

**STATE INVESTMENT BOARD
AUDIT COMMITTEE MEETING
MINUTES OF THE
FEBRUARY 15, 2024, 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: Missy Kopp, Exec. Assistant
Jan Murtha, Exec. Director
Chad Roberts, DED/CRO
Sara Seiler, Suprv. of Internal Audit
Ryan Skor, CFO/COO
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 2:37 p.m. on Thursday, February 15, 2024, at the WSI Board Room, 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 February 15, 2024, meeting.

IT WAS MOVED BY MR. VAN ORMAN AND SECONDED BY MS. CASHMAN AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA FOR THE FEBRUARY 15, 2024, MEETING AS DISTRIBUTED.

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

NAYS: NONE

MOTION CARRIED

MINUTES:

IT WAS MOVED BY MR. MICKELSON AND SECONDED BY MR. MILLER AND CARRIED BY A VOICE VOTE TO ACCEPT THE MINUTES FROM THE NOVEMBER 14, 2023, AND JANUARY 18, 2024, MEETINGS.

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

NAYS: NONE

MOTION CARRIED

PIONEER PROJECT UPDATE:

Mr. Roberts provided an update on the Pioneer Project. A summary was provided of tasks that have been completed, are in progress, or have not been started. User acceptance testing has started and is going well. Data migration slowed down in November and December but has resumed and is expected to finish on schedule. The project remains under budget and is expected to go live in October 2024. The vendor informed RIO that they are subject to a lawsuit in a separate division of the company. Mr. Roberts will continue to monitor this issue and discuss it with the vendor. Committee discussion followed.

EXECUTIVE LIMITATIONS/STAFF RELATIONS:

Ms. Murtha reviewed RIO's strategic planning process. The next new board member onboarding session is scheduled for March 6, 2024, and will cover the next section of the governance manual. The Temporary Administrative Assistant position has been accepted and the new staff person will start in March. Ms. Murtha reviewed current project activities and initiatives. Committee discussion followed.

AUDIT COMMITTEE CHARTER:

Ms. Sauter reviewed proposed changes to the Audit Committee Charter. The purpose and mission were changes to align with the SIB Governance Manual and Internal Audit (IA) Charter. Committee composition was updated to reflect the composition changes to the SIB, and the responsibilities were updated to reflect oversight responsibilities as outlined in the SIB Governance Manual. After the Audit Committee's approval, the charter will be reviewed by the SIB Governance and Policy Review Committee then be sent to the SIB for final approval. Committee discussion followed.

IT WAS MOVED BY MS. CASHMAN AND SECONDED BY MR. VAN ORMAN AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE PROPOSED AUDIT COMMITTEE CHARTER.

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

NAYS: NONE

MOTION CARRIED

SECOND QUARTER AUDIT ACTIVITIES:

Ms. Seiler reviewed second quarter audit activities for the quarter ended December 31, 2023. IA has administered the SIB self-assessment survey, but this will transition to the Communications & Outreach Director going forward. The Executive Limitations audit was completed, and the ED was compliant with all executive limitations policies. The external auditor completed the annual financial audit and an audit of GASB 68 census data. No materials weaknesses or significant deficiencies were identified. Ms. Seiler reviewed the meetings and administrative activities that IA staff were involved in. Committee discussion followed.

IT WAS MOVED BY MR. VAN ORMAN AND SECONDED BY MR. MICKELSON AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE SECOND QUARTER IA ACTIVITIES REPORT.

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

NAYS: NONE

MOTION CARRIED

IA MODERNIZATION PROJECT UPDATE:

Ms. Sauter provided an update on the IA modernization project. The Request for Proposal (RFP) process was ahead of schedule and Weaver was selected and the contract has been executed. Staff will start working with the consultant on the risk assessment and an IA manual. During this process, staff will evaluate budget needs for the next biennium. A timeline of activities was provided. Committee discussion followed.

CURRENT IA ACTIVITIES UPDATE:

Ms. Seiler provided an update on current IA activities. Audit staff have been administering surveys for the Executive Review and Compensation Committee. Other activities included strategic planning participation, board member onboarding and open records/meeting training. The external audit contract expires this year. Staff are working with the State Auditor's Office who is responsible for the procurement process to choose an external auditor. The SIB Governance and Policy Review Committee is doing a complete review of the SIB Governance Manual. One recommendation is to add Ends for the IA program. Staff requested delegation of Ends creation to the committee chair, the Supervisor of Internal Audit, and the ED. Committee discussion followed.

IT WAS MOVED BY MR. MICKELSON 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

IT WAS MOVED BY MR. VAN ORMAN AND SECONDED BY MS. CASHMAN AND CARRIED BY A ROLL CALL VOTE TO DELEGATE THE AUTHORITY TO CREATE INTERNAL AUDIT ENDS FOR ADDITION TO THE SIB GOVERNANCE MANUAL TO THE COMMITTEE CHAIR AND STAFF.

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

NAYS: NONE

MOTION CARRIED

With no further business to come before the Audit Committee, Treasurer Beadle adjourned the meeting at 4:07 p.m.

Prepared by: Missy Kopp, Assistant to the Board