

STATE INVESTMENT BOARD AUDIT COMMITTEE MEETING MINUTES OF THE MARCH 2, 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
Sara Seiler, Supervisor of Internal Audit
Jodi Smith, Executive Director
Dottie Thorsen, Internal Auditor

GUESTS

Rick Funston, Funston Advisory
Bruce Mills, Weaver
Evan Norton, Funston Advisory

CALL TO ORDER

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

AGENDA

The agenda was considered for the March 2, 2026, meeting.

IT WAS MOVED BY MR. VAN ORMAN AND SECONDED BY MR. MILLER AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA FOR THE MARCH 2, 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 November 18, 2025, meeting.

IT WAS MOVED BY MR. MICKELSON AND SECONDED BY MS. CORBIN AND CARRIED BY A VOICE VOTE TO ACCEPT THE NOVEMBER 18, 2025, MINUTES AS DISTRIBUTED.

AYES: MR. VAN ORMAN, MR. MICKELSON, MR. MILLER, MS. CORBIN, AND TREASURER BEADLE

NAYS: NONE

MOTION CARRIED

GOVERNANCE

Proposed Audit, Compliance & Risk Committee Charter

The Committee reviewed the proposed Audit, Risk & Compliance Committee Charter as part of the broader governance rewrite process. The revised charter formally expands the committee's responsibilities beyond traditional audit oversight to include enterprise risk and compliance oversight. The committee will retain authority to approve the annual risk-based internal audit plan, oversee audit effectiveness and independence, review external audit findings, monitor management responses to risks and audit recommendations, and escalate significant compliance, ethics, or fraud matters to the Board.

The proposed charter would add a Chief Risk Officer position who would be responsible for operational risk for the agency. Until RIO is able to add this position, the ED will be responsible for monitoring and reporting operational risk to the SIB. The Committee discussed the importance of balancing expanded oversight with available resources.

REPORTS

2025-26 Second Quarter Activities

Ms. Seiler provided the Audit Activities report for the quarter ending December 31, 2025. The external investment oversight audit was finalized and presented to the Audit Committee in November 2025. The review focused on oversight processes for externally managed investments and resulted in recommendations to conduct annual reviews of investment policy statements and formalize procedures for manager selection and ongoing due diligence. The Investment Fee audit formally began in January and includes a detailed review of investment management and performance fees, contract terms, governance practices, and fee calculations. Results are expected to be presented at the May meeting.

Additional updates included progress on the agency's governance manual rewrite with Funston, ongoing enterprise risk assessment work used to develop the annual risk-based audit plan, and advisory support provided through Weaver during periods of fiscal staffing shortages. The report also noted follow-up work related to the TFFR file maintenance review and Model 2 Partial Audit, including updates to policies, procedures, and member account corrections associated with the new pension administration system.

Finally, the Internal Audit division reported successful recruitment for an additional auditor position after multiple recruitment attempts, strengthening the agency's audit capacity moving forward. Committee discussion followed.

Current Audit Activities

Ms. Seiler provided the Current Audit Activities report. A significant focus remains on reviewing user access and segregation of duties within the NeoSpin pension administration system. Internal Audit and Retirement staff are conducting a comprehensive review of system roles and permissions to ensure employees only retain access necessary for their job responsibilities and that temporary elevated permissions are properly time-limited and monitored. Leadership emphasized that the newer system includes substantially stronger internal controls and audit tracking capabilities than the prior system.

Weaver provided an update on the investment fee audit currently underway. The audit is reviewing external investment management and performance fees, including contract compliance, fee calculations, governance oversight, claw back provisions, and monitoring controls. Testing and sampling are currently in progress, with a final report expected by mid-April and presentation to the Committee anticipated in May.

Additional current activities include preparation for the FY2026 financial statement audit, development of a formal Internal Audit strategic plan aligned with Institute of Internal Auditors standards, evaluation of audit

management and data analytics software, and completion of the Executive Limitations audit, which is currently in draft form pending final review.

OTHER

With no further business to come before the Audit Committee, Treasurer Beadle adjourned the meeting at 3:49 p.m.

Prepared by:

Missy Kopp, Assistant to the Board