

**STATE INVESTMENT BOARD  
AUDIT COMMITTEE MEETING  
MINUTES OF THE  
NOVEMBER 16, 2021, MEETING**

**MEMBERS PRESENT:** Yvonne Smith, PERS Board, Chair  
Dr. Rob Lech, TFFR Board, Vice Chair  
Thomas Beadle, State Treasurer  
Julie Dahle, External Representative

**MEMBER ABSENT:** Jon Griffin, External Representative

**STAFF PRESENT:** Connie Flanagan, Chief Financial Officer  
Jayme Heick, Retirement Programs Specialist  
Missy Kopp, Executive Assistant  
Jan Murtha, Interim Exec Dir  
Ann Nagel, Investment Accountant  
Sara Sauter, Suprv of Internal Audit  
Dottie Thorsen, Internal Auditor  
Denise Weeks, Retirement Program Manager

**GUESTS :** Dean DePountis, Attorney General's Office  
Thomas Rey, CliftonLarsonAllen, LLP  
Tonia Shultz, CliftonLarsonAllen, LLP

**CALL TO ORDER:**

Ms. Smith called the State Investment Board (SIB) Audit Committee meeting to order at 2:30 p.m. on Tuesday, November 16, 2021, at Workforce Safety & Insurance, 1600 E Century Ave., Bismarck, ND.

The following Audit Committee members were present representing a quorum; Treasurer Beadle, Ms. Dahle, Dr. Lech, and Ms. Smith

**AGENDA:**

The agenda was considered for the November 16, 2021, meeting.

**IT WAS MOVED BY DR. LECH AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA FOR THE NOVEMBER 16, 2021, MEETING AS DISTRIBUTED.**

**AYES: MS. DAHLE, TREASURER BEADLE, DR. LECH, AND MS. SMITH**

**NAYS: NONE**

**MOTION CARRIED**

**ABSENT: MR. GRIFFIN**

**MINUTES:**

**IT WAS MOVED BY MS. DAHLE AND SECONDED BY DR. LECH AND CARRIED BY A VOICE VOTE TO ACCEPT THE AUGUST 11, 2021, AND OCTOBER 14, 2021, MINUTES AS DISTRIBUTED.**

**AYES: TREASURER BEADLE, MS. DAHLE, DR. LECH, AND MS. SMITH**

**NAYS: NONE**

**MOTION CARRIED**

**ABSENT: MR. GRIFFIN**

**FINANCIAL AUDIT OF RIO AND GASB 68 SCHEDULE AUDIT:**

Mr. Thomas Rey and Ms. Tonia Schultz, CliftonLarsonAllen (CLA), reviewed the audit results of the Retirement and Investment Office (RIO) financial statements for the period ended June 30, 2021. CLA issued an unmodified “clean” opinion that the financial statements are presented fairly, in all material aspects, in conformity with U.S. Generally Accepted Accounting Principles (GAAP).

The GASB 68 Schedules of Employer Allocations and Pension Amounts by Employer was issued in November 2021.

**IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MS. DAHLE AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE FINANCIAL AUDIT REPORT OF RIO AND THE GASB 68 SCHEDULE AUDIT.**

**AYES: MS. DAHLE, DR. LECH, TREASURER BEADLE, AND MS. SMITH**

**NAYS: NONE**

**MOTION CARRIED**

**ABSENT: MR. GRIFFIN**

**COMMITTEE EDUCATION – FIDUCIARY RESPONSIBILITY:**

Mr. DePountis provided education on fiduciary responsibility including a description of a fiduciary and the duties and responsibilities. Information was provided covering conflicts of interest, fiduciary liability, and steps to mitigate fiduciary risk.

**EXECUTIVE LIMITATIONS/STAFF RELATIONS:**

Ms. Murtha provided an update on the RIO facility move which will occur on November 23, 2021. A staff engagement survey was conducted in October and results were provided to the Committee. Ms. Murtha provided a summary of staffing changes that have occurred and the work happening to fill openings. Current procurement activities include the Pension Administration System (PAS) project which is in the pre-award, contract negotiation stage and an RFP for temporary assistance firms that can provide contract services for additional investment personnel.

**FIRST QUARTER INTERNAL AUDIT ACTIVITIES:**

Ms. Sauter reviewed first quarter Internal Audit (IA) activities report to the Audit Committee for the period of July 1, 2021, to September 30, 2021. IA facilitated the SIB Customer Satisfaction Survey in August and September 2021, and results were provided to the SIB.

Because the SIB separated the Executive Director (ED)/Chief Investment Officer (CIO) position, the supervisor of IA is reviewing the Executive Limitations Audit and will revise the audit program.

IA provided assistance to CLA for the GASB 68 Census Data Audit and the financial statement audit. Additional administrative time was required because one employer did not provide the requested information in a timely manner.

The Committee asked IA to develop a comprehensive onboarding process for new SIB members, to develop a plan for annual Board education, and establish a standing Governance and Policy Review Committee for the SIB. The draft report was reviewed at a special Committee meeting on October 14, 2021. The report was presented to the SIB at their October 22, 2021, meeting. The Board did not provide any feedback on the report.

The supervisor of IA assisted the SIB Executive Search Committee (ESC) with scoring the RFPs for the executive recruitment service and attended meetings of the ESC.

After the retirement/resignation of five staff members, RIO has reorganized the agency structure and job duties to better fit the current and future needs of the agency. IA reviewed and evaluated the responsibilities of three of the vacant

positions. The duties of each position were categorized and shared with RIO management to assign to the newly organized positions.

The Annual Participant Data/Salary Verification Review report on fiscal year 2018-19 was issued on May 11, 2021. IA had three recommendations in the report and has been working with Retirement Services on their response. The TFFR File Maintenance Audit fieldwork started in June 2021 and continued through August 2021. Due to the succession planning review, the fieldwork was suspended, and the audit has not been completed.

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**IT WAS MOVED BY DR. LECH AND SECONDED BY TREASURER BEADLE AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE FIRST QUARTER INTERNAL AUDIT ACTIVITIES REPORT.**

**AYES: MS. DAHLE, TREASURER BEADLE, DR. LECH, AND MS. SMITH**

**NAYS: NONE**

**MOTION CARRIED**

**ABSENT: MR. GRIFFIN**

**CURRENT INTERNAL AUDIT ACTIVITIES:**

Ms. Sauter reviewed current IA activities. On October 19-29, 2021, IA staff attended the virtual Public Pension Financial Forum (P2F2) which included members from the Association of Public Fund Auditors (APPFA), for education and training. IA staff attended an agency wide training which focused on using strengths and personality to communicate better within the agency. IA proposed the scopes for the upcoming Executive Limitations audit. On an annual basis, there is a review of the ED/CIO's compliance with the SIB Governance Manual Executive Limitations Policies A-1 through A-11. The audit will review calendar year 2021. During 2021, the ED/CIO position was split, and the Executive Limitations policy has not been updated to reflect this change.

**IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MS. DAHLE AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE CURRENT AUDIT ACTIVITIES REPORT AND ALLOW FLEXIBILITY FOR THE EXECUTIVE LIMITATIONS AUDIT.**

**AYES: DR. LECH, TREASURER BEADLE, MS. DAHLE, AND MS. SMITH**

**NAYS: NONE**

**MOTION CARRIED**

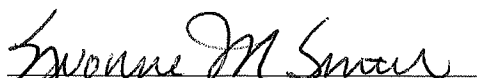
**ABSENT: MR. GRIFFIN**

**OTHER:**

The next Audit Committee meeting is scheduled for Wednesday, February 16, 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, Ms. Smith adjourned the meeting at 4:10 p.m.

Respectfully Submitted:



Ms. Yvonne Smith, Chair

SIB Audit Committee



Missy Kopp

Recorder