

**STATE INVESTMENT BOARD
AUDIT COMMITTEE MEETING
MINUTES OF THE
August 9, 2022, MEETING**

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

MEMBER ABSENT: Julie Dahle, External Representative

STAFF PRESENT: Rachel Kmetz, Accounting Mgr
Jan Murtha, Exec Director
Emmalee Riegler, Contracts/Records Assistant
Chad Roberts, DED/CRO
Sara Sauter, Suprv of Internal Audit
Dottie Thorsen, Internal Auditor

CALL TO ORDER:

Ms. Smith called the State Investment Board (SIB) Audit Committee meeting to order at 2:32 p.m. on Tuesday, August 9, 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, Mr. Mickelson, and Ms. Smith.

AGENDA:

The agenda was considered for the August 9, 2022, meeting.

IT WAS MOVED BY TREASUER BEADLE AND SECONDED BY MR. GRIFFIN AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA FOR THE AUGUST 9, 2022, MEETING AS DISTRIBUTED.

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

NAYS: NONE

ABSENT: MS. DAHLE

MOTION CARRIED

Mr. Roberts and Ms. Kmetz were introduced.

MINUTES:

The minutes were considered for the May 10, 2022, meeting.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. MICKELSON AND CARRIED BY A VOICE VOTE TO ACCEPT THE MAY 10, 2022, MINUTES AS DISTRIBUTED.

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

NAYS: NONE

ABSENT: MS. DAHLE

MOTION CARRIED

ELECTION OF CHAIR, VICE CHAIR, AND LIASON:

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. GRIFFIN AND CARRIED BY A ROLL CALL VOTE TO CAST A UNANIMOUS BALLOT OF TREASURER BEADLE FOR CHAIR, MS. SMITH FOR VICE CHAIR, AND MS. SAUTER AS LIASON.

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

NAYS: NONE

ABSENT: MS. DAHLE

MOTION CARRIED

2022-23 AFFIRMATION OF CODE OF CONDUCT:

Ms. Sauter discussed the annual affirmation of the SIB Code of Conduct Policy that Committee members were provided.

EXECUTIVE LIMITATIONS/STAFF RELATIONS:

Ms. Murtha provided an update on staffing at RIO. Chad Roberts, the new Deputy Executive Director/Chief Retirement Officer started his on July 11, 2022. The Chief Financial Officer/Chief Operating Officer position offer has been accepted by Ryan Skor who will start on August 22, 2022. The Legal Intern worked with RIO for the summer. Interviews have been scheduled for the four open investment positions. Ms. Murtha reviewed current projects and initiatives including the Legacy Fund Asset Allocation Study, TFFR Pioneer Project, and the Northern Trust Initiative. Committee discussion followed.

UPDATE ON CURRENT INTERNAL AUDIT (IA) ACTIVITIES:

Ms. Sauter provided an update on current IA activities. Current in-progress activities include the Executive Limitations audit, Model 2 Partial review, Pioneer project, policy manual review, Succession Planning Phase 2, and the TFFR File Maintenance audit. IA will continue to assist the external auditors with the RIO financial audit and the GASB 68 census data audit. Ms. Sauter will continue to work with the DED/CRO and Executive Assistant to complete the review and update of the RIO Administrative Manual. Ms. Thorsen will complete Phase 1 of the Model 2 Partial audit and send requests for information to employers. Committee discussion followed.

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

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

NAYS: NONE

ABSENT: MS. DAHLE

MOTION CARRIED

2021-22 YEAR END AUDIT ACTIVITIES REPORT:

Ms. Sauter reviewed the 2021-22 Year End Audit Activities Report. IA completed the Executive Limitations Audit in February 2022. IA also conducted the Executive Director Effectiveness survey and assisted the Executive Review Committee (ERC) with the SIB Executive Review survey in April 2022. The SIB Client survey was completed, and the results were reported to the SIB in October 2021. IA worked with the ERC to develop and administer a Board Self-Assessment survey for the SIB. Results were reported to the Board in February 2022. The SIB requested that the Audit Committee review and provide education on board governance. The review was completed, and the Committee presented its recommendations to the Board in November 2021. IA assisted in the search for the Executive Recruitment service and attended the Executive Search Committee meetings. IA conducted a review of RIO's succession planning. Phase I was

completed and presented to the Committee in February 2022. IA participated in strategic planning meetings with RIO staff.

IA staff conducted the TFFR Employer Salary Verification-Participant Data review for fiscal year 2018-19. The report was issued in May 2021 and IA staff worked with Retirement Services staff as they corrected errors. IA staff assisted with the RFP process for the expanded use of automated data analytics for death searches. The TFFR File Maintenance audit report is in progress.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. GRIFFIN AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE 2021-22 YEAR END AUDIT ACTIVITIES REPORT.

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

NAYS: NONE

ABSENT: MS. DAHLE

MOTION CARRIED

2021-22 AUDIT COMMITTEE REPORT TO SIB:

Ms. Sauter reviewed the 2021-22 Audit Committee report to the SIB. The Audit Committee charter requires an annual report of the Committee's activities to the Board. Ms. Sauter will present the report to the SIB.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. GRIFFIN AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE 2021-22 AUDIT COMMITTEE REPORT TO THE SIB.

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

NAYS: NONE

ABSENT: MS. DAHLE

MOTION CARRIED

AUDIT CHARTER: 2021-22 REVIEW OF RESPONSIBILITIES:

Ms. Sauter explained the requirement that the Committee review the charter and ensure that the Committee is fulfilling its responsibilities.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. MICKELSON AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE ANNUAL REVIEW OF RESPONSIBILITIES IN THE AUDIT COMMITTEE CHARTER.

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

NAYS: NONE

ABSENT: MS. DAHLE

MOTION CARRIED

OTHER:

The next Audit Committee meeting is scheduled for Tuesday, November 15, 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 3:47 p.m.

Prepared by:

Missy Kopp
Assistant to the Board