

STATE INVESTMENT BOARD
AUDIT COMMITTEE MEETING
MINUTES OF THE
OCTOBER 16, 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: Bonnie Heit, Office Manager
Fay Kopp, Interim Executive Director
Les Mason, Internal Audit Supervisor
Dottie Thorsen, Internal Audit

CALL TO ORDER:

Ms. Dorwart called the State Investment Board (SIB) Audit Committee conference call meeting to order at 3:30 p.m., on Tuesday, October 16, 2012.

A quorum was present for the purpose of conducting business.

AGENDA:

The Audit Committee considered the October 16, 2012 agenda.

MR. SANDAL MOVED AND MR. GESSNER SECONDED TO ACCEPT THE AGENDA FOR THE OCTOBER 16, 2012, MEETING.

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

NAYS: NONE

MOTION CARRIED

ABSENT: MR. MERTZ

MINUTES:

The Audit Committee considered the minutes from the June 22, 2012, meeting.

MS. TERNES MOVED AND MR. SANDAL SECONDED TO APPROVE THE JUNE 22, 2012, MINUTES AS WRITTEN.

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

NAYS: NONE

MOTION CARRIED

ABSENT: MR. MERTZ

ELECTION OF OFFICERS:

MR. SANDAL MOVED AND MS. TERNES SECONDED TO CONTINUE WITH THE CURRENT SLATE OF OFFICERS FOR THE PERIOD OF JULY 1, 2012 - JUNE 30, 2013.

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

NAYS: NONE

MOTION CARRIED

ABSENT: MR. MERTZ

INTERNAL AUDIT ACTIVITIES:

Mr. Mason reviewed the Internal Audit Division's work activity for the fourth quarter of FY2012 and for the period of July 1, 2012 - September 21, 2012.

School District Audit Reports - The objective is to complete 43 or more school district audits during FY2013. The number of audits to complete for FY2013 was increased because CliftonLarsonAllen is not requesting the Internal Audit Division to complete special audit work as did the previous external auditors. Currently six audits have been completed, five are in progress, information on five more have been received, and notifications to 15 school districts are in the selection process.

TFFR File Maintenance - Ms. Thorsen reported she reviewed the fourth quarter of FY2012 transactions. There were no exceptions noted.

Mr. Mason also stated the Internal Audit Division also reviewed deaths, purchase of service credit, refunds, long outstanding checks, and long term annuitants to determine that established policy and procedures were being followed by the Retirement Service's Division. No exceptions were noted.

MR. GESSNER MOVED AND MR. MERTZ SECONDED TO ACCEPT THE INTERNAL AUDIT DIVISION'S WORK ACTIVITY REPORT FOR THE FOURTH QUARTER OF FY2012 AND FOR THE PERIOD OF JULY 1, 2012 - JUNE 30, 2013.

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

NAYS: NONE

MOTION CARRIED

AUDIT COMMITTEE REPORT TO THE SIB:

The Audit Committee reviewed a draft of their FY2012 activities report to the SIB. After discussion and final updates,

MS. TERNES MOVED AND MR. SANDAL SECONDED TO ACCEPT THE FY2012 ACTIVITIES REPORT TO THE SIB.

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

NAYS: NONE

MOTION CARRIED

FY 2013 WORK PLAN:

Mr. Mason reviewed a draft of the FY2013 Internal Audit Division's work plan. Items added to work plan - a review of the Audit Committee charter and the development of an Internal Audit Division policies and procedures manual will be completed during FY2013.

The Audit Committee discussed the follow-up review process by staff when a school district is not in compliance. Staff currently performs a review and retains all memos to file and work papers for five years. The Audit Committee requested staff provide a follow up report to them on the school districts that are not in compliance so the Audit Committee knows if there are ongoing issues with a school district or if the issues have been resolved. Staff will report back at the November 16, 2012 meeting.

Staff will bring an updated work plan to the November 16, 2012, for additional review and consideration.

OTHER:

CliftonLarsenAllen is expected to present their FY2012 audit report of the Retirement and Investment Office at the November 16, 2012, meeting.

The next Audit Committee meeting is scheduled for November 16, 2012, at 1:00 p.m. at Workforce Safety & Insurance.

ADJOURNMENT:

Ms. Ternes moved and Mr. Mertz seconded to adjourn the meeting.

With no further business to come before the Audit Committee, Ms. Dorwart adjourned the meeting at 4:05 p.m.

Respectfully Submitted:



Ms. Rebecca Dorwart, Chair
SIB Audit Committee



Bonnie Heit
Assistant to the Audit Committee