

STATE INVESTMENT BOARD  
AUDIT COMMITTEE MEETING  
MINUTES OF THE  
FEBRUARY 25, 2021 MEETING

**COMMITTEE MEMBERS PRESENT:** Yvonne Smith, PERS Board, Chair  
Rob Lech, TFFR Board, Vice Chair  
Julie Dahle, External Representative  
Jon Griffin, External Representative  
Jodi Smith, Commissioner of Dept. of Trust Lands

**STAFF PRESENT:** Bonnie Heit, Suprv of Admin Svs  
David Hunter, Exec Dir/CIO  
Jan Murtha, Dep Exec Dir/CRO  
Sara Sauter, Suprv of Internal Audit  
Dottie Thorsen, Internal Auditor  
Denise Weeks, Retirement Program Manager

**GUESTS:** Dean DePountis, Attorney General's Office

**CALL TO ORDER:**

Ms. Smith called the State Investment Board (SIB) Audit Committee meeting to order at 3:00 p.m. on Thursday, February 25, 2021, at Workforce Safety & Insurance (virtual host), 1600 E Century Ave., Bismarck, ND.

The following Audit Committee members were available representing a quorum; Dr. Lech, Ms. Smith, Ms. Dahle, and Mr. Griffin

**AGENDA:**

The agenda was considered for the February 25, 2021, meeting.

**IT WAS MOVED BY DR. LECH AND SECONDED BY MR. GRIFFIN AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA FOR THE FEBRUARY 25, 2021, MEETING AS DISTRIBUTED.**

**AYES: DR. LECH, MS. DAHLE, MR. GRIFFIN, AND MS. SMITH**

**NAYS: NONE**

**MOTION CARRIED**

**ABSENT: COMMISSIONER SMITH**

**MINUTES:**

**IT WAS MOVED BY MS. DAHLE AND SECONDED BY MR. GRIFFIN AND CARRIED BY A VOICE VOTE TO ACCEPT THE NOVEMBER 18, 2020, MINUTES AS DISTRIBUTED.**

**AYES: MR. GRIFFIN, DR. LECH, MS. DAHLE, AND MS. SMITH**

**NAYS: NONE**

**MOTION CARRIED**

**ABSENT: COMMISSIONER SMITH**

**LEGISLATIVE UPDATE:**

Mr. Hunter reviewed Legislation affecting RIO and the SIB.

**AUDIT ACTIVITIES:**

Audit Committee - Ms. Sauter reviewed activities of Internal Audit for the period of October 1, 2020 - December 31, 2020.

RIO - The Executive Limitations Audit was issued in February 2021.

Support was provided to CliftonLarsonAllen (CLA) for the Teachers' Fund for Retirement (TFFR) GASB 68 Census Data audit and the Financial Statements audit of RIO for the period ending June 30, 2020. The Financial Statements audit of RIO was issued on November 9, 2020 and the GASB 68 Schedules of Employer Allocations and Pension Amounts by Employer was issued in December 2020.

Internal Audit is also assisting with the review of RIO's administrative policies.

Internal Audit is working on internal control guidelines for an overall assessment of processes for state agencies put forth by the Office of Management and Budget (OMB).

SIB - Cash Management and Rebalancing Audit. The audit entails a review of procedures for cash management and rebalancing of investment allocations, wire transactions, and bank fees. A review of staff access and authorization will also be reviewed. The audit is currently in progress.

TFFR - The Minot Employer Salary Review was completed in November 2020. There are no other audits in progress.

The Salary Verification Audit is in progress. On an annual basis retirement salaries and contributions reported to TFFR for the prior fiscal year for 65 randomly selected member accounts from 60 different employers are verified.

Internal Audit continues to assist in the Pension Administration System (PAS) upgrade.

**IT WAS MOVED BY DR. LECH AND SECONDED BY MS. DAHLE AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE AUDIT ACTIVITIES REPORT FOR THE PERIOD OF OCTOBER 1, 2020 - DECEMBER 31, 2020.**

**AYES: COMMISSIONER SMITH, MS. DAHLE, DR. LECH, MR. GRIFFIN, AND MS. SMITH**

**NAYS: NONE**

**MOTION CARRIED**

**EXECUTIVE LIMITATIONS AUDIT:**

Ms. Sauter reviewed the Executive Limitations audit for the period of January 1, 2020 - December 31, 2020. Internal Audit was sufficiently satisfied that the Executive Director/CIO was in compliance with SIB Governance Executive Limitation Policies A-1 through A-11.

IT WAS MOVED BY MR. GRIFFIN AND SECONDED BY MS. DAHLE AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE REPORT ON THE EXECUTIVE LIMITATIONS AUDIT.

AYES: MR. GRIFFIN, MS. DAHLE, DR. LECH, COMMISSIONER SMITH, AND MS. SMITH

NAYS: NONE

MOTION CARRIED

AUDIT ACTIVITIES (CURRENT) :

Ms. Sauter has been working with the Executive Review Committee (ERC) on activities for the evaluation of the Executive Director/CIO. The ERC also requested Ms. Sauter administer the SIB Board Self Evaluation. The Self Evaluation was sent out on February 15, 2021.

Internal Audit continues to attend the PAS meetings. Staff wishes and wants were grouped into the following topics: the pension/administration/workflow, member portal, employer portal, actuary/audit/reports, and technical items/general features. In these sessions, staff reviewed the list of features requested and added any other features not noted. This information will be used to develop an RFP. RFP development is scheduled to start in March 2021. Ms. Sauter participates in weekly updates about the PAS system status with the consultant and other staff involved in the project.

Segal provided their report on Benefits Communications Best Practices (10 keys framework overview) in January. They are also working on a final draft of a Current Business Model Report. A Cybersecurity Assessment was completed and the report will be issued in March 2021.

Ms. Sauter has also been working with Investment Services and Retirement Services to provide Fund Facts on the SIB program and the TFFR program to the Legislature. Emails are sent to all members on a weekly basis.

Ms. Thorsen continues to work on the Salary Verification Review for fiscal year 2018/19.

IT WAS MOVED BY DR. LECH AND SECONDED BY MS. SMITH AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE CURRENT AUDIT ACTIVITIES REPORT.

AYES: DR. LECH, COMMISSIONER SMITH, MS. DAHLE, MR. GRIFFIN, AND MS. SMITH

NAYS: NONE

MOTION CARRIED

PAS UPDATE:

Ms. Murtha updated the Audit Committee on the PAS project. Staff is working towards a June 1 issue of the Request for Proposal (RFP) with a vendor on board by the end of the year.

Ms. Murtha also reviewed the results and recommendations of Segal's review of the agency's Benefits Communications Best Practices (10 keys framework overview).

**GASB 68 SCHEDULES AUDIT:**

The GASB 68 Schedules of Employer Allocations and Pension Amounts by Employer was issued in December 2020.


CLA's contract has concluded. The State Auditor's Office is in the process of reviewing and selecting RIO's next external auditor. The contract should be issued by March 2021.

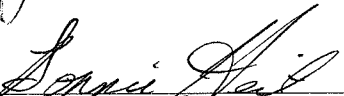
**OTHER:**

The next Audit Committee meeting is scheduled for Thursday, May 27, 2021, at 2:30 p.m. at the Retirement and Investment Office (virtual), 3442 East Century Ave., Bismarck, ND.

With no further business to come before the Audit Committee, Ms. Smith adjourned the meeting at 4:20 p.m.

Respectfully Submitted:

  
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Ms. Yvonne Smith, Chair  
SIB Audit Committee

  
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Bonnie Heit  
Recorder