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**TO:** Members of the Public Pension Oversight Board

**FROM:** Brad Gross  
Jennifer Black Hans

**RE:** 2022 Actuarial Audit Update

**DATE:** July 19, 2022

Per KRS 7A.250(8), the Public Pension Oversight Board shall at least once every five (5) years retain an actuary to conduct an actuarial audit of the state-administered retirement systems to evaluate the reliability of each system's actuarial assumptions and methods. On June 21, 2022, Director Jay Hartz on behalf of the Legislative Research Commission (LRC) entered into a contract with Milliman Solutions, LLC, to conduct a Level 1, full-scope audit of the actuarial work performed by the plan actuaries for the fiscal year 2021 valuation for each of the systems. Milliman was chosen from among four vendors who responded to the March 15<sup>th</sup> request for proposals (RFP) as the most advantageous to the LRC taking into consideration price and the RFP evaluation factors.

The contract, which was reviewed by the Government Contract Review Committee on July 14, 2022, is for a six-month term at a total fixed rate of \$190,000. As the committee is aware, KRS 7A.240(5) provides that the cost of actuarial services required to conduct the audit is to be paid by the systems to the LRC and shall be included in the administrative budgets of the respective systems. LRC staff is taking steps to ensure that the cost of the audit is properly prorated among the systems by Milliman and to notify each system of their proportionate share in advance of any budget planning process.

Any additional questions regarding this matter may be directed to LRC staff.