

**STATE INVESTMENT BOARD
AUDIT COMMITTEE MEETING
MINUTES OF THE
JUNE 22, 2012 MEETING**

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

STAFF PRESENT: Connie Flanagan, Fiscal & Investment Officer
Bonnie Heit, Office Manager
Fay Kopp, Interim Executive Director
Les Mason, Internal Audit Supervisor
Darren Schulz, Interim CIO
Dottie Thorsen, Internal Audit

OTHERS: Thomas Rey, CliftonLarsonAllen

CALL TO ORDER:

Ms. Dorwart called the State Investment Board (SIB) Audit Committee meeting to order at 1:00 p.m., on Friday, June 22, 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 June 22, 2012 agenda.

MR. SANDAL MOVED AND MS. TERNES SECONDED TO ACCEPT THE AGENDA FOR THE JUNE 22, 2012, MEETING.

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

NAYS: NONE

MOTION CARRIED

MINUTES:

The Audit Committee considered the minutes from the March 16, 2012, meeting.

MR. GESSNER MOVED AND MR. SANDAL SECONDED TO APPROVE THE MARCH 16, 2012, MINUTES AS WRITTEN.

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

NAYS: NONE

MOTION CARRIED

FISCAL YEAR 2012 FINANCIAL AUDIT SCOPE & APPROACH:

CliftonLarsonAllen was awarded the contract by the State Auditor's Office to perform an audit of the financial statements of the Retirement and Investment Office (RIO) for fiscal years ending June 30, 2012, 2013, and 2014. Mr. Thomas Rey, CliftonLarsonAllen, reviewed the firm's audit scope and approach for the Fiscal Year 2012 financial audit.

Preliminary field work was completed the week of June 18, 2012. Substantive field work will be completed in August and September 2012. A final signed audit opinion will be available to the Audit Committee late October 2012. Mr. Rey will be reviewing the results of the financial audit at the Audit Committee's November 16, 2012 meeting.

MR. GESSNER MOVED AND MS. TERNES SECONDED TO ACCEPT CLIFTONLARSONALLEN'S PRESENTATION ON THE FINANCIAL AUDIT SCOPE AND APPROACH OF RIO FOR FY12.

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

NAYS: NONE

MOTION CARRIED

INTERNAL AUDIT ACTIVITIES:

Mr. Mason reviewed the Internal Audit division's work activity for the period of July 1, 2011 - June 13, 2012.

School District Audit Reports - Mr. Mason reported 31 school districts have been completed, six are in progress, information has been received from four school districts, and one school district asked for an extension. Three-four additional audits may be completed by the end of the month.

TFFR File Maintenance - Ms. Thorsen reported on the File Maintenance Audit for the third quarter. There were no exceptions noted.

MR. SANDAL MOVED AND MR. MERTZ SECONDED TO ACCEPT THE INTERNAL AUDIT DIVISION'S WORK ACTIVITY REPORT FOR THE PERIOD OF JULY 1, 2011 - JUNE 13, 2012.

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

NAYS: NONE

MOTION CARRIED

FISCAL YEAR 2013 WORK PLAN:

Mr. Mason reviewed a draft of the Fiscal Year 2013 Internal Audit division's work plan. Discussion was held on projects and hours needed to complete those projects. Mr. Mason will provide a final report at the September 28, 2012, Audit Committee meeting.

OTHER:

The next Audit Committee meeting is scheduled for September 28, 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 1:45 p.m.

Respectfully Submitted:


Ms. Rebecca Dorwart, Chair
SIB Audit Committee


Bonnie Heit
Assistant to the Audit Committee