

Minutes

Audit Subcommittee

March 5, 2025

1:00 P.M.-3:00 P.M. (central)

Public Session

The Audit Subcommittee met on Wednesday, March 5, 2025 at 1:00 p.m. (central), in Conference Room O, Third Floor, William R. Snodgrass TN Tower, Nashville, TN and via Cisco Webex.

Chairman Rick DuBray, Deputy Treasurer of the Tennessee Treasury Department, called the Audit Subcommittee meeting to order at 1:00 p.m. (central) and noted he was attending and chairing the subcommittee on behalf of Treasurer David Lillard.

Chairman DuBray asked the parliamentary clerk to establish a quorum by doing a roll call.

Audit Subcommittee Members

Present:

- Rick DuBray, representing David Lillard, State Treasurer, Chaired the Audit Subcommittee
- Maryanne Durski, Chief Financial Officer, Department of Education
- Rob Chance, representing Higher Education (UT System)

Absent:

- **Local Government Representative Vacancy ***
***State, Local Education and Local Government Insurance Committees will appoint a new member**

Agenda Item #1 – Public Comment

Chairman DuBray asked the parliamentary clerk if anyone had requested to speak before the subcommittee. No one requested to be recognized to address the subcommittee members on an agenda item.

Agenda Item #2 – [Action] September 18, 2024 Minutes

Chairman DuBray asked if any of the subcommittee members had any comments or edits for the minutes from September 18, 2024. No one asked to be recognized.

Chairman DuBray moved to adopt the minutes of the September 18, 2024 meeting. Ms. Durski seconded the motion. No discussion occurred and a roll call vote was taken:

Durski	Yes	Chance	Yes
DuBray	Yes		

Agenda Item #4 – [Action] Calendar Year 2025 Audit Subcommittee Responsibilities

Chairman DuBray recognized Christa Martin, Director of Financial Management and Program Integrity, to begin the presentation. Ms. Martin explained to the subcommittee members that Benefits Administration (BA) has been focusing on professional development and succession planning. She introduced Josh Burns, Director of Risk Management, and Lindsey Lattner, Assistant Director of Risk Management and stated that Mr. Burns would be presenting on behalf of Benefits Administration at this meeting.

Mr. Burns had no new recommendations for the Calendar Year 2025 Audit Subcommittee Responsibilities as the prior year calendar worked well. No further questions were asked.

On behalf of the Audit Subcommittee, Ms. Durksi moved to approve as presented the Calendar Year 2025 Audit Subcommittee Responsibilities. It was seconded by Mr. Chance. No further discussion occurred, and a roll call vote was taken:

Durski	Yes	Chance	Yes
DuBray	Yes		

Agenda Item #5– [Information Only] Review of Calendar Year 2024 Completed Audit Subcommittee Responsibilities

Chairman DuBray recognized Mr. Burns to present the subcommittee responsibilities that were completed for calendar year 2024. Mr. Burns presented to the subcommittee members that the subcommittee took up all necessary items, carried out all required responsibilities, and asked if there were any questions. No questions were asked.

Agenda Item #6– [Information Only] Financial Activity Report Review

Chairman DuBray recognized Mr. Burns to present the Financial Activity Report covering July 1, 2024 – January 31, 2025. Mr. Burns presented to the subcommittee members that all the plans with the exception of the Other Post Employment Benefits (OPEB) Trust are in spend down mode, this in accordance to the subcommittee’s approved spend down plan.

Ms. Durski asked if we are still on track and moving in the right direction for the spending down excess reserves. Ms. Martin responded that we are in a spend down mode and working with BA’s actuarial consultants, Aon Consulting. Ms. Durski asked if we will continue to be in spend down mode for now, and Ms. Martin confirmed that is the plan.

Agenda Item #7– [Information Only] Review of Audits by Comptroller’s Office, Division of State Audit

Chairman DuBray recognized Michael Campbell, Audit Manager with the Comptroller’s Office, Division of State Audit. Mr. Campbell told the subcommittee that the State, Local Education and Local Government plans went through an audit for Fiscal Year 2024, which covered July 1, 2023 through June 30, 2024. Mr. Campbell stated that on December 17, 2024, the Comptroller’s office issued an unmodified opinion for the State Plan, as part of the Annual Comprehensive Financial Report (ACFR). Mr. Campbell further explained this is the highest confidence that the Comptroller’s office gives. Two other reports were issued for the Local Education and Local Government plans on

November 6, 2024 that were also unmodified and no issues were noted for these audits. Both Chairman DuBray and Ms. Durski complimented Benefits Administration staff on having unmodified audit opinions. No questions or comments were addressed to Mr. Campbell at the end of his presentation.

Agenda Item #8– [Information Only] Ongoing Audits/Engagements

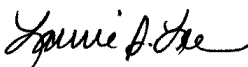
Chairman DuBray recognized Mr. Burns to discuss ongoing audits and engagements. Mr. Burns updated the subcommittee members that random statistical sample audits for claims incurred in Plan Year 2024 by BlueCross BlueShield of Tennessee, Cigna and OPTUM are ongoing. The pre-implementation audit for the telehealth copay change for OPTUM is ongoing but close to completion. Comptroller’s Office fiscal year 2024 OPEB Trust audit and census engagement began January 2025 and is ongoing. The pharmacy benefit manager audits – rebate audit, pharmacy pricing comparison, financial audit, and retail transparency audit are currently in progress.

Chairman DuBray clarified that the OPEB Trust audit is for Fiscal Year 2024 and may appear behind the other financial audits, but it is not. He further stated that the OPEB Trust fund is in good shape. Ms. Martin confirmed that the OPEB Trust audit occurs after the ACFR is complete since the ACFR audit is not dependent on the OPEB Trust audit and that the timing for starting the audit is historically in January. She also confirmed that the OPEB Trust is almost fully funded.

Mr. Chance asked if there was a decline in members for the State Plan’s pre-65 retiree coverage. Ms. Martin stated while eligibility for newly hired employees is closed, the membership fluctuates as eligible employees retire.

With no further business, Chairman DuBray adjourned the Public Session of the Audit Subcommittee meeting at 1:15 p.m. (central) and then immediately entered into the Executive Session pursuant to T.C.A. § 4-35-108.

Respectfully submitted,



Laurie S. Lee