

**MINUTES OF THE  
WV CONSOLIDATED PUBLIC RETIREMENT BOARD  
ACCOUNTING & INVESTMENT COMMITTEE  
MEETING OF OCTOBER 6, 2020**

A meeting of the West Virginia Consolidated Public Retirement Board's Accounting & Investment (A&I) Committee on Tuesday, October 6, 2020. Due to the COVID 19 Pandemic, the meeting was conducted via conference call as well as the ability to attend in person. The call-in information for the meeting was included on the Committee meeting agenda, the CPRB website and on the West Virginia Secretary of State's meetings page. The meeting was called to order at 2:31 p.m. by Joseph Bunn, Chair.

**Due notice had been posted.**

**Roll call was taken.**

**Committee Members present:**

Joseph Bunn, Esquire, Chair (*in person*)  
Mike Hall, *representing Governor Jim Justice* (via conference call)  
Diana Stout, Esquire, *representing Treasurer John Perdue* (via conference call)  
Mike McKown (*in person*)

**Committee Members absent:**

Jeffrey Vallet

**Others participating in present were:**

Jeffrey E. Fleck, CPRB Executive Director  
Teresa Miller, CPRB Deputy Director  
Nancy Butcher, CPRB Executive Assistant  
John Galloway, CPRB Chief Financial Officer  
Lealan Miller, Engagement Partner, Eide Bailly

**Participating via conference call:**

Sam – Journalist with HFM

**A quorum was present.**

**Item #1: Approval of Minutes**

**Mr. McKown made a motion to approve the minutes of the August 25, 2020 meeting. Mr. Hall seconded the motion. The motion was adopted.**

## **Item #2: Audit Results – June 20, 2020 CPRB Financial Statements**

Mr. Bunn recognized John Galloway, CPRB CFO, who made some introductory remarks regarding the new auditors, Eide Bailly. He then introduced Lealan Miller, Engagement Partner, Eide Bailly, who discussed the audit results. Mr. Miller began by giving an overview of Eide Bailly.

Mr. Miller stated that 15 members of the Eide Bailly staff had worked on the Audit and GASB 68. He added that the audit was performed in accordance with auditing standards generally accepted in the United States and Government Auditing Standards. He stated that management was responsible for the financial statements and the audit provides reasonable, but not absolute, assurance that the financial statements were not materially misstated. He went on to say that the audit does not provide any assurances regarding regulatory compliance and it is not designed to provide assurances regarding internal control over financial reporting. He added that the financial statements were prepared in accordance with accounting principles generally accepted in the United States and they expect to issue an unmodified opinion.

Mr. Miller stated that Significant Accounting Policies showed that there were no new significant footnote disclosures and that Eide Bailly specialists utilized reasonableness of methodologies and assumptions, IT, and marketable investment valuations in their audit. He added that other material written communications included an Engagement letter and a Management Representation letter. He discussed Future GASB Standards for 2021 and 2022. In 2021, GASB 84 will have minor modifications to the face of the financial statements and for 2022, nothing of significance. He added that there were no disagreements with management, no consultations with other accountants, no major issues discussed with management prior to retention, no discussions with management regarding alternative accounting treatments within accounting principles generally accepted in the United States and no material corrected misstatements.

Mr. Miller discussed the areas of Audit Emphasis. He said that accounting estimates were an integral part of the basic financial statements and required supplementary information prepared by management and were based on management's current judgments. He also said that the basis for their conclusions as to the reasonableness of estimates in the context of the basic financial statements and required supplementary information based on their review and tests of the process used by management to develop estimates that showed there were no significant changes in accounting estimates or in management's judgments relating to such estimates for the year ended June 30, 2020.

He added that significant areas of management judgements and estimates, as well as actuarial accrued liability, were reviewed and that reasonableness of assumptions were used in estimating the liability. He went to say that the audit assessed qualifications of WVCPRB's actuarial expert, evaluated management's methodology and assumptions for compliance with GAAP, significant assumptions included, but were not limited to, the investment return, discount rate, mortality rates and retirement rates. He added that they reviewed the actuarial report and support for the calculations, evaluated data utilized by the WVCPRB's actuarial expert and performed tests surrounding the disclosures in the notes to the financial statements and the required supplementary information.

He discussed the significant risks and management override of controls. He stated that consideration of fraud in a financial statement audit involved internal specialists in areas which were highly complex and subjective and required management to make judgements and assumptions, such as alternative investments and related disclosures. He added that they performed investigative procedures including journal entry testing with the focus around entries with certain characteristics which would be considered unusual and/or nonrecurring as well as the controls surrounding journal entries and management overrides of controls and emphasized a heightened level of professional skepticism during the audit process. He said that they reviewed accounting estimates for bias, evaluated significant transactions that were outside the normal course of business, performed fraud inquiries and had a brainstorming meeting by the audit engagement team.

Mr. Miller concluded his presentation by saying that they were not aware of any relations, including non-audit services between Eide Bailly LLP and the WVCPRB that, in their professional judgement, could reasonably be thought to bear on their independence. He stated that they confirmed that, in their professional judgement, for the year ended June 30, 2020, and as of the date of this communication, they were independent with respect to the WVCPRB, within the meaning of the standards promulgated by the American Institute of Certified Public Accountants' Code of Professional Conduct, and its interpretations and rulings, as well as GOA independence requirements. He then answered questions from the committee members.

**Mr. McKown made a motion that the Committee recommend to the Board that they approve the release of the June 30, 2020 audited financial statements including the Independent Auditor's Report upon finalization, subject to immaterial administrative changes. Ms. Stout seconded the motion. The motion was adopted.**

**Item #3: Other Business**

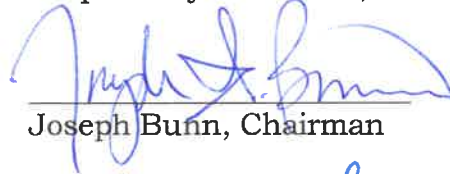
Chair Bunn inquired as to other business.

John Galloway, CPRB CFO, announced that the CPRB had been awarded the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting. He added that CPRB has received this award since 2012.

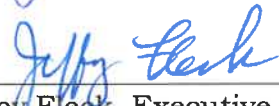
**Adjournment**

There being no further business to come before the committee, the meeting adjourned at 3:15 p.m.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Joseph Bunn", written over a horizontal line.

Joseph Bunn, Chairman

A handwritten signature in blue ink, appearing to read "Jeffrey Fleck", written over a horizontal line.

Jeffrey Fleck, Executive Director