

AUDIT COMMITTEE MEETING

Wednesday, September 3, 2025 – 3:30 PM
RIO Conference Room
1600 E Century Ave Suite 3, Bismarck, ND 58503
[Click here to join the meeting](#)

AGENDA

- I. **CALL TO ORDER AND ACCEPTENCE OF AGENDA** – *(Committee Action)*
- II. **APPROVAL OF MINUTES (May 14, 2025 & June 19, 2025)** - *(Committee Action)*
- III. **GOVERNANCE (30 minutes)**
 - A. Election of Chair and Vice Chair *(Committee Action)* – Treasurer Beadle, Ms. Seiler
 - B. Liaison Appointment *(Appointed by Chair)*
 - C. Internal Audit Workplan *(Committee Action)* – Ms. Seiler
- IV. **REPORTS (45 minutes) (Committee Action)**
 - A. Update on Current Audit Activities *(Committee Action)* – Ms. Seiler
 - i. Weaver Advisory and Audit Update – Bruce Mills, Weaver
 - ii. TFFR Member Fraud Incident
 - B. 2024 - 2025 Year End Audit Activities Report *(Committee Action)* – Ms. Seiler
 - C. 2024 – 2025 Audit Committee Report to SIB *(Committee Action)* – Ms. Seiler
- V. **OTHER**

Next SIB Audit Committee Meeting:
RIO Conference Room
1600 E Century Ave Suite 3, Bismarck, ND 58503
Tuesday, November 18, 2025 @ 2:30 PM
- VI. **ADJOURNMENT**

**STATE INVESTMENT BOARD
AUDIT COMMITTEE MEETING
MINUTES OF THE
MAY 14, 2025, MEETING**

MEMBERS PRESENT: Thomas Beadle, State Treasurer, Chair
Dina Cashman, External Representative
Cody Mickelson, TFFR Board
Adam Miller, PERS Board

MEMBER ABSENT: Todd Van Orman, External Representative

STAFF PRESENT: Missy Kopp, Exec. Assistant
Chad Roberts, DED/CRO
Sara Seiler, Suprv. of Internal Audit
Jodi Smith, Interim Exec. Director
Dottie Thorsen, Internal Auditor

CALL TO ORDER:

Treasurer Beadle called the State Investment Board (SIB) Audit Committee meeting to order at 2:32 p.m. on Wednesday, May 14, 2025. The meeting was held in the WSI Board Room, 1600 E Century Ave. Bismarck, ND.

The following Audit Committee members were present representing a quorum, Treasurer Beadle, Ms. Cashman, Mr. Mickelson, and Mr. Miller.

AGENDA:

The agenda was considered for the May 14, 2025, meeting.

IT WAS MOVED BY MS. CASHMAN AND SECONDED BY MR. MICKELSON AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA FOR THE MAY 14, 2025, MEETING AS DISTRIBUTED.

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

MINUTES:

The minutes were considered for the March 25, 2025, meeting.

IT WAS MOVED BY MR. MICKELSON AND SECONDED BY MS. CASHMAN AND CARRIED BY A VOICE VOTE TO ACCEPT THE MINUTES FROM THE MARCH 25, 2025, MEETING.

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

GOVERNANCE:

External Financial Statement Audit Update:

Ms. Seiler shared an update on the external auditor contract process. The State Auditor's Office issued an intent to award to UHY. Once the contract is executed, a special Audit Committee meeting will need to be held to approve the financial audit scope and approach.

Internal Audit (IA) Interim Workplan:

After the resignation of the Interim CFO, the risk profile of the agency has changed. IA has been discussing how to address the needS this creates. The current Weaver contract does allow a shift of some of the audit hours to advisory services. Ms. Seiler provided an overview of the requested changes in the IA workplan to accommodate the shift in focus to ensure that operations can continue. Committee discussion followed.

IT WAS MOVED BY MR. MICKELSON AND SECONDED BY MS. CASHMAN AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE IA INTERIM WORKPLAN AS PRESENTED.

AYES: MR. MILLER, MS. CASHMAN, MR. MICKELSON, AND TREASURER BEADLE

NAYS: NONE

ABSENT: MR. VAN ORMAN

MOTION CARRIED

Audit Committee Schedule:

IT WAS MOVED BY MS. CASHMAN AND SECONDED BY MR. MICKELSON AND CARRIED BY A VOICE VOTE TO ACCEPT THE 2025-26 AUDIT COMMITTEE MEETING SCHEDULE.

AYES: MS. CASHMAN, MR. MICKELSON, MR. MILLER, AND TREASURER BEADLE

NAYS: NONE

ABSENT: MR. VAN ORMAN

MOTION CARRIED

Audit Committee Membership:

Ms. Seiler reviewed the composition of the committee. Members of the committee serve one-year terms with no limit on the number of terms. Ms. Seiler asked members to inform her if they are willing to continue serving on the Audit Committee through the end of the upcoming fiscal year.

REPORTS:

Third Quarter Audit Activities:

Ms. Seiler provided the Audit Activities Report for the quarter ending March 31, 2025. The Executive Limitations Audit is in progress, and surveys for executive and board assessments have been completed and reported. Exit interviews for the former Executive Director and CFO were conducted and shared with the interim director. Weaver was engaged as a co-sourcing partner, launching the external investment oversight audit and supporting development of the investment compliance program. The TFFR project successfully went live in February with internal audit participation.

Current Audit Activities:

Ms. Seiler provided an update on current audit activities. The interim workplan was created to adjust to current agency needs. Ms. Seiler continues to work with the Executive Search Committee on the executive director search. IA assisted with the development of the RFP for governance review services which was issued with responses due at the end of the month. Co-sourcing work with Weaver is in progress. Ms. Seiler reviewed the upcoming audit activities. Committee discussion followed.

IT WAS MOVED BY MR. MICKELSON AND SECONDED BY MR. MILLER AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE THIRD QUARTER AUDIT ACTIVITIES AND CURRENT AUDIT ACTIVITIES REPORTS.

AYES: MR. MILLER, MR. MICKELSON, AND TREASURER BEADLE

NAYS: NONE

ABSENT: MS. CASHMAN AND MR. VAN ORMAN

MOTION CARRIED

With no further business to come before the Audit Committee, Treasurer Beadle adjourned the meeting at 3:38 p.m.

Prepared by: Missy Kopp, Assistant to the Board

**STATE INVESTMENT BOARD
AUDIT COMMITTEE MEETING
MINUTES OF THE
JUNE 19, 2025, MEETING**

MEMBERS PRESENT: Dina Cashman, External Representative
Cody Mickelson, TFFR Board
Adam Miller, PERS Board
Todd Van Orman, External Representative

MEMBER ABSENT: Thomas Beadle, State Treasurer, Chair

STAFF PRESENT: Missy Kopp, Exec. Assistant
Sara Seiler, Suprv. of Internal Audit
Jodi Smith, Interim Exec. Director
Dottie Thorsen, Internal Auditor

GUESTS : Ivana Ritz, UHY

CALL TO ORDER:

Mr. Mickelson called the State Investment Board (SIB) Audit Committee special meeting to order at 11:34 a.m. on Thursday, June 19, 2025. The meeting was held virtually.

The following Audit Committee members were present representing a quorum, Ms. Cashman, Mr. Mickelson, Mr. Miller, and Mr. Van Orman.

AGENDA:

The agenda was considered for the June 19, 2025, 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 JUNE 19, 2025, MEETING AS DISTRIBUTED.

AYES: MS. CASHMAN, MR. MILLER, MR. VAN ORMAN, AND MR. MICKELSON

NAYS: NONE

ABSENT: TREASURER BEADLE

MOTION CARRIED

2024-25 FISCAL YEAR FINANCIAL AUDIT SCOPE AND APPROACH:

Ms. Ritz presented the scope and approach for the financial audit for the 2024-25 fiscal year (FY). The engagement scope of the audit will include RIO and TFFR's financial statements and TFFR's GASB 68 schedules as of June 30, 2025, a report on internal controls and compliance, and written communications with the board. Ms. Ritz reviewed the work plan, critical audit areas, external and internal audit interplay, and data analysis methodology. Final audit reports are expected to be completed in October and will be presented to the Audit Committee at their November meeting. Committee discussion followed.

IT WAS MOVED BY MS. CASHMAN AND SECONDED BY MR. VAN ORMAN AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE AUDIT ENGAGEMENT AS PRESENTED.

AYES: MR. VAN ORMAN, MS. CASHMAN, MR. MILLER, AND MR. MICKELSON

NAYS: NONE

ABSENT: TREASURER BEADLE
MOTION CARRIED

With no further business to come before the Audit Committee, Mr. Mickelson adjourned the meeting at 11:55 a.m.

Prepared by: Missy Kopp, Assistant to the Board

MEMORANDUM

TO: State Investment Board (SIB) Audit Committee
FROM: Sara Seiler, Supervisor of Internal Audit
DATE: August 28, 2025
RE: Election of Officers

Pursuant to the SIB Audit Charter the Committee will elect a Chair, and a Vice Chair. The Chair will preside at all meetings of the Committee. In the absence of the Chair, the Vice Chair will perform the duties of the Chair.

- **SIB Audit Chair**
(Currently Treasurer Thomas Beadle)
- **SIB Vice Chair**
(Currently Cody Mickelson)

The audit charter also requires a liaison to be appointed by the Audit Committee Chair. The liaison 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 Committee and other pertinent information.

- **Liaison – Appointed by Audit Committee Chair**
(Currently Supervisor of Internal Audit, Sara Seiler)

COMMITTEE ACTION. Nominate and approve Chair and Vice-Chair.

Chair to appoint Liaison.

MEMORANDUM

TO: SIB Audit Committee
FROM: Sara Seiler, Supervisor of Internal Audit
DATE: August 28, 2025
RE: Internal Audit Interim Workplan

At the May 2025 audit committee meeting, the committee approved an internal audit workplan. Due to the lack of staff and other agency priorities the risk assessment could not be completed to form a formal workplan.

The following activities were proposed at the May Audit Committee meeting and the status is as follows:

Continue working with Weaver on the external investment oversight audit.	This audit is in near completion and the report should be issued by October 2025.
Through the co-sourcing relationship with Weaver shifting audit hours to advisory hours with the staff shortage in the fiscal division.	This is ongoing. Weaver continues to do advisory work.
The development of the new FTE that was approved during legislative session.	This position has been posted and closes on September 5, 2025.
Scoring the board governance model assessment services.	Funston was selected to do the board governance model. This project has kicked off and will go through June 2026.
Assisting the external auditors with the financial statement audit and GASB 68 census data audit. Internal audit will be taking a larger role in the audit this year with gathering information for the external auditors.	Internal audit has been working with our external auditors on the financial statement audit and GASB 68 census data audit. Sending confirmations and collecting information for the external auditors. Internal audit staff are expected to continue working with the externals through the completion of the audit.
Assist with training of the TFFR compliance officer.	This is ongoing.
Assist the Executive Search Committee with the Executive Director search.	The SIB hired an Executive Director on June 3, 2025.
Finishing the TFFR File Maintenance Audit.	All testing is done, and the report will be issued September 2025.
Finish the Executive Limitations Audit.	This audit continued to be on pause.

The following activities internal audit staff will be working on:

- Working with Weaver on updating the risk assessment for the fiscal and investment divisions.
- Internal audit staff will complete the risk assessment for the retirement division.
- Create a risk-based audit plan for the remainder of this fiscal year and next fiscal year.
- Hiring and onboarding internal audit staff.
- Continue to assist external auditors with the completion of the financial statement audit and the GASB 68 census data audit.
- Assist with the board governance model assessment as needed.

COMMITTEE ACTION REQUESTED: Committee Acceptance.



North Dakota Retirement and Investment Office

Internal Audit Update

August 26, 2025

Internal Audit and Advisory Services Update



Weaver is actively engaged with the North Dakota Retirement and Investment Office (ND RIO) to perform the following services for Internal Audit.

Internal Audit – External Investment Oversight

The objective of this outsourced engagement is to evaluate the design and operating effectiveness of the internal controls established to address the risks associated with the selection and oversight of external investment managers.

Internal Audit Advisory Engagement – Performance Reporting and Operations

Weaver is providing support to ND RIO through an advisory engagement to ensure that the processes for performance reporting and investment operations are successfully managed or transitioned to a third party. We are providing project management support and focused on ensuring appropriate controls are in place and that efficient processes are designed that follow policies and applicable regulations.

Key areas of focus include enhancement of investment performance tracking and reporting, current state process assessment and workflow optimization, and implementation support for identified improvement opportunities.

External Investment Oversight Audit

Focus Area and Status



Governance

- Policies and Procedures
- Board reporting and oversight
- Allocations of the asset class are properly approved and monitored
- New products and strategies approval process
- Developments and trends that impact the investment strategy are identified

Manager Selection & Termination

- Initial assessment of external managers is performed against asset class mandates and strategic plan
- New acquisition opportunities follow a consistent & structured due diligence process
- Manager terminations are appropriate and follow prescribed protocols

Manager Due Diligence

- Periodic due diligence on each manager is performed
- Due diligence assesses manager performance, regulatory and operational risks
- Manager sentiment is tracked and utilized for new opportunities and funds

Contract Terms & Side Letters

- Contract terms are understood and monitored (e.g. limited partnerships, Joint Ventures or co-investments)
- Side letter terms are recorded and monitored
- Appropriate legal review is completed by internal and outside counsel.

MILESTONES

- ▶ Completed process walkthroughs with Investment and Fiscal Staff to identify internal control processes
- ▶ Developed external manager oversight Risk Control Matrix and Audit Program and confirmed audit scope with ND RIO Internal Audit
- ▶ Completed 90% of internal control testing

NEXT STEPS

- ▶ Complete remaining internal control tests
- ▶ Document testing observations and validate with process owners
- ▶ Schedule exit conference and issue final report

Internal Audit - Advisory Project

Objectives and Status



PROJECT OBJECTIVE

PROGRESS/STATUS

Optimization of Allocation Engine and Operational Efficiency

A transition to a third-party Allocation Engine is underway to enhance operational efficiency by reducing reliance on internal resources and improving time management. Observations during project oversight have highlighted areas where supporting processes could benefit from improved structure and control alignment

Reconciliation efforts with ND RIO and the vendor are nearing completion to support the transition to Northern Trust. The initiative remains on track for completion, facilitating adoption of the third-party Allocation Engine and enabling more streamlined operations. Ongoing oversight has highlighted areas where reconciliation protocols and handoff procedures could benefit from enhanced control measures

General Ledger Posting

Northern Trust is collaborating with ND RIO to enhance the general ledger build, helping to ensure North Dakota receives complete and accurate data in Great Plains. The initiative will automate General Ledger entries, replacing the current Excel macro process. As part of ongoing review activities, opportunities have been noted to strengthen data validation and streamline reconciliation procedures.

Beginning in October, efforts will focus on enhancing the general ledger structure in partnership with Northern Trust, with a shift toward automating entries within Great Plains. This transition is expected to reduce reliance on manual processes and improve operational consistency. Observations during preparatory reviews have highlighted areas where data quality controls and reconciliation procedures could be further strengthened to support a more reliable reporting environment

Internal Rebalances and Processes

Efforts are focused on refining client-specific cash practices, maintaining liquidity alignment with IPS, and supporting timely rebalancing. Process walkthroughs have identified areas where consistency and documentation could be enhanced to support operational clarity and control.

Client-specific cash practices are being refined through structured process reviews, vendor engagement, and industry benchmarking. These efforts aim to ensure alignment with liquidity requirements, IPS guidelines, and rebalancing protocols. Observations during these reviews have surfaced potential enhancements in process consistency and control documentation

Internal Audit - Advisory Project

Objectives and Status



PROJECT OBJECTIVE

PROGRESS/STATUS

Disclaimers and Disclosures

A comprehensive review of performance disclosures (e.g., website) is in progress to ensure they accurately reflect actual performance and meet reporting expectations. Input gathered during this review has helped surface opportunities to improve transparency and alignment with disclosure standards.

Collaboration with ND RIO and external performance validation partners is underway to assess existing disclosures and incorporate stakeholder feedback. The aim is to ensure that reported figures are both accurate and aligned with applicable standards. Completion of this review is targeted for the second week of September 2025. Throughout the process, several areas have been identified where improvements in presentation and consistency could further support transparency and reporting quality.

Month-End Close and Performance Reconciliation

The project is progressing toward a system-supported model that incorporates automated integration with third-party providers. Currently, key activities such as performance data consolidation, reconciliation, and reporting involve a combination of manual effort and system workflows. As development continues, reviews have identified opportunities to improve accountability, enhance exception handling, and strengthen the accuracy of reconciliation processes.

Progress continues through weekly meetings involving key staff across internal teams and service providers. These sessions support issue resolution, update tracking, and alignment across workstreams. The project plan is actively monitored to flag emerging risks and ensure steady advancement toward the future state.

A black and white photograph of several skyscrapers reaching towards the sky, viewed from a low angle. The buildings are made of glass and steel, with many windows visible. The sky is a uniform light gray.

Appendix

Weaver Practice Information

About Weaver



A national accounting and consulting firm with offices coast to coast

1,600

Team Members

~\$330M

In Revenues

20

U.S. Locations

200

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:

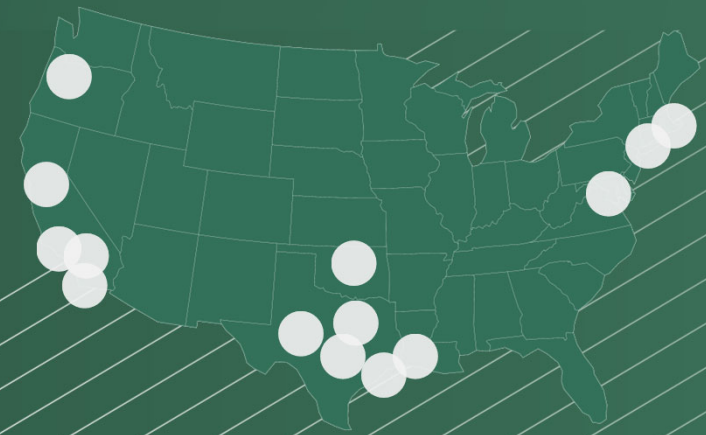
- » The International Accounting Group, an international alliance of independent accounting and law firms
- » Allinial Global, a network of 200+ firms in 88 countries

Member of
**Allinial
GLOBAL**
An association of legally independent firms

MEMBER
TIAG
A Worldwide Alliance of Independent Accounting Firms

Industry Practice Areas

- » Energy
- » Government
- » Higher Education
- » Health Care
- » Construction
- » Real Estate
- » Private Equity
- » Technology
- » Family Office
- » Financial Services
- » Professional Services
- » Manufacturing, Distribution & Retail
- » Hospitality & Entertainment
- » Asset Management



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
- » Institutional Investors
- » Private Equity Funds
- » ETF Providers
- » Service Providers & Transfer Agents
- » Venture Capital Funds
- » Registered Investment Advisers
- » Real Estate Funds
- » Hedge Funds
- » Public Pension 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 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: SIB Audit Committee
FROM: Chad R. Roberts, DED/CRO
DATE: August 29, 2025
RE: Fraud incident involving member accounts of three members

On June 2, 2025, RIO was notified by two TFFR members, a married couple, that they had not received their monthly retirement benefit payments. Upon review, it was discovered that the direct deposit information for both members had been changed without their knowledge, and their payments—\$2,771.68 and \$2,593.96—were deposited into an unauthorized bank account. The members confirmed they had not made any changes to their banking details or accessed the new MyTFFR portal. RIO immediately initiated an investigation with the MyTFFR vendor into the incident.

The vendor determined that unauthorized logins to the two affected TFFR member accounts began on May 13, 2025, with login activity continuing throughout the month. During the initial access, the attackers changed the members' direct deposit information. Investigation confirmed that the login credentials had been compromised through external data breaches unrelated to the MyTFFR system, and the intrusion was not the result of a brute-force attack. The same IP addresses were also used to access a third member's account, which was not in payment status, and no funds were taken. All three accounts were locked, the suspicious IP addresses were blocked, and affected members confirmed they had reused credentials from other websites.

RIO initiated a fund recovery request through the Bank of North Dakota, resulting in the successful reclamation of one payment (\$2,771.68), while the second payment could not be recovered. The victims filed police reports with their local Sheriff's Office and shared them with RIO. North Dakota Risk Management was notified, and the victims received claim forms and documentation of the unauthorized bank changes. They also confirmed updates to their login credentials on other sites. RIO informed NDIT Security Information and began coordinating with NDIT, the vendor, and the Assistant Attorney General to explore system improvements to prevent future fraud.

Committee Action Requested: Information only

MEMORANDUM

TO: State Investment Board (SIB) Audit Committee
FROM: Sara Seiler, Supervisor of Internal Audit
DATE: August 28, 2025
RE: 2024-2025 Annual Internal Audit Activities

Audit coverage is based on July 1, 2024 through June 30, 2025 workplan approved by the SIB Audit Committee in May 2024. The audit activities undertaken are consistent with the Internal Audit Charter and goals, and the goals of RIO. Internal Audit effort is being directed to the needs of RIO and the concerns of management and the SIB Audit Committee.

INTERNAL AUDIT ACTIVITIES:

- **Executive Limitation Audit**

AUDIT PLAN REQUIREMENTS: The Executive Director's compliance with the SIB Governance Manual Executive Limitation Policies A-1 through A-11 are reviewed on an annual basis. The audit year in review is the calendar year of 2024. Each year, the Executive Director is evaluated via a survey administered to all staff members. Internal Audit (IA) also facilitates and compiles the annual SIB Executive Review and Compensation Committee survey administered to members of the SIB at the request of the SIB Executive Review and Compensation Committee (ERCC).

2024-25 ACTUAL ACTIVITIES:

- The Executive Limitations Audit report was put on hold due to other agency priorities.

- **Exit Interviews**

AUDIT PLAN REQUIREMENTS: When a staff member discontinues employment at RIO, they have the option of an exit interview with the Supervisor of IA. The Supervisor of IA will do a post review of an employee's accounts if there is an abrupt resignation of an employee

2024-25 ACTUAL ACTIVITIES:

- IA completed seven exit interviews: two temporary employees, one investment intern, and four full-time executive and accounting staff. The comments were reported to the Executive Director.

- **Executive Review and Compensation Committee (ERCC)**

AUDIT PLAN REQUIREMENTS: The Executive Review and Compensation Committee charter states that internal audit will assist the committee on completing annual surveys on the Executive Director, Deputy Executive Director/Chief Retirement Officer, and Chief Investment Officer.

2024-25 ACTUAL ACTIVITIES

- The SIB self-assessment was administered on behalf of the ERCC by the Supervisor of IA and results were reported to the SIB at the April 25, 2025 meeting.
- On an annual basis as outlined in the ERCC charter, performance surveys of the Chief Investment Officer and Deputy Executive Director/Chief Retirement Officer were conducted.
- Surveys for the Chief Investment Officer and the Deputy Executive Director/Chief Retirement Officer were completed and reported to the ERCC.
- Due to the resignation of the Executive Director, the annual board and staff surveys of the Executive Director were not completed.

- **SIB Self-Assessment**

AUDIT PLAN REQUIREMENTS: At the request of ERCC, IA may be asked to administer and report the results of an annual board self-assessment to the SIB.

2024-2025 ACTUAL ACTIVITIES:

- IA worked with the ERCC on administering the Board Self-Assessment Survey and reported the results to the SIB Board meeting on April 25, 2025.

- **Executive Search Committee**

AUDIT PLAN REQUIREMENTS: The Executive Director and the Chief Financial Officer/Chief Operating Officer resigned from RIO as of January 3, 2025. The Supervisor of IA was appointed a member of the Executive Search Committee and was the staff member to communicate with the Executive Search Committee, the SIB Board, and the Agency selected for the search.

2024-25 ACTUAL ACTIVITIES

- Assisted in the draft of the request for proposal (RFP) and selection for the Executive Search Agency. The Committee selected CBIZ EFL associates as a search firm for both positions.
- IA attended a meeting in December of 2024.
- An interim Executive Director, Jodi Smith, was selected by the SIB Board to start on January 13, 2025.
- The IA Supervisor attended eight meetings and had multiple correspondences with the search firm.
- The SIB held a special meeting in June 2025 and selected Jodi Smith for the Executive Director position.

- **RIO External Audit Assistance**

AUDIT PLAN REQUIREMENTS: IA will assist the external auditor with a variety of tasks related to the annual financial audit of the RIO and the GASB 68 census data audit.

2024-25 ACTUAL ACTIVITIES

- IA assisted our external audit partners UHY, LLP during the 2023-24 financial audit of the RIO as well as the GASB 68 census data audit.
- IA assisted our external audit partners UHY, LLP to start the 2024-25 financial audit as well as the GASB 68 census data audit.
- The Supervisor of IA serves as RIO point of contact with UHY for the 2024-25 Audit.

• Internal Audit Maturity Development Project

AUDIT PLAN REQUIREMENTS:

IA had an internal audit business process review completed by a consultant. Weaver evaluated the maturity of Internal Audit Division function modeled after the International Professional Practices Framework (IPPF) developed by the Institute of Internal Auditors (IIA). The review was to show the current level of maturity of the IA division and to provide a roadmap towards the future state on both a short and long-term basis. The IA division will be working to implement the recommendations made by Weaver. The goals are set as short, mid, and long-term. Internal Audit will be working towards implementing the short and mid-term goals in the coming fiscal year.

2024-25 ACTUAL ACTIVITIES:

- Weaver presented the report to the SIB Audit Committee on August 14, 2024. The charters were reviewed and approved by the SIB Audit Committee (September 2024) and the SIB Board meeting (September 2024).
- The project provided a foundation for IA that conforms with the 2024 IIA Standards.
- IA met their medium-term goal by establishing or refining processes necessary to conform with the standards.
- A risk assessment of the investment and fiscal divisions of NDRIO and a risk-based-based multi-year internal audit plan was completed.
- Developed an IA Manual meeting the 2024 IIA Standards (including consulting engagement procedures).
- Completed Standard documentation-workpaper templates which are compliant with the Standards.
- Completed planning/work paper templates based on procedures in the Audit Manual.

• Internal Audit Co-Sourcing RFP

AUDIT PLAN REQUIREMENTS:

Through the risk assessment and a resource assessment completed and presented by Weaver at the August 2024 Audit Committee meeting, additional resources to meet the audit plan are needed. The Audit Committee approved IA staff and senior management to propose a request for proposal (RFP) for additional audit resources to perform internal audits for the investment and fiscal divisions. This would be approximately 2-3 audits a year, that would be a combination of co-sourcing and outsourcing depending on the availability of IA staff.

2024-25 ACTUAL ACTIVITIES:

- IA staff, the Executive Director, the Chief Financial Officer/Chief Operating Officer, and the Contract, Procurement, and Records Retention Coordinator drafted the RFP.
- The SIB Audit Committee approved to issue the RFP at the November 18, 2024 meeting.

- The SIB Audit Committee selected Weaver as the consultant at a special meeting held February 5, 2025.
- Weaver was selected as the co-sourcing audit firm.

- **External Investment Oversight Audit**

AUDIT PLAN REQUIREMENTS:

The scope of this audit is the public and private Market teams including selection and oversight of external managers, secondary investing, valuation, material non-public information, portfolio construction, contracting and monitoring LPA terms, alignment with special mandates, and oversight of fees and expenses. This audit is a co-sourced audit through Weaver and is currently in process.

2024-25 ACTUAL ACTIVITIES

- The Kick-off for the audit was held in March 2025.
- The Supervisor of IA meets every two weeks with the consultant on the progress of the audit.

- **Investment Compliance Program**

AUDIT PLAN REQUIREMENTS:

The Supervisor of IA serves in an advisory capacity with the Consultant (Weaver). Attending meetings with the consultant and RIO staff.

2024-25 ACTUAL ACTIVITIES:

- The investment compliance program continues to develop and mature. The Supervisor of IA continues to attend meetings and review items as needed.

- **SIB Governance Assessment**

AUDIT PLAN REQUIREMENTS: This project was not initially part of the 2024-25 Audit Workplan. The SIB has operated under the Carver Governance Model for over twenty-seven years. With the changes that have occurred at RIO over the years, the SIB wants to investigate whether there are other governance models that might better suit RIO as it exists today. The governance review is part of the agency 2025 strategic goals that was presented at the March 2025 SIB meeting. The SIB approved to go forward with governance assessment. The Executive Team and Supervisor of Internal audit assisted in the development of RFP and scoring.

2024-25 ACTUAL ACTIVITIES:

- The GPR met and reviewed the proposed request for proposal (RFP) for the Governance Model Assessment on April 30, 2025.
- The RFP was issued May 1, 2025.
- Staff reviewed and scored RFPs.

- **Alignment through Continuous Improvement**

AUDIT PLAN REQUIREMENTS: This project was not initially part of the 2024-25 Workplan. The project is one of the 2025 Strategic goals for RIO. The project wants to identify pockets of innovation across the organization during check-ins. Small, compounding changes and

innovations add up to outsized results over time. The second objective is the Governance review noted above.

2024-25 ACTUAL ACTIVITIES:

- The Supervisor of IA worked with the Executive Director and other RIO staff on to selecting a consultant to provide subject matter expertise in governmental and specialized investment accounting, operations, and business processes to support a rolling business process re-engineering study for RIO with map out current processes and assist in developing an RFP for a new accounting system., operations and business processes to support a rolling business process re-engineering study for RIO.
- Attended meetings for business process mapping for the fiscal division.
- Updated IA JDQ's.
- Developing JDQ for the new IA position approved by the legislature.

• TFFR File Maintenance Review

AUDIT PLAN REQUIREMENTS:

The IA Division of the Retirement and Investment Office (RIO) reviewed the system generated (CPAS) audit tables to ensure transactions initiated by RIO staff are expected and appropriate given the role in the organization. The processes for entering information from member action forms, change of address forms, change of name forms, and direct deposit forms are also reviewed. A sample of members will be reviewed for each of the processes to verify the information on the form is the same as the information in the system. A sample of deaths, purchases, refunds, and retirements were also reviewed. The timeframe for the audit was September of fiscal year 2023-24.

2024-25 ACTUAL ACTIVITIES:

- All field work for the audit is completed and the audit report is being drafted.

• TFFR Pioneer Project

AUDIT PLAN REQUIREMENTS:

The Pioneer Project was in the final phase of implementation and set to go live at the end of calendar year 2024. IA will continue to participate in meetings and testing until the project is fully implemented. User acceptance testing (UAT) continued during this timeframe. Operational staff members tested the business processes in the training environment to ensure that the system was functioning appropriately.

2024-25 ACTUAL ACTIVITIES:

- User testing started in July of 2024 and continued through February 2025. PIR testing continues to the current date.
- Sagitec provided training to RIO staff for line of business processes and to the business partners for the self-service reporting module (ESS).
- Multiple training sessions by Sagitec were held for line of business operations (retirements, withdrawals, purchases, etc.).
- Elaboration sessions were held for the retired teachers returning to work.
- Retirement Services presented initial education seminars to the business partners introducing Neospin.

- In September 2024, Committees were established to prepare for Go-Live. MSS worked on preparing for the TFFR members, ESS worked on preparing the employers, IT assisted all groups, and accounting processes.
- IA was assigned to the ESS Group. The ESS Group set-up and developed training schedules for the business partners, reviewed and edited user manuals Sagitec provided, training was held for the business partners (multiple teams sessions) per schedules, the training sessions held were live online sessions that were recorded, updated the RIO's website with the login, MyTFFR manual, and education recordings, and finally schedules for communications to members and employers were developed.
- Discussions were held and the Go-Live Date was set for February 10, 2025.
- RIO staff started production in Neospin on February 10, 2025. Sagitec staff were onsite the week of February 10th and the week of February 24th.
- Assisted the DED/CRO on setting up roles for staff in Neospin.
- Attended multiple meetings on reports needed for the fiscal year of 2024-25 and biennium year-end.
- Attended multiple meetings on reports and information needed by the external auditor and the actuary for the 2024-25 evaluation.

- **General Business Partner Advisory**

AUDIT PLAN REQUIREMENTS: Retirement Services requested consulting services from IA staff. The efficiencies of the new pension administration system (Neospin) eliminated the need for the Membership Specialist position (input of data from forms). RIO developed a new Compliance Officer position as part of the re-engineering of the Retirement Division. IA will transfer compliance-related templates and provide training to the TFFR Compliance Officer.

2024-25 ACTUAL ACTIVITIES:

- IA transferred a template of the FileNet Checklist for necessary documents for business processes for her role in Neospin.
- Transferred the review of Census Data File information.
- Transferred TFFR Model 2 Partial workpapers.
- Assisted with the update of the Compliance Officer position.
- Assisted with the update of the Retirement Accounting position.
- Assisted with the set-up of roles for RIO staff in Neospin.

Administrative Activities

- **RIO Internal Audit Records Retention**

AUDIT PLAN REQUIREMENTS: IA has a retention schedule for the audit files and records. Annually, the schedule is reviewed to determine if changes need to be made. Almost all the audit files and records are currently electronic and purged annually to comply with the schedule set by NDIT Records Management. IA maintains a table of contents for the information that describes the audit and what files are found on the audit drive.

2024-25 ACTUAL ACTIVITIES:

- Purged 2018/19 fiscal year records in the IA drive in December 2024.
- Updated the IA drive table of contents.

- Prepared a report that listed records/size of records deleted and forwarded to the Contract, Procurement and Records Management Coordinator December 2024.
- Provided a list of 2023/24 IA records/reports to be added to the administrative drive maintained by the Contract, Procurement and Records Management Coordinator.
- IA consulted with the Contract, Procurement and Records Management Coordinator on a project to convert the microfiche files to an electronic format.

- **Professional Development/CE/General Education**

AUDIT PLAN REQUIREMENTS: IA is a member of the Institute of Internal Auditors (IIA). IA is also a member of the Association of Public Pension Fund Auditors (APPFA).

2024-25 ACTUAL ACTIVITIES:

- Attended all day RIO staff training - The Six Types of Working Genius.
- Completed quarterly NDIT Cyber training -phishing, security awareness, and safe scanning with QR codes.
- Completed annual virtual training for Risk Management/Workforce Safety Programs.
- Annual review of the RIO Office policies.

Administrative activities (non-audit related) including time reports, meeting attendance, general reporting, email, etc. were carried out in accordance with the approved audit plan in fiscal year 2024-2025.

COMMITTEE ACTION. Approval of report.

MEMORANDUM

TO: State Investment Board (SIB)
FROM: SIB Audit Committee
DATE: August 28, 2025
RE: Fiscal Year End Audit Committee Activities
July 1, 2024 to June 30, 2025

The Audit Committee is a standing committee of the State Investment Board (SIB) authorized under the SIB Governance Policy B-6, Standing Committees. Its primary function is to assist the SIB in fulfilling its oversight responsibilities of the Retirement and Investment Office (RIO) internal and external audit programs, including the financial reporting process, internal controls, and compliance with laws, regulations, policies, and procedures.

The Audit Committee consists of five members selected by the SIB. Three members of the Audit Committee represent the three groups on the SIB (Teachers' Fund for Retirement (TFFR) Board, Public Employees Retirement System (PERS) Board, and elected and appointed officials). The other two members are selected from outside the SIB, that are both independent and financially literate. Members of the Audit Committee for the 2024 – 2025 fiscal year were:

Treasurer Thomas Beadle, Elected and Appointed Officials, Chair
Cody Mickelson, TFFR Board, Vice Chair
Adam Miller, PERS Board
Dina Cashman, External Member
Todd Van Orman, External Member

The Audit Committee held four regular meetings and two special meetings for the fiscal year ended June 30, 2025. The meetings occurred: August 14, 2024, November 18, 2024, February 5, 2025 (special), March 25, 2025, May 14, 2025, and June 19, 2025 (special).

Activities of the Audit Committee during the past year included:

The Committee approved July 1, 2024, through June 30, 2025, Internal Audit workplan. Progress was monitored on a quarterly basis. Audit activities included:

- State Investment Board Self-Evaluation was administered by Internal Audit. The SIB requested Internal Audit's assistance in administering the self-evaluation and presenting the results. The SIB self-evaluation was presented at the April 25, 2025 SIB meeting.
- Executive Search Committee - The Executive Director and the Chief Financial Officer/Chief Operating Officer (CFO/COO) resigned from RIO as of January 3, 2025. The Supervisor of IA was appointed as staff member to assist the Executive Search Committee. Assisted in the drafting and scoring of the RFP to hire a search firm. CBIZ EFL Associated was selected by the Executive Search Committee. An executive director was appointed in June 2025.

- Executive Review and Compensation Committee (ERCC) – Internal audit administered surveys for the Deputy Executive Director/Chief Retirement Officer and the Chief Investment Officer on behalf of the ERCC.
- Internal Audit Maturity Development Process Review – IA had an internal audit business process review completed by a consultant. Weaver evaluated the maturity of Internal Audit Division function modeled after the International Professional Practices Framework (IPPF) developed by the Institute of Internal Auditors (IIA). The review was to show the current level of maturity of the IA division and to provide a roadmap towards the future state on both a short and long-term basis. A final report was reported on the audit committee meeting in August 2024. Part of this process review an internal audit manual was created, audit charters updated, and a risk assessment was completed. The audit committee and SIB approved revisions to the audit committee and internal audit charter to align with the IIA standards as a part of the process review.
- Internal Audit Co-Sourcing RFP- To meet the needs of the agency additional resources were needed to focus on internal audits of the fiscal and investment divisions. An RFP was created and issued for a co-sourcing relationship to perform these audits. The Audit Committee approved Weaver for the co-sourcing relationship.
- External Investment Oversight Audit - The scope of this audit is the public and private Market teams including selection and oversight of external managers, secondary investing, valuation, material non-public information, portfolio construction, contracting and monitoring LPA terms, alignment with special mandates, and oversight of fees and expenses. This audit is a co-sourced audit through Weaver and is currently in process.
- Internal Audit Advisory for Fiscal Division – Internal audit shifted co-sourcing audit resources with Weaver to advisory hours to help through staffing shortage in the fiscal division. This included attending business process mapping sessions, rebalancing, and performance discussions.
- Investment Compliance Program - The Supervisor of IA serves in an advisory capacity with the investment compliance consultant (Weaver). Attending meetings with the consultant and RIO staff.
- SIB Governance Assessment – As approved by the SIB, assisted with the development and scoring of the RFP for a governance assessment.
- Alignment of Continuous Improvement – Internal audit JDQs were updated. Internal audit participated in the current business process mapping of the fiscal division.
- Employee Exit Review – The Internal Audit Division conducted exit interviews throughout the fiscal year.
- TFFR File Maintenance Audit – Internal Audit will review system generated (CPAS) audit tables to ensure transactions initiated by staff are expected and appropriate given an individual's role with the organization. Member account information from member action forms, address change forms, and direct deposit authorization forms are reviewed to verify that contact and demographic information has been updated correctly. A sample of purchases, refunds, and deaths will be reviewed as part of the audit. The fieldwork for this audit is complete and audit is being drafted.
- TFFR Pioneer Project – Internal Audit staff participated in the design, elaboration, training, and testing sessions of the Pioneer project. The project successfully launched in February 2025. Internal audit staff continued to attend meetings after the launch.
- RIO's Internal Audit division assisted our external audit partners, UHY, LLP, during the 2023-2024 and 2024-25 financial audit of RIO as well as the GASB 68 Census Data Audit.
- Internal audit staff attended all day RIO training, quarterly NDI training, and annual training on RIO policies, Workforce Safety, and Risk Management.
- The Committee received the results of the RIO financial audit for the fiscal year ended June 30, 2024, from independent auditors, UHY, LLP at the November 2024 meeting. They issued an unmodified "clean" opinion.
- The Committee reviewed the RIO financial audit plan for the fiscal year ended June 30, 2024, with independent auditors, UHY, LLP at the June 2024 special Audit Committee meeting. Discussion included scope and approach for the audit to ensure complete coverage of financial information and GASB 68 Audit.

- The Committee adopted an interim audit workplan in May 2025 for the fiscal year 2024-25.

The above activities support the Committee's fulfillment of its oversight responsibilities. Please inform the Committee if there are special audits or activities the Board would like to have reviewed.

COMMITTEE ACTION. Committee acceptance of report.