

**STATE INVESTMENT BOARD
AUDIT COMMITTEE MEETING
MINUTES OF THE
MARCH 16, 2012 MEETING**

COMMITTEE MEMBERS PRESENT: Rebecca Dorwart, Chair
Lonny Mertz, Vice Chair
Mike Gessner, TFFR Board/Liaison to the SIB
Cindy Ternes, Workforce Safety & Insurance

MEMBERS ABSENT: Mike Sandal, PERS Board

STAFF PRESENT: John Geissinger, Executive Director
Bonnie Heit, Office Manager
Fay Kopp, Dep. Executive Director
Les Mason, Internal Audit Supervisor
Dottie Thorsen, Internal Audit

CALL TO ORDER:

Ms. Dorwart called the State Investment Board (SIB) Audit Committee meeting to order at 1:00 p.m., on Friday, March 16, 2012 at the State Capitol, Peace Garden Room, Bismarck ND.

A quorum was present for the purpose of conducting business.

AGENDA:

The Audit Committee considered the March 16, 2012 agenda.

MS. TERNES MOVED AND MR. GESSNER SECONDED TO ACCEPT THE AGENDA FOR THE MARCH 16, 2012 MEETING.

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

NAYS: NONE

MOTION CARRIED

ABSENT: MR. SANDAL

MINUTES:

The Audit Committee considered the minutes from the November 18, 2011 meeting.

MR. GESSNER MOVED AND MR. MERTZ SECONDED TO APPROVE THE NOVEMBER 18, 2011 MINUTES AS WRITTEN.

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

NAYS: NONE

MOTION CARRIED

ABSENT: MR. SANDAL

INTERNAL AUDIT REPORT SECOND QUARTER FISCAL YEAR 2012:

Executive Limitations - Mr. Mason reported he tested executive performance to determine compliance with the SIB's Executive Limitations policy for the period of July 1, 2011 - December 31, 2011.

The findings will be incorporated into the annual review the SIB completes to determine if all Ends and Executive Limitations are being met.

Performance Audit Recommendations - Mr. Mason indicated he conducted a final review of the Performance Audit recommendations and his report was provided to the Committee.

School District Audit Reports - Mr. Mason reported for the first eight months of fiscal year 2012, 20 audits have been completed, five more are in progress, information on five more districts has been received, and seven school districts have been contacted to send the required information.

TFFR File Maintenance - Ms. Thorsen reported on the File Maintenance Audit. Ms. Thorsen reviewed table reports for staff that make adjustments to member's accounts. There were no exceptions noted.

Discussion was held on reviewing the reporting that comes in from the school districts. This process will be even more important during the audit process since the changes to the retirement program from the 2011 legislative session will go into effect on July 1, 2012.

Discussion was also held on the expectation of completing 35 school districts in a fiscal year. Mr. Mason and Ms. Thorsen felt the goal was still reasonable at this point and time because modifications were made to the audit program within the last year.

MS. TERNES MOVED AND MR. GESSNER SECONDED TO ACCEPT THE INTERNAL AUDIT ACTIVITIES REPORT FOR THE SECOND QUARTER OF FISCAL YEAR 2012.

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

NAYS: NONE

MOTION CARRIED

ABSENT: MR. SANDAL

Mr. Mason reviewed, in more detail, the Executive Limitation's audit that he completed for the period of July 1, 2011 through December 31, 2011. There were no exceptions noted.

Mr. Mason also reviewed, in more detail, his report on the performance audit recommendations. Mr. Mason stated the recommendations appear to be in place.

EXECUTIVE SESSION MEETING:

The Committee met with Mr. Geissinger and Ms. Kopp to review the Audit Program goals and objectives.

INTERNAL AUDIT SUPERVISOR MEETING:

The Audit Committee then met with Mr. Mason and Ms. Thorsen to review their progress on reaching the Audit Program goals and objectives.

OTHER:

The next Audit Committee meeting is scheduled for May 18, 2012, at 1:00 p.m. at the State Capitol, Peace Garden Room.

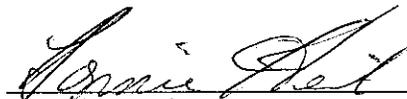
ADJOURNMENT:

With no further business to come before the Audit Committee, Ms. Dorwart adjourned the meeting at 2:25 p.m.

Respectfully Submitted:



Ms. Rebecca Dorwart, Chair
SIB Audit Committee



Bonnie Heit
Assistant to the Audit Committee