

**STATE INVESTMENT BOARD
AUDIT COMMITTEE MEETING
MINUTES OF THE
AUGUST 11, 2021 MEETING**

MEMBERS PRESENT: Yvonne Smith, PERS Board, Chair
Dr. Rob Lech, TFFR Board, Vice Chair
Julie Dahle, External Representative
Jon Griffin, External Representative

MEMBER ABSENT: Jodi Smith, Commissioner of University & School Lands

STAFF PRESENT: Connie Flanagan, Chief Financial Officer
Jayme Heick, Retirement Programs Specialist
Bonnie Heit, Suprv of Admin Svs
Missy Kopp, Retirement Asst
Jan Murtha, Interim Exec Dir
Mathew Posch, Investment/Compliance Officer
Sara Sauter, Suprv of Internal Audit
Dottie Thorsen, Internal Auditor
Tami Volkert, Employer Services Coordinator
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 2:30 p.m. on Thursday, August 11, 2021, at Workforce Safety & Insurance, 1600 E Century Ave., Bismarck, ND.

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

AGENDA:

The agenda was considered for the August 11, 2021, meeting.

IT WAS MOVED BY DR. LECH AND SECONDED BY MS. DAHLE AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA FOR THE AUGUST 11, 2021, MEETING AS DISTRIBUTED.

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

NAYS: NONE

MOTION CARRIED

ABSENT: COMMISSIONER SMITH

MINUTES:

IT WAS MOVED BY DR. LECH AND SECONDED BY MR. GRIFFIN AND CARRIED BY A VOICE VOTE TO ACCEPT THE MAY 20, 2021, MINUTES AS DISTRIBUTED.

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

NAYS: NONE

MOTION CARRIED

ABSENT: COMMISSIONER SMITH

ELECTIONS:

IT WAS MOVED BY DR. LECH AND SECONDED BY MR. GRIFFIN TO NOMINATE MS. SMITH AS CHAIR OF THE SUB AUDIT COMMITTEE FOR THE PERIOD OF JULY 1, 2021 – JUNE 30, 2022.

IT WAS MOVED BY DR. LECH AND SECONDED BY MR. GRIFFIN AND CARRIED BY A VOICE VOTE TO CEASE NOMINATIONS AND CAST A UNANIMOUS VOTE FOR MS. SMITH TO SERVE AS CHAIR OF THE SIB AUDIT COMMITTEE FOR THE PERIOD OF JULY 1, 2021 – JUNE 30, 2022.

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

NAYS: NONE

MOTION CARRIED

ABSENT: COMMISSIONER SMITH

IT WAS MOVED BY MR. GRIFFIN TO NOMINATE DR. LECH AS VICE CHAIR OF THE SIB AUDIT COMMITTEE FOR THE PERIOD OF JULY 1, 2021 – JUNE 30, 2022.

IT WAS MOVED BY MR. GRIFFIN AND SECONDED BY MS. DAHLE AND CARRIED BY A VOICE VOTE TO CEASE NOMINATIONS AND CAST A UNANIMOUS VOTE FOR DR. LECH TO SERVE AS VICE CHAIR OF THE SIB AUDIT COMMITTEE FOR THE PERIOD OF JULY 1, 2021 – JUNE 30, 2022.

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

NAYS: NONE

MOTION CARRIED

ABSENT: COMMISSIONER SMITH

Ms. Smith appointed Ms. Sauter as liaison to the SIB for the period of July 1, 2021 – June 30, 2022.

CODE OF CONDUCT:

Mr. Posch reviewed the SIB Governance Manual Policy B-8, Board Members' Code of Conduct, which details the code of ethical responsibility applicable to members of the SIB. The SIB Audit Committee, as a standing committee of the SIB, is required to adhere to any applicable policies contained within the SIB Governance Manual. Mr. Posch requested the Audit Committee members affirm their understanding of the policy by signing and returning the Code of Conduct policy affirmation.

EXECUTIVE LIMITATIONS/STAFF RELATIONS:

Ms. Murtha updated the Audit Committee on RIO's internal agency communication plan, retirements/resignations, full-time positions/temporary assistance, Information Technology unification, agency reorganization, facility move, procurement activities, and requests for Internal Audit.

GOVERNANCE:

Dr. Lech recognized Mr. Darren Schulz, Interim CIO, for his years of service and outstanding work and wished him the best. Mr. Schulz resigned effective August 10, 2021.

The SIB, at their May 21, 2021, meeting, requested that Internal Audit review Governance Policy B-2 Governing Style in Section B Governance Process. The SIB asked the Audit Committee to clearly define “inquiry” and to also review the SIB’s structure and bring a recommendation back. From an audit perspective, Ms. Sauter reviewed her interpretation of the policy along with prepared questions and recommendations.

After discussion, the Committee asked Internal Audit to develop recommendations for a Special Audit Committee meeting to look further into three areas.

- Onboarding of new Board members including expectations, timeline, and a list of topics to be covered
- Board Education plan for the current members
- Recommendation to form a Governance Committee to address issues that arise concerning Board governance and possibly to include Board Policy review

The Committee will bring their recommendations forward to the SIB after further discussion at the special meeting.

Ms. Smith left the meeting and Dr. Lech assumed the role of Chair.

INTERNAL AUDIT ACTIVITIES:

Ms. Sauter reviewed current Internal Audit activities.

IT WAS MOVED BY MS. DAHLE AND SECONDED BY MR. GRIFFIN AND CARRIED BY A VOICE VOTE TO APPROVE THE CURRENT INTERNAL AUDIT ACTIVITIES REPORT.

AYES: MR. GRIFFIN, DR. LECH, MS. DAHLE

NAYS: NONE

MOTION CARRIED

ABSENT: COMMISSIONER SMITH, MS. SMITH

YEAR-END ACTIVITIES:

Ms. Sauter reviewed Internal Audit’s year-end activities report to the Audit Committee for the period of July 1, 2020 – June 30, 2021.

IT WAS MOVED BY MR. GRIFFIN AND SECONDED BY MS. DAHLE AND CARRIED BY A VOICE VOTE TO APPROVE INTERNAL AUDIT’S YEAR-END ACTIVITIES REPORT TO THE AUDIT COMMITTEE FOR THE PERIOD OF JULY 1, 2020 – JUNE 30, 2021.

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

NAYS: NONE

MOTION CARRIED

ABSENT: MS. SMITH, COMMISSIONER SMITH

SIB REPORT:

Ms. Sauter reviewed the Audit Committee’s year-end report to the SIB for the period of July 1, 2020 – June 30, 2021.

IT WAS MOVED BY MS. DAHLE AND SECONDED BY MR. GRIFFIN AND CARRIED BY A VOICE VOTE TO APPROVE THE YEAR-END AUDIT COMMITTEE ACTIVITIES REPORT TO THE SIB FOR THE PERIOD OF JULY 1, 2020 – JUNE 30, 2021.

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

**NAYS: NONE
MOTION CARRIED
ABSENT: COMMISSIONER SMITH, MS. SMITH**

AUDIT CHARTER:

The Audit Committee is to confirm annually the review of responsibilities outlined in their charter.

IT WAS MOVED BY MR. GRIFFIN AND SECONDED BY MS. DAHLE AND CARRIED BY A VOICE VOTE TO APPROVE THE 2020-21 REVIEW OF RESPONSIBILITIES OUTLINED IN THE AUDIT COMMITTEE'S CHARTER.

**AYES: MS. DAHLE, MR. GRIFFIN, AND DR. LECH
NAYS: NONE
MOTION CARRIED**

OTHER:

The next Audit Committee meeting is scheduled for Tuesday, November 16, 2021, at 2:30 p.m. at Workforce Safety & Insurance, 1600 East Century Ave., Bismarck, ND.

With no further business to come before the Audit Committee, Dr. Lech adjourned the meeting at 4:36 p.m.

Respectfully Submitted:



Ms. Yvonne Smith, Chair
SIB Audit Committee



Bonnie Heit
Recorder