CPRB Deputy Director
Nancy Butcher, CPRB Executive Assistant
Alysia Miller, CPRB Paralegal
John Galloway, CPRB Chief Financial Officer
Lealan Miller, Eide Bailly
Tina Baker, CPRB Internal Auditor
Tim Abraham, CPRB Compliance Officer
Paula Van Horn, CPRB TDC Manager (*via telephone*)

Item #1: Approval of the Accounting & Audit Committee Meeting Minutes.

Chairman Waybright stated that he would entertain a motion to approve the Accounting & Audit Committee meeting minutes of August 16, 2022.

Bill Barker made a motion to approve the minutes of the August 16, 2022 meeting of the Accounting & Audit Committee. Mike McKown seconded the motion. The motion was adopted.

Item #2: Audit Results – June 30, 2022 CPRB Financial Statements – Eide Bailly

Mr. Waybright recognized John Galloway, CPRB Chief Financial Officer, who stated the reason for the meeting is to review the audit results of the 2022 financial statements which is due to the Finance Division by October 15, 2022. Mr. Galloway stated that the audit went smoothly and is being finalized.

Mr. Galloway introduced the audit partner Lealan Miller of Eide Bailly. Mr. Miller said that the audit went well, and he thanked CPRB staff for their efforts.

Mr. Miller reported that he anticipates that the auditor's opinion will be a clean, unmodified opinion. He said there is one management comment finding related to the internal service fund which tracks operational expenses. He explained that the annual depreciation expense on capital assets, specifically the COMPASS software, had been misstated for three years. He said the amount was large enough that the prior years' statements had to be restated. Mr. Miller indicated that the error was identified and self-reported by CPRB management. Mr. Miller concluded by noting that from the auditors' perspective, the finding is not of great concern for the overall internal controls because other testing was done and nothing else was found.

Mr. Waybright recognized John Galloway to address the finding. Mr. Galloway explained that there was an error in the spreadsheet formula that was used to track the depreciation of the benefit administration system, COMPASS. He said the error occurred in the first year of depreciation and carried over for the past three years. Mr. Galloway explained that he is considering correcting the problem by either redesigning the inherited Excel spreadsheet or replacing the Excel spreadsheet with an off the shelf depreciation software that could also be used for the allocation schedules.

Mike McKown inquired about the total amount of the asset and the depreciation. Mr. Galloway stated the asset was valued at \$37 million and the total misstated depreciation for the past three years was \$438,000, equaling \$146,000 annually.

Mr. Galloway pointed out that this error does not have any downstream effect on the administrative costs charged to the plans because those costs are determined on a cash basis and determined by whatever runs through OASIS monthly.

Executive Director Fleck commented that although it was an unfortunate error, he was glad it was

found and corrected.

Chairman Waybright stated he would entertain a motion to recommended to the Board that it authorize management to release the Audited Financial Statements including the Independent Auditor's Report upon finalization, subject to any administrative changes needed to be made in connection with the final review by Eide Bailly.

Mike McKown made a motion that the Committee recommend to the Board that it authorize management to release the Audited Financial Statements including the Independent Auditor's Report upon finalization, subject to any administrative changes needed to be made in connection with the final review by Eide Bailly. Jeffrey Vallet seconded the motion. The motion was adopted.

Item #3: Old Business

Mr. Waybright inquired as to old business. There was none.

Item #4: New Business

Mr. Waybright inquired as to new business. There was none.

Adjournment

Chairman Waybright stated that with no further business to come before the Committee, he would entertain a motion to adjourn.

Mike McKown made a motion to adjourn. Bill Barker seconded the motion. The motion was adopted.

The meeting adjourned at 1:23 pm.

Respectfully submitted,



Jeffrey Waybright, Chair



Jeffrey E. Fleck, Executive Director