

**STATE INVESTMENT BOARD
AUDIT COMMITTEE MEETING
MINUTES OF THE
AUGUST 14, 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
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, August 14, 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 August 14, 2024, meeting.

IT WAS MOVED BY MS. CASHMAN AND SECONDED BY MR. MILLER AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA FOR THE AUGUST 14, 2024, 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 15, 2024, and June 21, 2024, meetings.

IT WAS MOVED BY MR. MICKELSON AND SECONDED BY MS. CASHMAN AND CARRIED BY A VOICE VOTE TO ACCEPT THE MINUTES FROM THE MAY 15, 2024, AND JUNE 21, 2024, MEETINGS.

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

NAYS: NONE

MOTION CARRIED

GOVERNANCE:

Election of Chair and Vice Chair:

Mr. Mickelson nominated Treasurer Beadle for Committee Chair and Mr. Miller seconded the nomination. Mr. Van Orman nominated Mr. Mickelson for Committee Vice Chair and Ms. Cashman seconded the nomination.

IT WAS MOVED BY MR. MILLER AND SECONDED BY MS. CASHMAN AND CARRIED BY A ROLL CALL VOTE TO APPOINT TREASURER BEADLE AS CHAIR AND MR. MICKELSON AS VICE CHAIR OF THE AUDIT COMMITTEE.

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

NAYS: NONE

MOTION CARRIED

Liaison Appointment:

Treasurer Beadle appointed Ms. Seiler as the Audit Committee Liaison to the SIB.

Internal Audit (IA) Maturity Project:

Mr. Miller, Weaver, provided an overview and results of the IA Maturity Project. Mr. Mills reviewed the proposed updates to the Internal Audit and Audit Committee charters, aligning them with the latest standards from the Institute of Internal Auditors (IIA). A risk assessment was conducted to create a comprehensive audit plan for fiscal and investment activities. Improvements in documentation, standardization, and reporting practices were recommended. The team also reviewed and clarified governance and independence requirements, ensuring support for IA's autonomy and compliance with ethics codes. These enhancements are intended to move the IA department towards the maturity goals. Committee discussion followed.

Ms. Seiler reviewed the resource needs to move into the next steps of the maturity project. Staff proposed the development of a request for proposal (RFP) for a co-sourcing relationship with IA for additional resources to complete the audit plan. The relationship would include audits which are outside of RIO staff's expertise. The RFP would be developed by the Supervisor of IA, Executive Director, and Chief Financial/Operating Officer and brought to the Audit Committee in November for approval. Committee discussion followed.

IT WAS MOVED BY MS. CASHMAN AND SECONDED BY MR. VAN ORMAN AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE IA NEXT STEPS AS PRESENTED.

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

NAYS: NONE

MOTION CARRIED

Internal Audit Workplan:

Ms. Seiler reviewed the proposed IA workplan for 2024-25. The plan lists out projects and approximate hours required. Committee discussion followed.

IT WAS MOVED BY MS. CASHMAN AND SECONDED BY MR. MICKELSON AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE 2024-25 IA WORKPLAN.

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

Audit Committee and Internal Audit Charters:

Ms. Seiler reviewed the proposed changes to the Audit Committee and IA Charters. The charters were updated to align with the updated IIA standards. After approval from the Audit Committee, the charter will be reviewed by the SIB Governance and Policy Review Committee before going to the SIB. Committee discussion followed.

IT WAS MOVED BY MS. CASHMAN AND SECONDED BY MR. MILLER AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE AUDIT COMMITTEE CHARTER WITH THE DISCUSSED UPDATES.

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

IT WAS MOVED BY MS. CASHMAN AND SECONDED BY MR. VAN ORMAN AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE IA CHARTER WITH THE DISCUSSED UPDATES.

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

Mr. Van Orman left the meeting at 4:00 p.m.

REPORTS:

2023-24 Year End Audit Activities Report:

Ms. Seiler provided a review of the audit activities for Fiscal Year 2024. Activities completed during the year included the multiple audits, SIB self-assessment, maturity development project, external audit assistance, and agency policy manual updates. IA staff also participated extensively in the retirement program's pension administration system project. Committee discussion followed.

IT WAS MOVED BY MS. CASHMAN AND SECONDED BY MR. MILLER AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE 2023-24 YEAR END AUDIT ACTIVITIES REPORT.

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

2023-24 Audit Committee Report to SIB:

The FY End Audit Committee Activities report to the SIB was provided for Committee member review.

IT WAS MOVED BY MR. MICKELSON AND SECONDED BY MS. CASHMAN AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE AUDIT COMMITTEE REPORT TO THE SIB.

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

Audit Charter: 2023-24 Review of Responsibilities:

The Audit Committee charter requires the Committee members to annually review all responsibilities outlined in the charter. Ms. Seiler reviewed Committee responsibilities as outlined in the charter. Committee discussion followed.

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

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

Current Audit Activities:

Ms. Seiler reviewed current IA activities. Ms. Seiler reviewed the audits that are in progress, meetings attended by IA staff, and upcoming 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 CURRENT AUDIT ACTIVITIES REPORT.

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

With no further business to come before the Audit Committee, Treasurer Beadle adjourned the meeting at 4:31 p.m.

Prepared by: Missy Kopp, Assistant to the Board