

STATE INVESTMENT BOARD
AUDIT COMMITTEE MEETING
MINUTES OF THE
SEPTEMBER 24, 2010 MEETING

COMMITTEE MEMBERS PRESENT: Becky Dorwart, Chair
Lonny Mertz, Vice Chair
Mike Gessner, TFFR Board
Mike Sandal, PERS Board

COMMITTEE MEMBERS ABSENT: Cindy Ternes, Workforce Safety & Insurance

STAFF PRESENT: Connie Flanagan, Fiscal and Investment Officer
Bonnie Heit, Office Manager
Fay Kopp, Deputy Executive Director
Les Mason, Internal Audit Supervisor

CALL TO ORDER:

Ms. Becky Dorwart, Chair, called the State Investment Board (SIB) Audit Committee meeting to order at 1:05 p.m., on Friday, September 24, 2010, at the State Capitol, Peace Garden Room, Bismarck, ND.

THE FOLLOWING COMMITTEE MEMBERS WERE PRESENT: MS. DORWART, MR. GESSNER, MR. MERTZ, AND MR. SANDAL

AGENDA:

The Audit Committee considered the September 24, 2010 revised agenda.

MR. GESSNER MOVED AND MR. SANDAL SECONDED TO APPROVE THE SEPTEMBER 24, 2010 AGENDA AS AMENDED.

AYES: MS. DORWART, MR. SANDAL, MR. MERTZ, AND MR. GESSNER

NAYS: NONE

MOTION CARRIED.

ABSENT: MS. TERNES

MINUTES:

The Audit Committee considered the minutes of the May 20 and 21, June 8, 11, and 14, and August 16, 2010 meetings.

MR. GESSNER MOVED AND MR. MERTZ SECONDED TO APPROVE THE MINUTES AS WRITTEN. AN AMENDMENT TO THE MAY 21, 2010 MINUTES WAS NOTED.

AYES: MR. GESSNER, MS. DORWART, MR. SANDAL, AND MR. MERTZ

NAYS: NONE

MOTION CARRIED.

ABSENT: MS. TERNES

ELECTION OF COMMITTEE MEMBERS:

MR. SANDAL MOVED AND MR. MERTZ SECONDED TO APPROVE THE CURRENT SLATE OF OFFICERS - MS. DORWART, CHAIR; MR. MERTZ, VICE CHAIR; AND MR. GESSNER, LIAISON TO THE SIB.

AYES: MR. MERTZ, MS. DORWART, MR. SANDAL, AND MR. GESSNER
NAYS: NONE

MOTION CARRIED.

ABSENT: MS. TERNES

PERFORMANCE AUDIT:

The Committee reviewed the Retirement and Investment Office's (RIO) responses to the recommendations by Clifton Gunderson as a result of the performance audit of RIO. The performance audit and RIO's responses will be presented to the Legislative Audit and Fiscal Review Committee (LAFRC) on October 1, 2010. RIO staff will provide quarterly status reports on the implementation of the recommendations to the Audit Committee and RIO's Internal Audit Division will follow-up with a final report within a year's timeframe.

FISCAL 2010 FOURTH QUARTER INTERNAL AUDIT ACTIVITIES:

Mr. Les Mason, Supervisor Internal Audit, reported on internal audit activities for the fourth quarter of fiscal year 2010.

Mr. Mason reported on school district audit progress. The objective was to complete 35 or more school district audits during fiscal year 2010. To date, 35 audits have been completed, three are in progress, and information on five school districts has been received.

School districts that are out of reporting compliance for the previous fiscal year will be followed-up on as part of the due diligence process during the current fiscal year.

Mr. Mason also reviewed the benefits payments, participants' data, and TFFR file maintenance audits. There were no exceptions.

MR. GESSNER MOVED AND MR. SANDAL SECONDED TO APPROVE THE INTERNAL AUDIT ACTIVITIES REPORT FOR THE FOURTH QUARTER OF 2010.

AYES: MS. DORWART, MR. SANDAL, MR. MERTZ, AND MR. GESSNER
NAYS: NONE

MOTION CARRIED

ABSENT: MS. TERNES

SIB ANNUAL UPDATE:

The Audit Committee reviewed a draft of their annual activities report to the SIB.

MR. SANDAL MOVED AND MR. GESSNER SECONDED TO APPROVE THE AUDIT COMMITTEE'S ANNUAL ACTIVITIES REPORT TO THE SIB.

AYES: MR. GESSNER, MS. DORWART, MR. SANDAL, AND MR. MERTZ
NAYS: NONE

MOTION CARRIED
ABSENT: MS. TERNES

ANNUAL PLANNING CALENDAR:

The Audit Committee reviewed a draft of the planning calendar for the period of July 1, 2010 through June 30, 2011.

MR. GESSNER MOVED AND MR. MERTZ SECONDED TO APPROVE THE AMENDED CALENDAR.

AYES: MR. MERTZ, MS. DORWART, MR. SANDAL, AND MR. GESSNER
NAYS: NONE

MOTION CARRIED
ABSENT: MS. TERNES

OTHER:

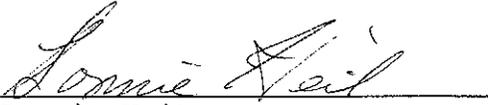
The next Audit Committee meeting is scheduled for November 19, 2010, at 8:30 a.m. at the State Capitol, Peace Garden Room, Bismarck, ND.

ADJOURNMENT:

With no further business to come before the Audit Committee, Ms. Dorwart adjourned the meeting at 2:05 p.m.

Respectfully Submitted:


Ms. Becky Dorwart, Chair
SIB Audit Committee


Bonnie Heit
Secretary to the Audit Committee