

**STATE INVESTMENT BOARD
AUDIT COMMITTEE MEETING
MINUTES OF THE
FEBRUARY 16, 2022, MEETING**

MEMBERS PRESENT: Yvonne Smith, PERS Board, Chair
Thomas Beadle, State Treasurer
Jon Griffin, External Representative

MEMBER ABSENT: Julie Dahle, External Representative
Dr. Rob Lech, TFFR Board, Vice Chair

STAFF PRESENT: Connie Flanagan, CFO/COO
Jayme Heick, Retirement Programs Specialist
Missy Kopp, Exec Assistant
Jan Murtha, Exec Dir
Matt Posch, Investment/Compliance Officer
Sara Sauter, Suprv of Internal Audit
Dottie Thorsen, Internal Auditor
Dr. Paul White, Chief Risk Officer
Yerouel Zamba, Accounting Intern

GUESTS : Dean DePountis, Attorney General's Office

CALL TO ORDER:

Ms. Smith called the State Investment Board (SIB) Audit Committee meeting to order at 2:35 p.m. on Wednesday, February 16, 2022, at Workforce Safety & Insurance, 1600 E Century Ave., Bismarck, ND.

The following Audit Committee members were present representing a quorum; Treasurer Beadle, Mr. Griffin, and Ms. Smith

AGENDA:

The agenda was considered for the February 16, 2022, meeting.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. GRIFFIN AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA FOR THE FEBRUARY 16, 2022, MEETING AS DISTRIBUTED.

AYES: TREASURER BEADLE, MR. GRIFFIN, AND MS. SMITH

NAYS: NONE

MOTION CARRIED

ABSENT: MS. DAHLE AND DR. LECH

MINUTES:

IT WAS MOVED BY MR. GRIFFIN AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO ACCEPT THE NOVEMBER 16, 2021, MINUTES AS DISTRIBUTED.

AYES: MR. GRIFFIN, TREASURER BEADLE, AND MS. SMITH

NAYS: NONE

MOTION CARRIED

ABSENT: MS. DAHLE AND DR. LECH

AUDIT PLANNING CYCLE:

Ms. Sauter provided education on the audit planning cycle. Internal Audit (IA) provides an independent and objective assessment of agency operations. IA improves effectiveness and efficiencies by assessing controls, reviewing processes, and working with divisions to find solutions. Ms. Sauter reviewed IA responsibilities, types of auditors, and the risk-based auditing process.

EXECUTIVE LIMITATIONS/STAFF RELATIONS:

Ms. Murtha introduced new staff who have joined RIO since the last Audit Committee meeting. RIO staff have been participating in a strategic planning process with NDIT. All RIO staff have or are scheduled to participate in Crucial Conversations training in partnership with WSI. RIO completed its move to the WSI building in November. The Pension Administration Project is in the contract negotiation phase. The Executive Steering Committee may issue a notice of award at the conclusion of the contract negotiations. The consultant for the Legacy and Budget Stabilization Fund Advisory Board RFP was issued in January. Finalists will be presented to the Advisory Board at the February meeting.

SECOND QUARTER AUDIT ACTIVITIES:

Ms. Sauter provided an update on IA activities during the second quarter. The work plan was altered because of several events that occurred during the first and second quarter of 2021-22 including resignations and retirements of several staff members. The Executive Limitations Audit has been completed and the results will be reported to the Committee at this meeting. IA provided external support to CliftonLarsonAllen for the Annual Financial Audit and the GASB 68 Census Data Audit. After Committee discussion in August about SIB governance, the Committee asked the Supervisor of IA to develop an onboarding process for new SIB members, to develop an education plan for the Board, and a draft charter for a new standing Governance and Policy Review Committee.

IA completed Phase I of Succession Planning for RIO. IA reviewed the vacated positions to ensure proper documentation of their responsibilities. The responsibilities were classified by function and forwarded to RIO management to assign to the newly organized positions. IA reviewed the job descriptions and duties for the newly organized position to compare the new job duties to the retired positions and found no omissions. IA met with the executive staff to document the risks for the programs at RIO. IA made four recommendations: documented succession planning for all executive staff, document a plan for the agency and each program if the top two positions were to leave the organization simultaneously, evaluate the purpose and duties of positions as they become vacant, and review the agency's staffing needs on a biannual basis.

IT WAS MOVED BY MR. GRIFFIN AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO ACCEPT THE SECOND QUARTER AUDIT ACTIVITIES REPORT.

AYES: TREASURER BEADLE, MR. GRIFFIN, AND MS. SMITH

NAYS: NONE

ABSENT: MS. DAHLE AND DR. LECH

MOTION CARRIED

EXECUTIVE LIMITATIONS AUDIT:

IA completed the annual review of the Executive Director's (ED) level of compliance with the SIB Governance Manual Executive Limitations policies for 2021. IA is sufficiently satisfied that the ED was in compliance with SIB Governance Manual Executive Limitations Policies A-1 through A-11 during calendar year 2021.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. GRIFFIN AND CARRIED BY A VOICE VOTE TO ACCEPT THE EXECUTIVE LIMITATIONS AUDIT REPORT

AYES: MR. GRIFFIN, TREASURER BEADLE, AND MS. SMITH

NAYS: NONE

ABSENT: MS. DAHLE AND DR. LECH

MOTION CARRIED

CURRENT AUDIT ACTIVITIES:

Ms. Sauter provided an update on current IA activities. The following audits are in progress: Cash Management and Rebalancing Audit, Executive Limitations Audit, Internal Control Assessment, RIO Policy Manual Update, Pension Administration Software, and Succession Planning. The Supervisor of IA continues to work with the ED on developing a standing Governance and Policy Review Committee for the SIB, developing an onboarding process for new Board members, and an annual SIB education plan. IA administered a Board self-assessment evaluation for the SIB.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. GRIFFIN AND CARRIED BY A VOICE VOTE TO ACCEPT THE CURRENT AUDIT ACTIVITIES REPORT.

AYES: TREASURER BEADLE, MR. GRIFFIN, AND MS. SMITH

NAYS: NONE

ABSENT: MS. DAHLE AND DR. LECH

MOTION CARRIED

OTHER:

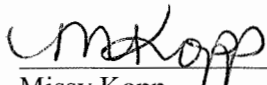
The next Audit Committee meeting is scheduled for Wednesday, May 11, at 2:30 p.m. at Workforce Safety & Insurance, 1600 East Century Ave., Bismarck, ND.

With no further business to come before the Audit Committee, Ms. Smith adjourned the meeting at 4:17 p.m.

Respectfully Submitted:



Ms. Yvonne Smith, Chair
SIB Audit Committee



Missy Kopp
Recorder