

**STATE INVESTMENT BOARD
AUDIT COMMITTEE MEETING
MINUTES OF THE
MAY 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
Sara Seiler, Suprv. of Internal Audit
Dottie Thorsen, Internal Auditor

GUESTS : Dean DePountis, Attorney General's Office
Bruce Mills, Weaver

CALL TO ORDER:

Treasurer Beadle called the State Investment Board (SIB) Audit Committee meeting to order at 2:32 p.m. on Wednesday, May 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 May 15, 2024, meeting.

IT WAS MOVED BY MR. MILLER AND SECONDED BY MS. CASHMAN AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA FOR THE MAY 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. MILLER AND SECONDED BY MR. MICKELSON AND CARRIED BY A VOICE VOTE TO ACCEPT THE MINUTES FROM THE FEBRUARY 15, 2024, AND JANUARY 18, 2024, MEETINGS.

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

NAYS: NONE

MOTION CARRIED

FY24 FINANCIAL AUDIT SCOPE AND APPROACH UPDATE:

Ms. Seiler provided an update on the procurement process for the new external auditor who will conduct the FY24 financial audit. The State Auditor's Office finds our external auditor through the procurement process. RIO has no input on the vendor but does need to sign the contract. Staff will add an exception to the Contract Matrix in the SIB Governance Manual to reflect that the Audit Committee will not approve this contract.

The contract with UHY, the new external auditor, has not been executed. The Committee will need a short special meeting to do a kickoff for the financial records audit.

INTERNAL AUDIT (IA) MODERNIZATION PROJECT:

Mr. Bruce Mills, Weaver, provided an update on the IA Modernization Project. Because RIO is growing as an organization, including the addition of the internal investment program, it is vital that the IA function also grows. IA is governed by standards from the Institute of Internal Auditors (IIA). One of the goals for maturity development is to ensure that RIO's IA function is operating at the appropriate level according to those standards. Mr. Mills reviewed the project requirements which include risk assessments for the Investment and Fiscal Divisions and the development of a risk-based IA plan and infrastructure. The project work is expected to be completed in June which is followed by a validation process and final reporting and materials. Committee discussion followed.

IA INTERIM WORKPLAN:

Ms. Sauter reviewed the proposed IA interim workplan. Because the risk assessments aren't finished, a risk-based audit plan cannot be developed. The risk assessments will be completed during the third quarter, enabling the creation of the risk-based audit plan which will be presented to the Committee at the August meeting. Ms. Seiler also shared the plan for coverage during her planned absence. 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 INTERIM WORKPLAN.

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

NAYS: NONE

MOTION CARRIED

EXECUTIVE LIMITATIONS/STAFF RELATIONS:

Ms. Murtha provided the Executive Limitations/Staff Relations report. The last two sessions for the new board member orientation curriculum have been scheduled in June and July covering the retirement and internal audit programs. An Investment Intern was hired and will start at the end of the month. The Accounting Intern recruitment was unsuccessful so that will be reposted in the fall. Ms. Murtha summarized the current projects and initiatives and the upcoming conferences and meetings that RIO staff will participate in. RIO's Strategic Plan was provided to the Committee. Ms. Murtha reviewed the process for developing the plan. Committee discussion followed.

THIRD QUARTER AUDIT ACTIVITIES:

Ms. Seiler provided an update on the third quarter audit activities. The Executive Limitations Audit was completed for calendar year 2023. IA staff provided feedback as requested, to the SIB Governance and Policy Review Committee as they review and update the SIB Governance

Manual. For the Retirement Program, IA has completed the Model 2 Partial salary review and continues to participate in the Pioneer Project activities. Ms. Seiler reviewed administrative and professional development activities. Committee discussion followed.

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

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

CURRENT IA ACTIVITIES UPDATE:

Ms. Seiler provided an update on current IA activities. IA staff have spent a lot of time working with Weaver on the risk assessment process. Ms. Seiler assists the Executive Review and Compensation Committee with administering surveys that are used in the review process for the Executive Director. Planning has begun for the upcoming TFFR File Maintenance Audit. 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**

AUDIT COMMITTEE MEETING SCHEDULE – FY24:

IT WAS MOVED BY MS. CASHMAN AND SECONDED BY MR. VAN ORMAN AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE 2024-25 AUDIT COMMITTEE SCHEDULE.

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

2024-25 AUDIT COMMITTEE MEMBERSHIP:

Ms. Seiler reviewed the Committee charter in relationship to committee membership. Terms are for one year, with no limit to the number of terms served on the Committee. Ms. Seiler asked the current members to let her know if they wish to serve another term.

With no further business to come before the Audit Committee, Treasurer Beadle adjourned the meeting at 3:52 p.m.

Prepared by: Missy Kopp, Assistant to the Board