

**STATE INVESTMENT BOARD  
AUDIT COMMITTEE MEETING  
MINUTES OF THE  
NOVEMBER 14, 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  
Ryan Skor, CFO/COO  
Dottie Thorsen, Internal Auditor  
Susan Walcker, Sr. Financial Accountant

**GUESTS :** Dean DePountis, Attorney General's Office  
Paul Niedermuller, CLA  
Tonia Shultz, CLA

**CALL TO ORDER:**

Treasurer Beadle called the State Investment Board (SIB) Audit Committee meeting to order at 2:30 p.m. on Tuesday, November 14, 2023, at the Retirement and Investment Office, 1600 E Century Ave., Bismarck, ND.

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

**AGENDA:**

The agenda was considered for the November 14, 2023, meeting.

**IT WAS MOVED BY MR. MILLER AND SECONDED BY MR. VAN ORMAN AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA FOR THE NOVEMBER 14, 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 August 2, 2023, meeting.

**IT WAS MOVED BY MR. MILLER AND SECONDED BY MS. CASHMAN AND CARRIED BY A VOICE VOTE TO ACCEPT THE AUGUST 2, 2023, MINUTES AS DISTRIBUTED.**

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

**NAYS: NONE**

**MOTION CARRIED**

**FINANCIAL AUDIT REPORT AND GASB 68 SCHEDULE AUDIT UPDATE:**

Mr. Niedermuller and Ms. Schulz, CliftonLarsonAllen (CLA), reviewed the results of the Retirement and Investment Office (RIO) financial statement audit for the period ended June 30, 2023. CLA issued an unmodified, clean, opinion that the financial statements are presented fairly, in all material respects, in conformity with the US Generally Accepted Accounting Principles (GAAP). An update was provided on the 2023 GASB 68 Schedules Audit. Employer census testing is complete and included individual employee census data at 12 separate employers. 125 total employers were tested and there were no findings. The GASB 68 Schedules audit will start this month. Committee discussion followed.

**IT WAS MOVED BY MR. MILLER AND SECONDED BY MR. VAN ORMAN AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE JUNE 30, 2023, FINANCIAL AUDIT REPORT.**

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

**NAYS: NONE**

**MOTION CARRIED**

**INTERNAL AUDIT (IA) OVERVIEW:**

Ms. Seiler reviewed the history of the IA function at RIO, the SIB Audit Committee makeup and objectives, and the current IA structure. Ms. Seiler explained the Three Lines Model which is recommended by the Institute of Internal Auditors (IIA). RIO is working to bring our IA processes into compliance with IIA standards. Ms. Seiler reviewed the proposed changes for the 2024 IIA Standards. Committee discussion followed.

**EXECUTIVE LIMITATIONS/STAFF RELATIONS:**

Ms. Murtha reviewed RIO's strategic planning process. Board and Committee members will receive a brief survey. The responses will be used during the initial discussion with staff. Staff will present the draft strategic plan to the TFFR & SIB GPR Committees in February so both groups can provide feedback. The final plan will be presented to the Governor's Office and Boards in March.

Ms. Murtha provided an update on New Board Member Onboarding, staffing, and ongoing projects. RIO received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association and the TFFR program received the Public Pension Standards Award for Funding and Administration from the Public Pension Coordinating Council. The results of the 2023 RIO Engagement Survey were provided. Committee discussion followed.

**INTERNAL AUDIT MATURITY PROCESS:**

Ms. Seiler reviewed the IA Maturity Development Work Plan including the proposed timeline. A Request for Proposal (RFP) for a co-sourcing relationship with an IA Consultant to complete a risk assessment and aid with the new IA manual, was provided for Committee feedback and approval. The Committee discussed the RFP and their involvement in the procurement process.

**IT WAS MOVED BY MR. VAN ORMAN AND SECONDED BY MS. CASHMAN AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE IA MATURITY WORKPLAN.**

**AYES: MR. VAN ORMAN, MS. CASHMAN, MR. MICKELSON, MR. MILLER, AND  
TREASURER BEADLE  
NAYS: NONE  
MOTION CARRIED**

**IT WAS MOVED BY MR. MILLER AND SECONDED BY MS. CASHMAN AND CARRIED BY A  
ROLL CALL VOTE TO APPROVE THE IA MATURITY DEVELOPMENT RFP AND TO HAVE  
FINALIST PRESENTATION BROUGHT TO THE COMMITTEE IN JANUARY 2024.**

**AYES: MS. CASHMAN, MR. MILLER, MR. VAN ORMAN, MR. MICKELSON, AND  
TREASURER BEADLE  
NAYS: NONE  
MOTION CARRIED**

**AUDIT COMMITTEE & INTERNAL AUDIT CHARTERS:**

Ms. Seiler reviewed proposed changes to the Audit Committee and Internal Audit charters. The IA charter is essentially all new. Ms. Seiler noted how each section of the proposed charter addressed recommendations from the IA Maturity Assessment. Committee discussion followed.

**IT WAS MOVED BY MR. VAN ORMAN AND SECONDED BY MR. MILLER AND CARRIED BY  
A ROLL CALL VOTE TO APPROVE THE IA CHARTER.**

**AYES: MR. VAN ORMAN, MR. MICKELSON, MR. MILLER, MS. CASHMAN, AND  
TREASURER BEADLE  
NAYS: NONE  
MOTION CARRIED**

**FIRST QUARTER AUDIT ACTIVITIES:**

Ms. Seiler reviewed the IA activities for the quarter ended September 30, 2023. The customer satisfaction survey was completed as part of the Executive Limitations Audit. This survey will be administered by the Communications and Outreach Director in the future. An overview was provided of external audit support, SIB governance policy review, employee exit interviews, and administrative policy review. The IA Supervisor provided a presentation as part of the New Board Member Onboarding in August 2023. Ms. Seiler reviewed the retirement program audit activities for the quarter. Committee discussion followed.

**IT WAS MOVED BY MR. VAN ORMAN AND SECONDED BY MR. MILLER AND CARRIED BY  
A ROLL CALL VOTE TO ACCEPT THE FIRST QUARTER AUDIT ACTIVITIES REPORT.**

**AYES: MR. MILLER, MS. CASHMAN, MR. MICKELSON, MR. VAN ORMAN, AND  
TREASURER BEADLE  
NAYS: NONE  
MOTION CARRIED**

**CURRENT IA ACTIVITIES:**

Ms. Seiler provided an update on current IA activities including current audits in progress and meetings attended. For the retirement program, IA is currently working on the Model 2 Partial review and hopes to have the report ready by February 2024. IA staff continue to participate in the Pioneer Project and have participated in AI training and discussions. The IA supervisor provided a presentation to new Business Managers on November 2, 2023. Committee discussion followed.

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

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

**NAYS: NONE**

**MOTION CARRIED**

**OTHER:**

With no further business to come before the Audit Committee, Treasurer Beadle adjourned the meeting at 4:46 p.m.

Prepared by:

Missy Kopp, Assistant to the Board