

Senate Bill 142

Actuarial Cost Study prepared for Joint Committee on Public Retirement and Social Security Programs of the Arkansas 91st General Assembly

Provisions of the Bill

Senate Bill 142 affects the Arkansas Teacher Retirement System (ATRS).

Arkansas Code Annotated §24-7-303 contains language describing officers and committees of the Arkansas Teacher Retirement System Board of Trustees. The section also sets forth language describing employees or firms who are able to be appointed or hired to work for the Board (the Executive Director, investment counsel, actuaries, et cetera). Senate Bill 142 would allow for a Board Audit Committee which would be able to conduct employee evaluations of the system's internal auditor. In effect, this would mean that the System's internal auditor would work directly for the Board of Trustees rather than be subject to review by the Executive Director (as is current practice).

Fiscal Impact

There would be no actuarial cost associated with this bill. We do not believe that there would be any additional administrative cost resulting from the passage of this bill.

Other

As the internal auditor is charged with review of the whole of the Teacher Retirement System (including the Executive Director), removing the potential conflict of interest by having the Board conduct employee evaluations would be considered a governance best practice by the Government Finance Officers Association (GFOA).

Sincerely,



Jody Carreiro, A.S.A., M.A.A.A.
Actuary