NORTH Dakota Be Legendary. | State Investment Board RETIREMENT & INVESTMENT

Audit, Risk, & Compliance Committee Meeting - Thursday August 13, 2026, 2:30 PM
RIO Conference Room - 1600 E Century Ave Suite 3, Bismarck, ND 58503
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AGENDA

I. **CALL TO ORDER AND ACCEPTENCE OF AGENDA** – *(Committee Action)*

II. **ACCEPTANCE OF MINUTES (June 3, 2026) -** *(Committee Action)*

III. **REPORTS (30 minutes)**
- A. 2025 – 2026 Audit Charter Review of Responsibilities *(Committee Action)* – Ms. Seiler
- B. 2025 – 2026 Year End Internal Audit Activities Report *(Committee Action)* – Ms. Seiler
- C. Internal Audit Oversight Dashboard *(Committee Action)* – Ms. Seiler
  - i. Audit, Risk, Compliance Charter
- D. Outstanding Recommendations (*Informational)* – Ms. Seiler

IV. **GOVERNANCE (45 minutes)**
- A. Co-Sourcing Internal Audit Presentation (*Informational)* – Bruce Mills, Weaver
- B. Enterprise Risk Management *(Informational)* – Ms. Smith
- C. Board Smart *(Informational)* – Ms. Smith

V. **OTHER**

Next SIB Audit Committee Meeting:
RIO Conference Room
1600 E Century Ave Suite 3, Bismarck, ND 58503
Thursday, November 19, 2026 @ 2:30 PM

VI. **ADJOURNMENT**

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STATE INVESTMENT BOARD
AUDIT COMMITTEE MEETING
MINUTES OF THE JUNE 3, 2026, MEETING

MEMBERS PRESENT

Thomas Beadle, State Treasurer
Cody Mickelson, TFFR Board, Vice Chair
Lisa Corbin, External Representative
Adam Miller, PERS Board
Todd Van Orman, External Representative

STAFF PRESENT

Chase Kauffeld, CRO
Missy Kopp, Executive Assistant
Temi Osinaike, Internal Auditor
Sara Seiler, Supervisor of Internal Audit
Jodi Smith, Executive Director
Dottie Thorsen, Internal Auditor

GUESTS

Bruce Mills, Weaver

CALL TO ORDER

Treasurer Beadle called the State Investment Board (SIB) Audit Committee meeting to order at 2:32 p.m. on Wednesday, June 3, 2026. The meeting was held in The RIO Conference Room, 1600 E Century Ave., Bismarck, ND.

AGENDA

The agenda was considered for the June 3, 2026, meeting.

IT WAS MOVED BY MR. MICKELSON AND SECONDED BY MR. VAN ORMAN AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA FOR THE JUNE 3, 2026, MEETING AS DISTRIBUTED.

AYES: MS. CORBIN, MR. MILLER, MR. VAN ORMAN, MR. MICKELSON, AND TREASURER BEADLE
NAYS: NONE
MOTION CARRIED

ACCEPTANCE OF MINUTES

The Committee considered the minutes of the March 2, 2026, meeting.

IT WAS MOVED BY MR. MICKELSON AND SECONDED BY MS. CORBIN AND CARRIED BY A VOICE VOTE TO ACCEPT THE MARCH 2, 2026, MINUTES AS DISTRIBUTED.

AYES: MR. VAN ORMAN, MR. MICKELSON, MR. MILLER, MS. CORBIN, AND TREASURER BEADLE
NAYS: NONE
MOTION CARRIED

GOVERNANCE

Fiscal Year (FY) 2026 Financial Audit Scope & Approach

Mr. Rey, UHY, presented the scope and approach for the Fiscal Year 2026 financial audit, which includes the financial statements for RIO and TFFR, GASB 68 schedules, internal controls, and compliance testing. The audit follows a risk-based approach, with preliminary work already underway and final reports expected in October.

Discussion focused on how the audit addresses evolving risks. Committee members asked how the audit would evaluate compliance with state laws, investment policies, and the agency's expanding internal investment program. UHY confirmed that, while the engagement is a financial statement audit, testing also includes compliance with applicable Century Code requirements, internal controls, and investment policies, with the growing internal investment program identified as an area of increased audit focus.

The committee also discussed cybersecurity risks, including the increasing threats posed by AI-enabled attacks and the importance of strong IT controls. UHY noted that although the engagement is not a cybersecurity audit, IT specialists will review general IT controls, including access controls, change management, business continuity, and system integration, while emphasizing that cybersecurity remains one of the most significant operational risks facing public pension systems.

Staff highlighted the close coordination between internal and external audit functions. Internal audit work and supporting documentation are shared with UHY where appropriate, reducing duplicate testing and allowing external auditors to devote more attention to higher-risk areas. Staff also noted that audit is significantly ahead of last year's schedule, with preliminary work well underway and the agency in a strong position heading into year-end fieldwork.

IT WAS MOVED BY MR. VAN ORMAN AND SECONDED BY MR. MICKELSON AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE FY26 FINANCIAL AUDIT SCOPE & APPROACH.

AYES: MR. MILLER, MS. CORBIN, MR. MICKELSON, MR. VAN ORMAN, AND TREASURER BEADLE
NAYS: NONE
MOTION CARRIED

Internal Audit Strategic Plan

Ms. Seiler reported that the Internal Audit strategic plan has not yet been finalized because it must align with the agency's overall strategic plan and priorities established by the State Investment Board. Completion of the audit plan is expected following adoption of the agency's strategic plan and the new Governance Policy System.

The committee discussed that the transition to the new Audit, Risk & Compliance Committee and the implementation of the Governance Policy System will expand the committee's responsibilities and influence future audit priorities. Staff noted that the strategic plan will continue to evolve as the agency works through the upcoming legislative session, staffing needs, technology initiatives, and governance changes to ensure internal audit resources remain aligned with organizational priorities and emerging risks.

Ms. Seiler introduced Temi Osinaike, the new Internal Auditor who started at RIO in March.

2026-27 Internal Audit Workplan

Ms. Seiler presented the proposed Fiscal Year 2027 Internal Audit Plan, which is based on annual risk assessments covering retirement operations, investments, fiscal processes, and information technology.

The plan follows a risk-based methodology and is designed to remain flexible, with significant changes brought back to the Audit Committee for approval if priorities shift during the year.

The committee discussed staffing capacity, including the planned retirement of Ms. Thorsen at the end of the year and the importance of capturing institutional knowledge during the transition. Staff noted that the addition of a third auditor strengthens the team's capacity, although onboarding a replacement and the retirement transition may temporarily reduce available audit hours.

The proposed audit plan includes reviews of the internal investment program, data governance, user access controls, procurement, cash management, NeoSpin retirement processing, employer compliance, and enterprise risk management activities. Several larger audits will continue to be co-sourced with Weaver to provide specialized expertise and support as the internal audit function continues implementing new Internal Audit Standards and preparing for a future quality assessment.

IT WAS MOVED BY MR. MICKELSON AND SECONDED BY MS. CORBIN TO APPROVE THE 2026-27 INTERNAL AUDIT WORKPLAN.

AYES: MR. VAN ORMAN, MS. CORBIN, MR. MICKELSON, MR. MILLER, AND TREASURER BEADLE
NAYS: NONE
MOTION CARRIED

Cybersecurity Incident

Mr. Kauffman reported a cybersecurity incident involving a sophisticated social engineering attack that resulted in unauthorized access to a RIO employee's email account. A review determined that four individuals were required to be notified under state law after emails containing personally identifiable information were potentially accessed.

Following the incident, the agency strengthened its incident response procedures, enhanced staff cybersecurity training, improved coordination with NDIT, and implemented additional safeguards for handling sensitive information in email. Committee members discussed the increasing sophistication of cyber threats, the importance of protecting member information, and the need for continued vigilance given the agency's role in managing retirement system data.

2026-27 Audit Committee Schedule

Ms. Seiler reviewed the proposed schedule for the Committee for Fiscal Year (FY) 2027.

2026-27 Audit Committee Membership

Ms. Seiler asked the Committee members to let her know if they would like to serve another one-year term on the Committee. The SIB Chair appoints all committee members at the July SIB meeting.

REPORTS

Internal Audit Reports

Mr. Mills of Weaver presented the results of the investment fee audit, concluding that RIO's investment fee oversight processes are generally effective, with strong governance practices already in place, including fee benchmarking, contract onboarding procedures, and management review. The audit identified opportunities to strengthen controls by formalizing fee validation procedures for both public and private market investments, standardizing documentation, and restricting access to the master fee tracking spreadsheet. Management agreed with all recommendations and has begun implementing corrective actions.

Committee discussion emphasized the importance of ongoing fee oversight, including verifying manager fee calculations, ensuring negotiated fee discounts are applied across all eligible state investments, and using periodic benchmarking to strengthen contract negotiations with investment managers. Members also requested that investment-related audit findings and resulting policy changes be shared with the Investment Committee to ensure appropriate oversight and implementation.

Ms. Seiler presented the Executive Limitations Audit, noting that it is expected to be the final audit of its kind as the agency transitions to the new Governance Policy System. The audit reviewed compliance with executive limitations related to budgeting, financial management, board communications, compensation, staff relationships, succession planning, conflicts of interest, and ethics.

The audit found no compliance issues. While the Human Resources Manual does not contain a standalone "Code of Conduct" policy, auditors confirmed that all required elements including ethics, conflicts of interest, confidentiality, gifts and gratuities, and political activities are addressed throughout existing agency policies.

Finally, Ms. Seiler presented the NeoSpin User Role Review, which evaluated user access following system implementation, staffing changes, and temporary role assignments. The review confirmed that user access was generally appropriate but identified opportunities to strengthen controls by formalizing procedures for granting, modifying, and removing system access, and by updating user roles to align with current job responsibilities.

The committee discussed the importance of maintaining proper segregation of duties, particularly when temporary access is needed during staff absences or vacancies. Staff noted that NeoSpin supports time-limited access assignments and that a formal approval process requiring authorization from the Chief Retirement Officer or Executive Director will help ensure access is appropriately granted and automatically removed when no longer needed. Management agreed with the audit recommendations and will implement the necessary policy and role updates.

2025-26 Third Quarter Activities

Ms. Seiler provided the Audit Activities report for the quarter ending March 31, 2026. Activities included the investment fee audit, executive limitations audit, NeoSpin user role review, and annual risk assessment. Additional activities included administering Executive Review and Compensation Committee performance surveys, supporting the State Investment Board governance manual rewrite, completing TFFR manual updates, recruiting a new internal auditor, and continuing staff professional development.

The committee also received the new audit recommendation tracking matrix, which will be included in future reports to monitor the status of outstanding audit recommendations. Members supported the enhanced tracking process, noting it provides greater accountability by documenting management's progress on corrective actions and ensuring recommendations remain visible until fully resolved.

Mr. Van Orman left the meeting at 3:58 p.m.

IT WAS MOVED BY MS. CORBIN AND SECONDED BY MR. MICKELSON AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE INVESTMENT FEE AUDIT, EXECUTIVE LIMITATIONS AUDIT, TFFR USER ROLL REVIEW, AND 2025-26 THIRD QUARTER ACTIVITIES REPORTS.

AYES: MS. CORBIN, MR. MILLER, MR. MICKELSON, AND TREASURER BEADLE
NAYS: NONE
ABSENT: MR. VAN ORMAN
MOTION CARRIED

OTHER

With no further business to come before the Audit Committee, Treasurer Beadle adjourned the meeting at 4:04 p.m.

Prepared by:

Missy Kopp, Assistant to the Board

Audit Committee Charter Review

Fiscal Year 2026

Sara Seiler, Director of Internal Audit

Purpose of Annual Review

Audit Committee

- Review and assess the adequacy of Audit Committee Charter
- Confirm completion of the Committee's charter responsibilities
- Document the Committee's annual governance oversight activities.

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FY2026 Charter Responsibilities

Audit Committee Responsibilities

Annual Review

Responsibility	FY 2026 Activities	Status
Independent Audit	Reviewed audit scope, financial statements, and auditor communications	Completed
Internal Audit	Approved audit plan, received quarterly updates, reviewed reports	Completed
Risk Management	Started development of enterprise risk management	In Progress
Compliance	Reviewed compliance-related audits and management responses	Completed
Reporting	Reported Committee activities to the SIB	Completed
Charter Oversight	Reviewed Charter and adopted Audit, Risk, Compliance Charter	Completed

Annual Confirmation

Recommendation:

Based on the Committee's annual review, the Audit Committee confirms that it fulfilled the responsibilities assigned under the Audit Committee Charter during Fiscal Year 2026.

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Year End Internal Audit Activities

Fiscal Year 2026

Sara Seiler, Director of Internal Audit

Purpose

Internal Audit provides independent assurance and advisory services designed to enhance governance, risk management, and internal controls.

Annual summary of Internal Audit accomplishments

Assurance, advisory, governance, and oversight activities

Value delivered throughout FY2025-26

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Assurance Activities

Assurance Activities

Completed Audits

- Investment Fee Audit
- Executive Limitations Review
- Neospin User Roles Review
- TFFR File Maintenance Audit
- External Manager Oversight Audit

Objective

Provided independent assurance over governance, investment, retirement, fiscal, and operational processes.

Results

- Controls operating effectively
- Opportunities identified for strengthening processes
- Management agreed with recommendations

External Audit Support

Internal Audit continued to support an efficient and coordinated external audit process.

Financial Statement Audit

- Coordinated annual financial statement audit activities
- Supported timely issuance of audit report

GASB 68 Employer Audit

- Coordinated employer census audit activities
- Reconciled employer information

Audit Coordination

- Coordinated information requests across all of RIO divisions.

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Advisory, Governance & Risk

Advisory Services

Governance

- Governance Manual
- Charter Revisions
- Committee Modernization
- Policy & Procedures

Fiscal & Investment Advisory

- General Ledger Automation
- Internal Rebalancing
- Disclaimers & Disclosures
- Month-End Close
- Policy & Procedures

Enterprise Risk

- Risk Assessment
- Risk discussions
- Emerging risks

Accomplishments

Fiscal Year 2026

- ✓ Completed the approved annual audit plan
- ✓ Supported strategic activities through advisory services
- ✓ Strengthened governance and committee oversight.
- ✓ Provided independent assurance over key organizational risks
- ✓ Continued to promote effective risk management and internal controls
- ✓ Coordinated successful external audit activities
- ✓ Maintained organizational independence

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Internal Audit Oversight Dashboard

Sara Seiler, Director of Internal Audit

Internal Audit Dashboard

- On Schedule
- Watch
- Attention
- Ongoing

Current Quarter

Audit Activity	Status	Schedule Completion	Committee Action
Public Markets Audit	On Schedule	September 2026	None
Investment & Fiscal User Role Review	On Schedule	September 2026	None
Neospin Testing	On Schedule	November 2026	None
External Audit Coordination	On Schedule	November 2026	None
Audit Recommendations Follow-Up	Continuous	Ongoing	None

Internal Audit Dashboard

Upcoming Quarter

Audit Activity	Plan Start Date	Division	Type
Procurement Lifecycle Audit	September 2026	Fiscal	Assurance
Data Governance Audit	October 2026	Investment/Fiscal	Assurance
TFFR Governance Manual	August 2026	Retirement	Advisory
Policy Committee	August 2026	Agency	Advisory
New Employee Recruitment	September 2026	Internal Audit	IA Operational Activities
IIA Quality Self Assessment	October 2026	Internal Audit	IA Operational Activities
Operational Knowledge Transfer	August 2026	Internal Audit	IA Operational Activities

Executive Summary

Overall Status

Internal Audit activities remain on schedule with no significant issues affecting execution of the FY2027 Audit Plan.

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Audit, Risk & Compliance Committee Charter

Purpose

The Committee serves as the Board's primary forum for oversight of enterprise risk management, internal and external audit, financial reporting and controls, and compliance with laws, regulations, and ethical standards, and as a communications link among the Board, RIO management, Internal Audit, independent auditors, and other reassurance providers.

ARCC's role is oversight — not execution. The ARCC does not direct investment activity or operational execution, nor does it participate in management's execution of controls, audits, or risk mitigation activities. Where matters intersect with investment operations, ARCC's role is limited to independent oversight, reassurance, and verification, with primary responsibility residing with management and the Investment Committee. Investment operational matters remain Investment Committee-led, with ARCC providing independent oversight.

In fulfilling its mandate, the ARCC:

- Oversees the enterprise risk management (ERM) framework, including the identification, assessment, monitoring, and escalation of material financial, operational, compliance, technology, reputational and accessibility risks, including key performance and risk indicators (KPRIs).
- Provides independent oversight of the Internal Audit function, including approval of the annual risk-based audit plan and assessment of Internal Audit's effectiveness and independence in accordance with The Institute of Internal Auditors' professional standards.
- Oversees the independent external audit, including audit scope, significant accounting judgments, internal control over financial reporting, and the resolution of audit findings.
- Oversees financial reporting and controls, compliance, ethics, whistleblower, and fraud-prevention frameworks, and monitors management's responsiveness to regulatory examinations and audit recommendations.

The ARCC has authority to approve the annual internal audit plan, recommend the selection, evaluation, or termination of independent external auditors, investigate any matter within its scope, and retain independent advisors as necessary. All approvals are limited to authority explicitly delegated by the Board.

The ARCC reports regularly to the Board on its activities, findings, risks, and recommendations; provides an annual written report describing how its responsibilities were discharged; and escalates significant risk, compliance, ethics, or audit matters to the Board as appropriate.

Independent External Audit — Review Responsibilities

In overseeing the independent external audit, the ARCC reviews:

- The independent auditors' proposed audit scope and approach, including coordination with RIO's Internal Audit staff and any developments in accounting principles and auditing standards.

- The effectiveness of the RIO's internal control system, including information technology security and control.
- Whether the financial statements are complete, consistent with information known to ARCC members, and reflect appropriate accounting principles — including the accuracy and completeness of information in other sections of the annual report and related regulatory filings.
- The significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and their impact on the financial statements.
- All matters required to be communicated to the Committee under generally accepted auditing standards, with RIO's management and the independent auditors.
- Non-audit services, if any, performed for the RIO by the independent auditors.

Recommended Capabilities

Collectively, ARCC members should have capabilities in the following areas, and where gaps exist, a targeted continuing education plan shall be established to address them:

- Financial Reporting & Audit Oversight
- Internal Controls & Assurance
- Enterprise & Operational Risk Oversight
- Compliance, Ethics & Regulatory Awareness
- Risk Reporting, Dashboards & Escalation

Staff Liaison: Director of Audit (DA)

- The RIO's Director of Audit is the staff member reporting administratively to the Executive Director and functionally to the ARCC. The DA is independent of the Executive Director.
- The DA shall have unrestricted access to the Committee, the Board Chair, and all records, personnel, and physical properties relevant to audit activities.
- The Executive Director will supervise the administrative activities of the Internal Audit function and independent audit activities such as securing contracts, paying fees, maintaining official reports, and other appropriate activities.
- The DA will report annually to the SIB on the results of the independent audit and at least four times a year to the SIB and TFFR Board on the activities of the ARCC and other pertinent information.

Powers and Responsibilities

1. Conduct Special Investigations

- Institute and oversee special investigations as needed.

2. Set: Research and Recommend

- Identify improvements to performance and risk management.
- Selection, evaluation and termination of independent external auditors.
- Make recommendations to the North Dakota State Auditor's Office, when appropriate.

3. Approve: Not authorized except to approve the annual internal audit plan.

- All Committee approvals are limited to those explicitly delegated by the Board.
- The ARCC will approve the annual internal audit plan including the use of third parties to support the plan.

4. Oversee Operational Performance and Risk

The ARCC oversees the enterprise risk management framework, including the identification, assessment, monitoring, and reporting of material financial, operational, compliance, technology, and reputational risks. Investment risks are the purview of the Investment Committee. The ARCC reviews management's risk assessments, mitigation strategies, and reporting processes, and escalates material risk exposures to the Board as appropriate.

- Internal and external audit programs including financial and other reporting practices.
- Internal controls and operational risks.
- Compliance with laws, regulations, and ethics.

5. Oversee Internal Audit Services

a. Internal Audit Services

- Consider the effectiveness of the Internal Audit function, within The Institute of Internal Auditors' International Professional Practices Framework for Internal Auditing consisting of the Definition of Internal Auditing, Code of Ethics and the Standards.
- Review with the Executive Director and DA the audit charter, activities, staffing, and organizational structure of Internal Audit.
- Review and approve the annual risk-based audit work plan and all major changes to the plan.
- Escalate to the Board any internal audit issues the ARCC determines significant and appropriate for Board consideration.
- Participate with the Executive Director in the appointment and annual evaluation of DA. Work with the Executive Director on any changes in staffing, including the addition, termination, or replacement of auditors, and the approval of salary increases and/or promotions other than those authorized by the legislature.

b. Independent External Audit

- Review the independent auditors' proposed audit scope and approach, including coordination of audit effort with RIO's Internal Audit staff and any developments in

accounting principles and auditing standards that may affect either the financial statements or the audit.

- Inquire as to any proposed changes in accounting or financial reporting procedures and of any unusual events that could impact the financial statements.
- Review the results of the financial statements report with the independent auditors and RIO's management, prior to the release of the financial statements report to the SIB and other officials, including: any major problems encountered by the independent auditors and the resolution thereof; the effect on the audit of any developments; any unresolved differences between the independent auditors and RIO's management; any other significant comments or recommendations; the adequacy of RIO's internal accounting controls and accounting policies, procedures, and practices; the effectiveness of RIO's internal control system, including information technology security and control; and whether the financial statements are complete, consistent with information known to ARCC members, and reflect appropriate accounting principles.
- Understand the scope of independent auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with RIO's management responses.

c. Oversee Performance Risk Management

- Obtain information and/or training to enhance the ARCC's understanding of the organization and its related risk management processes and key performance risk indicators.
- Review the adequacy of the organization's policy on risk management.
- Review the effectiveness of the organization's system for assessing, monitoring, and controlling significant risks or exposures.
- Review management reports on risks and related risk mitigations.
- Hire outside experts and consultants in risk management, as necessary, subject to full Board approval.

d. Verify Compliance

- Review staff compliance with federal and state laws and North Dakota administrative code as applicable to RIO, the SIB and TFFR Board programs, and the process for communicating the code of conduct to RIO's staff, and for monitoring compliance through the receipt of the audit results.
- Review the process for communicating and monitoring compliance with the code of ethics, code of conduct, and fraud policies.
- Review the findings of any examinations by regulatory agencies, any auditor observations related to compliance, and the responsiveness and timeliness of management's actions to address the findings/recommendations.
- Obtain updates from RIO's management and legal counsel regarding compliance matters, as deemed necessary.

e. Whistleblower

- Serve as an appropriate confidential body for individuals to provide information on potentially fraudulent financial reporting or breaches of internal control.

f. Fraud, Abuse, Misuse

- Oversee management and Internal Audit regarding the procedures in place for the prevention of illegal payments, conflicts of interest, or other questionable practices.

g. Other

- Perform other activities related to this charter as requested by the SIB.
- Review any other reports the RIO issues that relate to the Committee's responsibilities.

6. Verify and Report

- Report to the SIB about the ARCC's activities, issues, and related recommendations.
- Provide a written report annually to the SIB, describing the ARCC's composition, responsibilities and how they were discharged, and any other information required.
- Significant compliance, ethics, or fraud matters shall be reported promptly to the ARCC Chair and escalated to the Board as appropriate.
- The DA shall provide an annual attestation to the ARCC confirming that no undue influence has been exerted over the Internal Audit function.

NORTH DAKOTA RETIREMENT AND INVESTMENT OFFICE

Audit Recommendation Tracking Log

Internal Audit Division | As of: August 03, 2026

Audit / Engagement	Report Date	Risk Rating	Recommendation	Responsible Party	Target Completion Date	Status	Follow-Up Notes / Evidence Required	Date Closed
TFFR File Maintenance Review	2025-11-01	Moderate	Conduct a targeted review of 25 deaths from FY 2023-24 to verify death certificates are on file and appropriately scanned to the correct member FileNet account. Expand testing if exceptions exceed isolated instances.	Chase Kauffeld Chief Retirement Officer	04/30/2026	Open		
TFFR File Maintenance Review	2025-11-01	Moderate	Ensure Retirement Services develops concise written procedures supplementing NeoSpin process flowcharts for key activities (e.g., retirements, purchases, refunds, deaths, and member data updates).	Chase Kauffeld Chief Retirement Officer	05/31/2026	Open		
TFFR User Role Review	2026-03-2026		Internal Audit recommends that RIO develop a formal written procedure governing the assignment, modification, and removal of Neospin user roles, including guidance for NDIT staff responsible for administering access.	Chase Kauffeld Chief Retirement Officer.	06/30/2026	Open		
TFFR User Role Review	2026-03-2026		Internal Audit recommends that management adjust user roles for identified staff members and Sagitec users to better align access permissions with job responsibilities and segregation of duties expectations.	Chase Kauffeld Chief Retirement Officer.	06/30/2026	Open		
Model 2 Partial Review	2024-04-22	Moderate	Implement corrective actions and process improvements identified in the Model 2 Partial Review Report. (See original April 22, 2024 report for full recommendation detail.)	Chase Kauffeld Chief Retirement Officer	06/30/2026	Open		
External Investment Oversight (Weaver)	2025-11-13	Moderate	Investment Policy Statements (IPS) for all clients under ND RIO management should be reviewed annually. Obtain executed copies of four missing IPS and update IPS not reviewed/approved within the last year.	Scott Anderson Chief Investment Officer	01/30/2026	Open		

External Investment Oversight (Weaver)	2025-11-13	**Moderate**	Establish a formal process and annual schedule for periodic review and approval of key governance documents, including Investment Policies in the SIB Program Manual and key committee charters. Define ownership, frequency, approval authority, and documentation standards.	Scott Anderson Chief Investment Officer	06/30/2026	**Open**		
External Investment Oversight (Weaver)	2025-11-13	**Moderate**	Develop and implement detailed written desk-top procedures for the investments team's critical activities, including the external manager selection, monitoring, and termination lifecycle, to ensure consistency, transparency, and alignment with investment program objectives.	Eric Chin Deputy Chief Investment Officer	03/31/2026	**Open**		
External Investment Oversight (Weaver)	2025-11-13	**Moderate**	Implement a standardized manager selection due diligence and onboarding checklist documenting all key activities (DDQ, performance review, legal review of IMA/LPA/side letters, IC approval, account setup). Checklist should be workflow-specific to public vs. private markets with clear ownership and centralized documentation retention.	Eric Chin Deputy Chief Investment Officer	03/31/2026	**Open**		
External Investment Oversight (Weaver)	2025-11-13	**Moderate**	Implement an annual manager scorecard process synthesizing performance, risk, and compliance data for IC presentation. Define and document formal triggers for enhanced review (e.g., sustained underperformance, compliance breach, loss of key personnel) with escalation and remediation plans.	Eric Chin Deputy Chief Investment Officer	06/30/2026	**Open**		
External Investment Oversight (Weaver)	2025-11-13	**Moderate**	Update the SIB Program Manual to specifically reflect what is required of the SIB for new manager selection, removing the requirement for the Board to conduct manager interviews to align with the delegation of that responsibility to the ND RIO Investment team.	Eric Chin Deputy Chief Investment Officer	06/30/2026	**Open**		

Investment Fees Audit (Weaver)	2026-05-21	**Moderate**	Implement a formal, risk-based internal investment fee assessment process applied consistently across all fee types within public and private investments. Include periodic independent recalculation or documented reasonableness reviews (including fees derived from capital calls and LP waterfalls), performed on a sample basis, with retained documentation evidencing the reviews and the resolution of any identified variances.	Adam Otteson (CFOO) & Tim Forsythe (Deputy CFOO)	12/31/2026	**Open**		
Investment Fees Audit (Weaver)	2026-05-21	**Moderate**	Implement and document a periodic independent review/recalculation of investment management fees deducted directly from fund balances (e.g., PIMCO Performance – Fixed Inc. (DiSCO II)), on a sample basis. Formalize and maintain policies and procedures over the investment fee lifecycle, including standardized onboarding documentation to capture contractual fee terms and defined processes for identifying and recording fee-related items such as clawbacks and receivables.	Adam Otteson (CFOO) & Tim Forsythe (Deputy CFOO)	12/31/2026	**Open**		
Investment Fees Audit (Weaver)	2026-05-21	**Low**	Formally review and restrict access to spreadsheets and tools used to calculate and record investment fees (Master Fee Spreadsheet) to individuals with a documented business need; implement version control, periodic access reviews, and documented ownership. Over the longer term, evaluate interfacing the Master Fee Spreadsheet with Great Plains and Northern Trust to automate fee-data transfer and reduce manual error.	Adam Otteson (CFOO) & Tim Forsythe (Deputy CFOO)	06/30/2026	**Open**		

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State Investment Board
North Dakota Retirement and Investment Office

Audit, Risk, and Compliance Committee Meeting

August 2026

Internal Audit Update

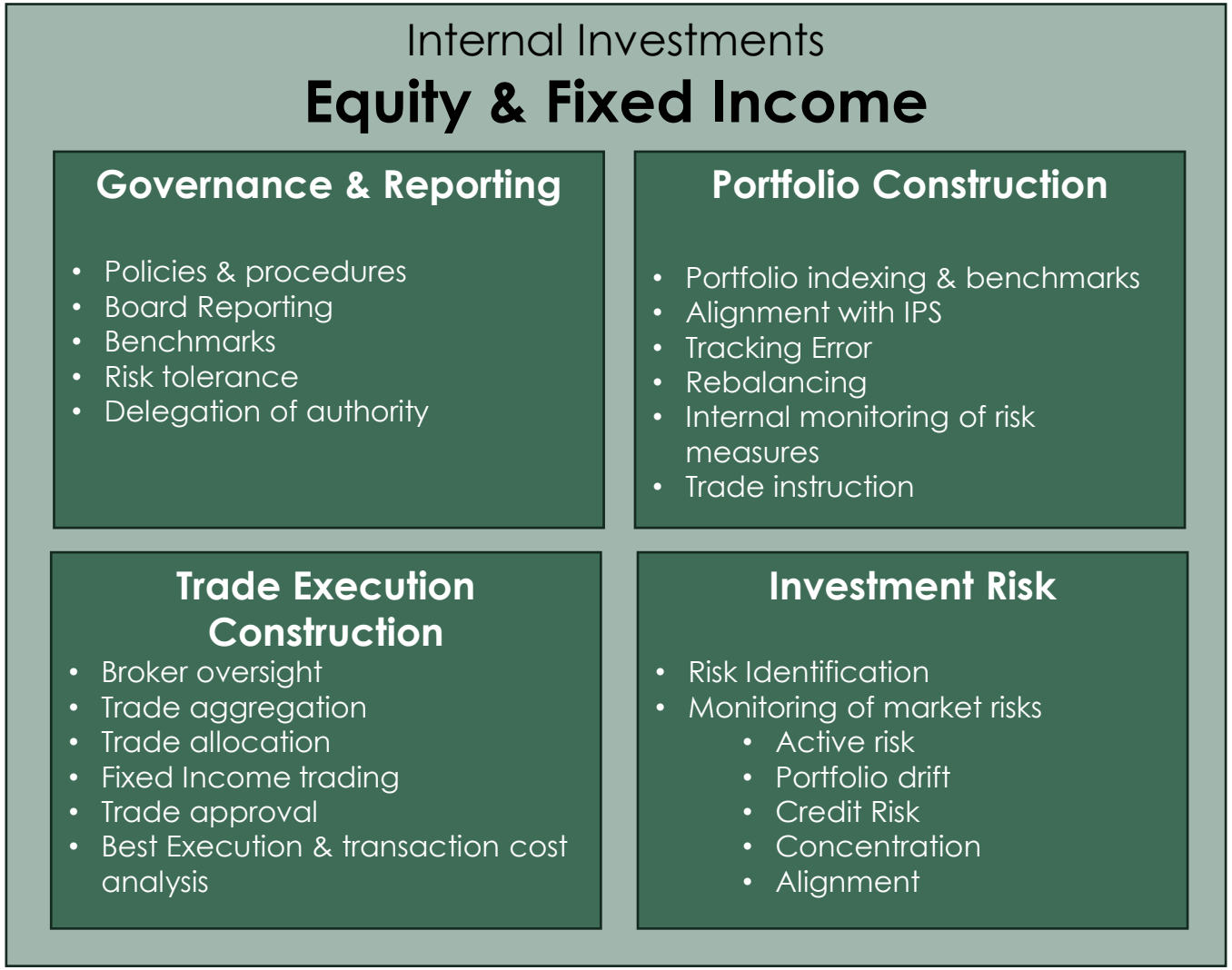
Weaver is currently supporting with the North Dakota Retirement and Investment Office (ND RIO) with an internal audit of:

Public Markets Internal Investments

The objective of this Internal Audit is to evaluate risks and controls over the internal investment processes for the public markets sector including equity, fixed income, any use of derivatives, and cash management.

Status: In Progress

The audit is currently in progress, and we have begun our initial discovery phase, confirming our understanding of the internal processes and controls for the Equity and Fixed Income portfolios managed internally by the Investments division



DRAFT For Discussion Purposes Only

Internal Audit Support

Weaver is engaged to support to ND RIO Internal Audit for the audits within the Investments and Fiscal Division.

Our plan for 2026 – 2027 includes

- Internal Investments – Equity & Fixed Income
- Procurement Lifecyle
- Data Governance and Integrity

In addition to our support of Internal Audit, Weaver is working with the Investments and Fiscal team with project management support for performance and account consolidation.

Through our Investment Advisory Compliance division, we also provide investment compliance oversight and monitoring

Meet Weaver

Get to know a firm that's good company for *any* company.

1,600+
Team Members

$383M
In Revenues

23
U.S. Locations

270
Global Network Firms

Global Network Member

In addition to our U.S.-based locations, Weaver has global reach to firms around the world. Weaver is a member of the following:

- The International Accounting Group, an international alliance of independent accounting and law firms
- Allinial Global, a network of 270+ firms in 112 countries

Industry Practice Areas

- Financial Services
- Technology
- Energy
- Renewables
- Investment Funds
- Private Equity
- Professional Services
- Real Estate
- Health Care
- Hospitality & Entertainment
- Manufacturing, Distribution and Retail
- Industrials
- Government
- Higher Education

Industry Service Offerings

- SOX compliance
- Internal audit
- Financial projections / operating budgets
- Profit contribution analysis
- Budgets / variance analysis
- Rate of return / capital expenditures
- Mergers and acquisitions
- Equity financing / IPOs
- Business valuation
- SOC reporting
- Cybersecurity
- PCI compliance
- General IT audit
- Financial audit, review and compilation
- Federal tax planning and compliance
- State and local tax compliance, rebate and audit support
- International tax
- R&D tax credits

Our Focus on Your Growth

Weaver helps financial service companies strengthen SOX compliance without slowing innovation.

Key capabilities: SOX optimization, internal audit, risk advisory, cybersecurity and governance strategies tailored for digital asset operations

2,000+
Financial Services Clients

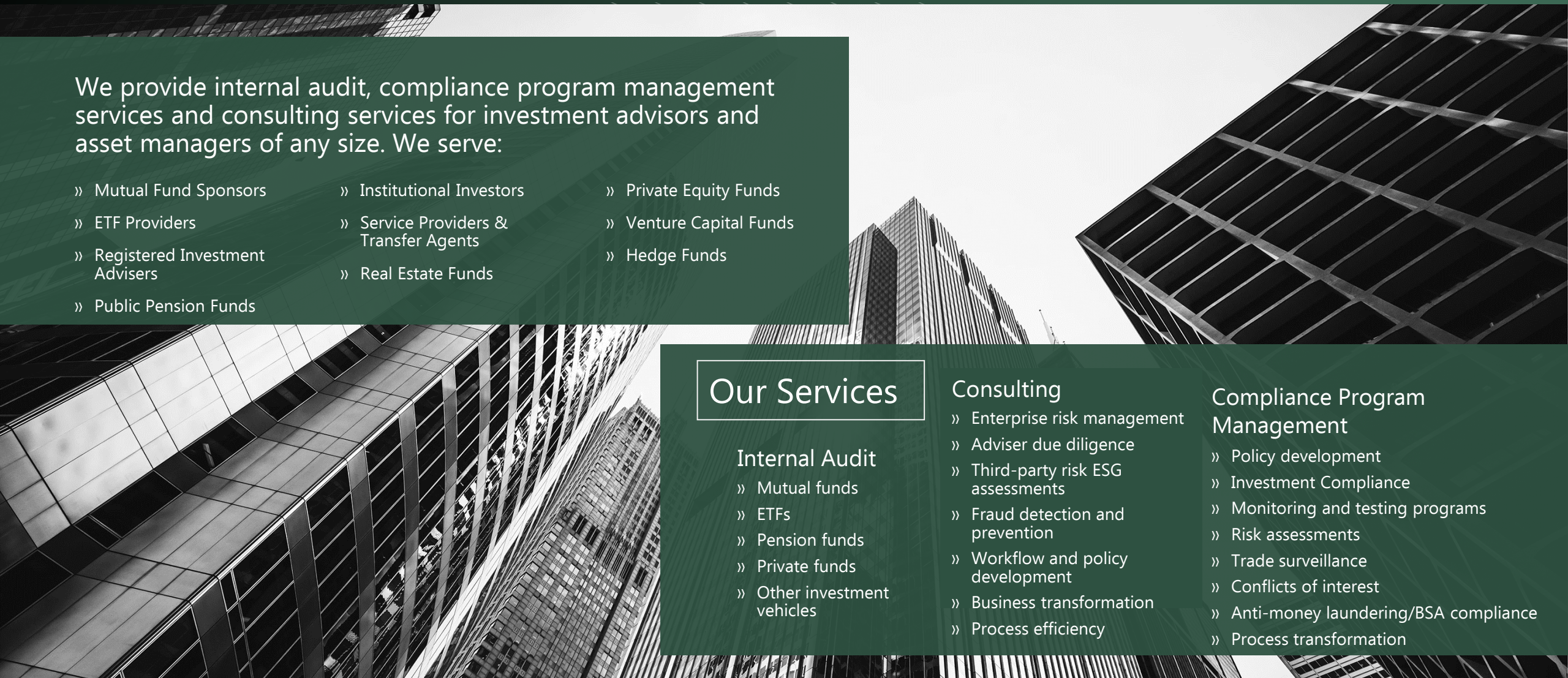
Client types include: digital assets, asset managers, broker-dealers, banks, private equity, MSB/MTL companies.

Our Advantages for Macquarie

- Proven experience guiding public companies through SOX remediation and maturity
- Deep knowledge of private markets and fund structures
- Solutions that evolve with high-volatility, high-growth environments

Asset Management Consulting

Weaver's Asset Management Consulting (AMC) team's investment focus provides insight to identify and mitigate the risks in public and private markets, allowing organizations to thrive in today's competitive environment.



We provide internal audit, compliance program management services and consulting services for investment advisors and asset managers of any size. We serve:

- Mutual Fund Sponsors
- ETF Providers
- Registered Investment Advisers
- Public Pension Funds
- Institutional Investors
- Service Providers & Transfer Agents
- Real Estate Funds
- Private Equity Funds
- Venture Capital Funds
- Hedge Funds

Our Services

Internal Audit

- Mutual funds
- ETFs
- Pension funds
- Private funds
- Other investment vehicles

Consulting

- Enterprise risk management
- Adviser due diligence
- Third-party risk ESG assessments
- Fraud detection and prevention
- Workflow and policy development
- Business transformation
- Process efficiency

Compliance Program Management

- Policy development
- Investment Compliance
- Monitoring and testing programs
- Risk assessments
- Trade surveillance
- Conflicts of interest
- Anti-money laundering/BSA compliance
- Process transformation

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MEMORANDUM

TO: **Audit, Risk & Compliance Committee**

FROM: **Jodi Smith, Executive Director**

DATE: **July 29, 2026**

RE: **Enterprise Risk Management Framework**

The Governance Policy System (GPS) assigns the Audit, Risk and Compliance Committee (ARCC) oversight of the enterprise risk management framework — identification, assessment, monitoring, and escalation of material financial, operational, compliance, technology, reputational, and accessibility risks, together with key performance and risk indicators. Investment risk remains with the Investment Committee. In the absence of a Chief Risk Officer, the Executive Director serves as senior accountable officer for operational risk. The Decision Register contemplates Board approval of an updated framework and periodic enterprise risk reporting.

That division is principled rather than administrative. Investment risk is rewarded risk, taken deliberately in expectation of a return, and the governing question is whether it is sized correctly against that return. Operational risk is unrewarded, carrying no compensating upside, and the governing question is whether it is held within tolerance. The two require different oversight questions, which is why they sit with different committees.

The ARCC's role is oversight, not execution. Management develops the framework, indicators, and data; the ARCC reviews, verifies, and escalates.

Why It Matters

The 2025 governance review identified material operational constraints at RIO — lean staffing relative to peers, manual middle- and back-office processing, and limited authority over budget, staffing, technology, legal, and procurement — and estimated the associated performance drag at approximately $139.5 million for FY24-25.

What Is Enterprise Performance Risk Management

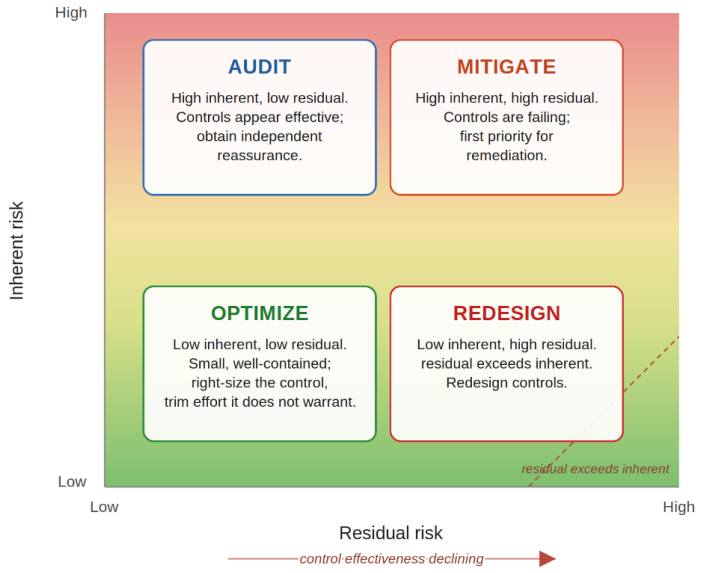
Traditional ERM asks what could go wrong and produces a catalog of hazards assessed periodically by judgment. Enterprise Performance Risk Management (EPRM) asks whether the enterprise is performing as expected, answering from performance data already collected. The model:

- **Monitors performance —** actual against expected, rather than a register of hazards awaiting occurrence.
- **Warns early —** surfacing deviations while they are still drifting toward a threshold and correction remains possible.
- **Focuses judgment —** measured data informs Board and executive decisions; it does not replace them.
- **Uses what exists —** drawing on metrics already in place, not a new discipline to staff and fund.

Given RIO's resource constraints, that last point matters: EPRM is intended to be smaller and sharper than a conventional risk program.

How It Directs Work

Each process is plotted by inherent risk — the exposure the activity carries before controls — against residual risk, measured from key performance risk indicators scored against tolerance bands. The two are kept separate because a single blended score cannot distinguish a large exposure that is well controlled from a small one that is poorly controlled, and those situations call for opposite responses. The resulting quadrant prescribes the action: mitigate, audit, redesign, or optimize.



The framework also changes how the audit plan is read. Two signals place a risk on the plan: position in the Audit quadrant, and no audit coverage in over four years. The corollary matters equally: a

known, unmitigated high-residual condition should not be audited first. The gap is not in dispute, and an audit would only reconfirm it. The first and second lines mitigate, and the area then returns to the regular audit cycle. Risks in the Mitigate quadrant carry an estimated annual drag in dollars, allowing the Board to weigh remediation against cost.

Current Status

- **Complete.** GPS adopted, with Decision Register and Calendar in place.
- **In progress.** EPRM/AMORE dashboard prototype covering three functions and thirty-two key processes — plotting inherent against residual risk, ranking risks by measured residual score, flagging critical risks, and aggregating by common driver so correlated exposures surface as a single measure rather than being averaged across separate lines. The dashboard links to the audit and advisory plans to expose coverage gaps. The IPS exception-based scorecard and TFFR Benefits Policy Scorecard extend the same reporting discipline across investments and benefits administration.
- **In progress.** A process universe documenting current process performance and identifying gaps, with inherent and residual scores requiring input from the executive team.
- **Planned.** Root cause analysis distinguishing factors within RIO's control from those outside it, which will serve as input to the strategic planning process.
- **Scheduled.** ARCC review of EPRM in August, with performance drag factors at Budget & Finance and the transparency score at the GPRC.

Committee Action Requested: Information only.

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MEMORANDUM

TO: **Audit, Risk, and Compliance Committee**

FROM: **Jodi Smith, Executive Director**

DATE: **August 13, 2026**

RE: **Board Smart Fiduciary Education Program — Overview, Curriculum, and Rollout**

What Board Smart Is

Board Smart is a subscription-based fiduciary intelligence and education platform provided by Funston Advisory Services. Under a Statement of Work executed July 10, 2026, pursuant to the Governance and Risk Advisory Services Contract, Board Smart will deliver a structured, decision-based fiduciary education program through a dashboard branded for SIB and TFFR. The platform provides access to a catalog of more than 100 learning modules developed by Funston subject matter experts, delivered in multiple formats — audio narration with presentation, video, and e-books in lessons ranging from five to sixty minutes.

Learning Series Under Development

In addition to the standard catalog, Funston has prepared five custom briefing series — twenty-four modules in total — organized around the key decisions boards make. Draft scripts for each series have been reviewed, and Funston will tailor the content to SIB and TFFR's governance practices before production. The series and their modules as it relates to the Audit, Risk, and Compliance Committee are listed below.

Audit, Risk & Compliance Governance Series (5 modules)
1. Financial Reporting & Audit Oversight 2. Internal Controls & Independent Reassurance 3. Enterprise & Operational Risk Oversight 4. Compliance, Ethics & Regulatory Awareness 5. Risk Reporting, Dashboards & Escalation

Next Steps

Staff completed review of the draft series scripts and will coordinate the onboarding kick-off with Funston. Trustees will receive login credentials and orientation materials at program launch, currently anticipated in August 2026. Staff will report on enrollment and completion as part of ongoing governance updates.

Committee Action Requested: Information only.