

**MINUTES OF THE
WV CONSOLIDATED PUBLIC RETIREMENT BOARD
INTERNAL AUDIT COMMITTEE
MEETING OF NOVEMBER 8, 2011**

A meeting of the West Virginia Consolidated Public Retirement Board Internal Audit Committee was held in the Legal Conference Room located at the offices of the Consolidated Public Retirement Board, 4101 MacCorkle Avenue, SE, Charleston, West Virginia, and was called to order at 10:02 a.m. by David Mullins, representing Secretary Robert W. Ferguson, Jr. and serving as Chairman in his absence.

A Roll Call was taken.

Members present were:

David Mullins, Chairman & *representing Secretary Robert W. Ferguson, Jr.*
Diana Stout, *representing Treasurer John Perdue*
Sergeant Tony Payne
Captain Michael Corsaro

Committee members absent were:

Mack Parsons, *representing Auditor Glen Gainer*

A quorum was present. Due notice had been published.

Also, present were:

Jeff Fleck, CPRB Executive Director
Terasa L. Miller, CPRB Deputy Director
Annamarie Short, CPRB Internal Auditor
Brittany Smith, CPRB TRS Membership
Paula Vanhorn, CPRB TDC Manager

Item #1: Approval of the July 5, 2011 Meeting Minutes

Ms. Stout moved to approve the July 5, 2011 meeting minutes. The motion was seconded by Captain Corsaro. The motion carried unanimously.

Item # 2: Update on Current Audits

Annamarie Short reviewed with the Committee the TDC audit regarding the outside bank

account. Ms. Short informed the Committee she only had five recommendations for this audit and was assured by staff all changes would be made by January 1, 2012.

Mack Parsons arrived at 10:05 a.m.

Ms Stout informed the Committee since the TDC outside bank accounts involve the Treasurer's Office; they have recently produced a cash receipts handbook at the request of the Legislature. The handbook will be distributed to financial officers by November 15, 2011, which is the effective date. Once this audit report becomes public, after this meeting, Ms. Stout will share it within the Treasury. The Legislature strongly desires that the Treasurer's Office take on some kind of action to review outside bank accounts and cash receipts generally. Ms. Stout thanked Ms. Short for her insights and proper care of the problems.

Ms. Short then reported to the Committee the most current project she is working on is an issue of whether or not PERS members are eligible for dual military service credit if they have already used it in another plan such as Troopers. Dual military service credit was prohibited in the West Virginia Code as of April 9, 2005. Prior to that date, there was no language strictly prohibiting members from receiving this credit. Additionally, 16 members of PERS received this credit, 2 of which were after 2005; and 42 members did not receive this credit at all. Due to some of the inconsistencies in processing whether or not they received the credit, on August 24, 2011 the CPRB sought a legal opinion on the matter. The Executive Director received the legal opinion from outside counsel; Bowles, Rice, McDavid, Graff and Love on October 20, 2011. The legal opinion gives us 3 different options for handling the situations. Ms. Short announced to the Committee that she is currently working on providing financial figures for whatever choice would be made. She would like to finish her report on this before she leaves for maternity leave.

Captain Corsaro made a motion to accept the audit review made by the Internal Auditor. The motion was seconded by Sergeant Payne. The motion carried unanimously.

Item # 3: Internal Auditor Evaluation

Ms. Stout made a motion to go into Executive Session to discuss a personnel matter as allowed by West Virginia Code § 6-9A-4. The motion was seconded by Captain Corsaro. The motion carried unanimously. The Internal Audit Committee went into Executive Session at

10:19 a.m.

Chairman Mullins reconvened the Internal Audit Committee from Executive Session at 10:21 a.m. The Chairman stated the Internal Audit Committee was in Executive Session to discuss a personnel matter and no decisions were made during Executive Session.

Ms. Stout made a motion to accept the performance evaluation of the Internal Auditor as prepared by the Executive Director with a change on the dates. The motion was seconded by Captain Corsaro. The motion carried unanimously.

Item # 4: Old Business

Chairman Mullins asked the Committee if there was any old business to bring before the Committee and none was heard.

Item # 5: New Business

Chairman Mullins asked the Committee if there was any new business to bring before the Committee.

Annamarie Short, Internal Auditor announced to the Committee she will be on maternity leave from December 21, 2011 until February 1, 2012.

Executive Director Fleck announced to the Committee we try to set our Internal Audit Committee dates quarterly a year ahead of time. Ms. Short will set up some proposed dates for 2012 and will follow up with the Committee.

Captain Corsaro asked Executive Director Fleck what the status was on hiring a new Compliance Officer. Director Fleck announced he will post the position internally, and if no one applies internally, he will advertise the position externally. Executive Director Fleck announced that when he applied for the Compliance position, it required an MBA, CPA or a JD. He announced that he will probably keep these requirements for this position, and that he will be posting this position in the next few weeks.

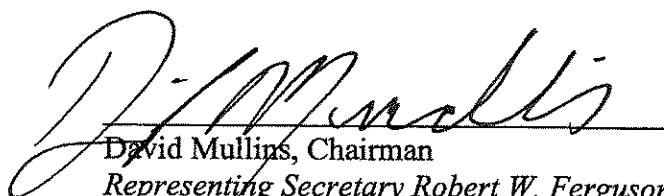
Chairman Mullins then asked the Committee if there was any other new business to bring

before the Committee and none was heard.

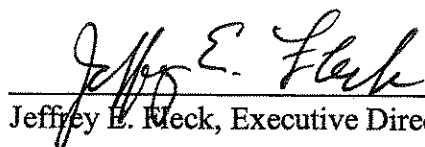
Ms. Stout made a motion to adjourn the November 8, 2011 Internal Audit Committee Meeting. The motion was seconded by Captain Corsaro. The motion carried unanimously.

Chairman Mullins adjourned the public meeting of the West Virginia Consolidated Public Retirement Board Internal Audit Committee meeting at 10:24 a.m.

Respectfully submitted,



David Mullins, Chairman
Representing Secretary Robert W. Ferguson, Jr.



Jeffrey E. Meck, Executive Director