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 SECRETARY

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Correspondence Memorandum

Date: August 23, 2019

To: Employee Trust Funds Board

From: Cindy Klimke-Armatoski, Chief Trust Finance Officer
 Division of Trust Finance

Subject: Audit of Accumulated Sick Leave Conversion Credit Programs Actuarial Valuation

The Department of Employee Trust Funds (ETF) requests the Employee Trust Funds Board (Board) accept the audit report of the Accumulated Sick Leave Conversion Credit Programs (ASLCC) actuarial valuation as of December 31, 2018 and direct ETF's consulting actuary to implement appropriate recommendations.

Milliman completed an audit of the ASLCC actuarial valuation as of December 31, 2018. An actuarial audit is a valuable method of monitoring the quality of actuarial services performed on behalf of benefit plans. ETF contracted with Milliman to perform a full-scope audit, which includes replicating the original actuarial valuation. This is based on the same census data, assumptions, and actuarial methods used by the plans consulting actuary. In addition, the reviewing actuary examines the consulting actuary's methods and assumptions for reasonableness and consistency. The Government Finance Officers Association recommends actuarial audits at least once every five years.

Attached is the report from Milliman communicating the results of the audit as well as a response from GRS, the plan's consulting actuary that performed the original valuation. The original valuation was presented to the Board at its June 20, 2019, meeting. Milliman found the valuation as of December 31, 2018, accurately reflects the results of the ASLCC program and offered some recommendations to enhance disclosures in the report.

Staff from Milliman will be at the Board meeting to address any questions. Staff from GRS will be available by phone during the meeting.

- Attachment A: Accumulated Sick Leave Conversion Credit Programs Actuarial Audit of December 31, 2018 Valuation
- Attachment B: GRS Response to Milliman Audit Report on ASLCC Valuation

Reviewed and approved by Robert J. Conlin, Secretary

Electronically Signed 9/5/19

Board	Mtg Date	Item #
ETF	9.19.19	4A1