

**STATE INVESTMENT BOARD
AUDIT COMMITTEE MEETING
MINUTES OF THE
AUGUST 2, 2023, MEETING**

MEMBERS PRESENT: Thomas Beadle, State Treasurer, Chair
Dina Cashman, External Representative
Cody Mickelson, TFFR Board
Adam Miller, PERS Board
Todd Van Orman, External Representative

STAFF PRESENT: Rachel Kmetz, Accounting Mgr.
Missy Kopp, Exec. Assistant
Jan Murtha, Exec. Director
Sara Seiler, Suprv. of Internal Audit
Dottie Thorsen, Internal Auditor

GUESTS : Dean DePountis, Attorney General's Office

CALL TO ORDER:

Treasurer Beadle called the State Investment Board (SIB) Audit Committee meeting to order at 2:31 p.m. on Wednesday, August 2, 2023, at Workforce Safety & Insurance, 1600 E Century Ave., Bismarck, ND.

The following Audit Committee members were present representing a quorum, Treasurer Beadle, Ms. Cashman, Mr. Miller, and Mr. Van Orman.

AGENDA:

The agenda was considered for the August 2, 2023, meeting.

IT WAS MOVED BY MR. MILLER AND SECONDED BY MR. MICKELSON AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA FOR THE AUGUST 2, 2023, MEETING AS DISTRIBUTED.

AYES: MS. CASHMAN, MR. MILLER, MR. VAN ORMAN, MR. MICKELSON, AND TREASURER BEADLE

NAYS: NONE

MOTION CARRIED

MINUTES:

The minutes were considered for the May 11, 2023, meeting.

IT WAS MOVED BY MR. MILLER AND SECONDED BY MR. VAN ORMAN AND CARRIED BY A VOICE VOTE TO ACCEPT THE MAY 11, 2023, MINUTES AS DISTRIBUTED.

AYES: MR. VAN ORMAN, MR. MICKELSON, MR. MILLER, MS. CASHMAN, AND TREASURER BEADLE

NAYS: NONE

MOTION CARRIED

ELECTION OF CHAIR, VICE CHAIR, AND LIASON:

IT WAS MOVED BY MR. MILLER AND SECONDED BY MR. VAN ORMAN AND CARRIED BY A ROLL CALL VOTE TO ELECT TREASURER BEADLE AS CHAIR.

AYES: MR. MILLER, MS. CASHMAN, MR. VAN ORMAN, AND TREASURER BEADLE

NAYS: NONE

ABSENT: MR. MICKELSON

MOTION CARRIED

IT WAS MOVED BY MR. MILLER AND SECONDED BY MS. CASHMAN AND CARRIED BY A ROLL CALL VOTE TO ELECT MR. MICKELSON AS VICE CHAIR.

AYES: MR. VAN ORMAN, MS. CASHMAN, MR. MILLER, AND TREASURER BEADLE

NAYS: NONE

ABSENT: MR. MICKELSON

MOTION CARRIED

Treasurer Beadle appointed Ms. Seiler as the Audit Committee Liaison to the SIB. Mr. Mickelson rejoined the meeting at 2:48 p.m.

CODE OF CONDUCT POLICY AFFIRMATION:

Ms. Seiler reviewed the annual code of conduct policy affirmation that all Committee members complete.

EXECUTIVE LIMITATIONS/STAFF RELATIONS:

Two of the new FTEs that were granted as part of RIO's budget have been posted. The Sr. Investment Accountant position was posted internally and filled by Mr. Schmitcke. The Investment Accountant position which he vacated, will be posted soon. The other new position is the Fiscal/Investment Administrative Assistant which has been posted and closed. Interviews will be conducted soon. Ms. Murtha reviewed current projects, initiatives, Executive Director education activities, and staff presentations. There is a new Board member onboarding process that has been developed by the GPR Committee. The first session was held this morning. Board discussion followed.

CURRENT INTERNAL AUDIT (IA) ACTIVITIES:

Ms. Seiler provided an update on current IA activities. Current activities that are in progress include the Executive Limitations audit, Model 2 Partial salary review, RIO policy manual update, onboarding and offboarding process review, and the Pioneer project. Ms. Seiler reviewed the meetings that Audit staff have attended in relation to RIO and Investment Program activities.

Ms. Seiler provided an update on the IA maturity process. The Executive Director (ED), Chief Financial/Operating Officer (CFO/COO), and Ms. Seiler are working on the implementation of the recommendations from Weaver. A request for proposal (RFP) is being developed for additional resources to assist with the implementation.

The IA workplan was approved by the Committee at their May 2023 meeting and included hours for special projects. With the Legislature's approval of the internal investment program, IA is asking to use some of the special project time to participate in an advisory role as the program is developed. Committee discussion followed.

IT WAS MOVED BY MR. MILLER AND SECONDED BY MS. CASHMAN AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE CURRENT IA ACTIVITIES REPORT.

AYES: MS. CASHMAN, MR. MILLER, MR. VAN ORMAN, MR. MICKELSON, AND TREASURER BEADLE

NAYS: NONE

MOTION CARRIED

YEAR END AUDIT ACTIVITIES REPORT:

Ms. Seiler reviewed the 2022-23 Year End Audit Activities Report. The report includes a summary of IA activities during FY 2022-23 including the Executive Limitations audit, SIB client satisfaction survey and self-assessment. The IA business process review was completed by Weaver. IA completed a payroll audit which was requested by the ED and an employee exit review after an abrupt separation. Other activities included external auditor assistance, an internal control assessment, cash management and rebalancing audit, and participation in reviews of the RIO Administrative Manual and Onboarding/Offboarding procedures. Committee discussion followed.

IT WAS MOVED BY MS. CASHMAN AND SECONDED BY MR. MICKELSON AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE YEAR END AUDIT ACTIVITIES REPORT.

AYES: MR. VAN ORMAN, MR. MICKELSON, MR. MILLER, MS. CASHMAN, AND TREASURER BEADLE

NAYS: NONE

MOTION CARRIED

AUDIT COMMITTEE REPORT TO SIB:

The FY End Audit Committee Report to the SIB was provided for review and acceptance by the Committee.

IT WAS MOVED BY MR. VAN ORMAN AND SECONDED BY MS. CASHMAN AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE 2022-23 AUDIT COMMITTEE REPORT TO THE SIB.

AYES: MR. MILLER, MS. CASHMAN, MR. MICKELSON, MR. VAN ORMAN, AND TREASURER BEADLE

NAYS: NONE

MOTION CARRIED

AUDIT CHARTER REVIEW:

Ms. Seiler reviewed the Audit Committee charter which outlines Committee responsibilities. An annual review is required.

IT WAS MOVED BY MS. CASHMAN AND SECONDED BY MR. MILLER AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE AUDIT CHARTER REVIEW OF RESPONSIBILITIES.

AYES: MR. VAN ORMAN, MS. CASHMAN, MR. MICKELSON, MR. MILLER, AND TREASURER BEADLE

NAYS: NONE

MOTION CARRIED

RESOLUTION FOR JON GRIFFIN:

ND State Investment Board Resolution
In Appreciation of Jon Griffin

WHEREAS, Jon Griffin has served as a member of the State Investment Board Audit Committee since 2018; and

WHEREAS, Jon Griffin has diligently carried out his duties and responsibilities as a member of the SIB Audit Committee and fiduciary of the SIB Program; and

WHEREAS, Jon Griffin has been a valued and dedicated member of the SIB Audit Committee in helping maintain the integrity and stability of the SIB Program.

NOW THEREFORE, BE IT RESOLVED that Jon Griffin be duly recognized by the SIB Audit Committee for his years of unselfish dedication to the State of North Dakota through his service on the SIB Audit Committee.

DATED this 2nd day of August 2023

IT WAS MOVED BY MR. MICKELSON AND SECONDED BY MR. VAN ORMAN AND CARRIED BY A VOICE VOTE TO APPROVE THE BOARD RESOLUTION.

AYES: MS. CASHMAN, MR. MILLER, MR. VAN ORMAN, MR. MICKELSON, AND TREASURER BEADLE

NAYS: NONE

MOTION CARRIED

OTHER:

With no further business to come before the Audit Committee, Treasurer Beadle adjourned the meeting at 4:11 p.m.

Prepared by:

Missy Kopp, Assistant to the Board